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**QUESTUS LIMITED****ABN 26 100 460 035****NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 10.00am (AWST)**DATE:** 30 November 2011**PLACE:** Heritage RoomSouth Perth Yacht Club, Coffee Point  
Applecross, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

The Company's 2011 Annual Report can be accessed on the Company's website at [www.questus.com.au](http://www.questus.com.au) or alternatively by requesting a hard copy from the Company Secretary.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+618) 6310 5040.

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## **TIME AND PLACE OF MEETING AND HOW TO VOTE**

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### **VENUE**

Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 10.00am (AWST) on 30 November 2011 at:

Heritage Room  
South Perth Yacht Club, Coffee Point  
Applecross, Western Australia

### **VOTING ELIGIBILITY**

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 10.00am (AWST) on 28 November 2011.

### **VOTING IN PERSON**

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

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and

- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

### **CORPORATE SHAREHOLDERS**

Corporate Shareholders who wish to appoint a representative to attend the meeting on their behalf must provide that person with a properly executed letter or other document confirming that they are authorised to act as the corporate shareholder's representative. The authorisation may be effective either for this meeting only or for all meetings of Questus Limited. Shareholders can request for the "Appointment of Corporate Representation" form from the Company Secretary.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statement and Reports

To receive the annual Financial Report, Directors' Report and Auditor's Report for the Company and its controlled entities for the financial year ended 30 June 2011.

*Note: There is no requirement for Shareholders to approve these reports.*

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#### 1. Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2011."*

*Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.*

**Voting Prohibition Statement:**

*A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:*

- (a) *a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) *a Closely Related Party of such a member.*

*However, a person described above may vote on this Resolution if:*

- (c) *the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and*
- (d) *the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.*

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#### 2. Resolution 2 – Re-election of Director – Mr David Somerville

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

*"That Mr David Somerville who retires in accordance with the Constitution and, being eligible, offers himself for re-election, be re-elected as a Director of the Company."*

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#### 3. Resolution 3 – Election of a Director – Mr Anthony Brennan

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

*"That Mr Anthony Brennan, having been appointed a Director of the Company since the last general meeting in accordance with the Company's Constitution, retires, and being eligible, be elected as a Director of the Company."*

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#### 4. Resolution 4 – Ratification of private placement – Convertible note

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

*“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, approval be given to the previous issue of a convertible note to the value of \$500,000 to Impact Group QLD Pty Ltd as detailed in the Explanatory Memorandum with the result of excluding all those Shares from the calculation of the number of securities that can be issued by the Company in a 12 month period within the 15% limit set out in ASX Listing Rule 7.1, as detailed in item 4 of the Explanatory Memorandum.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Impact Group QLD Pty Ltd and its associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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#### 5. Resolution 5 – Approval of allotment and issue of Securities - Ordinary Shares

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval be given to the issue of 5,000,000 Shares to NWR Group Pty Ltd as detailed in item 5 of the Explanatory Memorandum.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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#### 6. Resolution 6 – Approval of private placement – Convertible note

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

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval be given to the issue of a convertible note to the value of \$500,000 to NWR Group Pty Ltd as detailed in item 6 of the Explanatory Memorandum.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

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## 7. Resolution 7 – Issue of Director Options – David Somerville

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Director Options to Mr David Somerville (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Mr David Somerville (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## 8. Resolution 8 – Issue of Director Options – Robert Olde

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

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 2,000,000 Director Options to Mr Robert Olde (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by Mr Robert Olde (or his nominee) and any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

### **Voting Prohibition Statement**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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## **9. Resolution 9 – Adoption of Employee Share Option Plan**

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

*“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt the Employee Share Option Plan and to issue securities under that plan on the terms and conditions summarised in the Explanatory Statement.”*

**Voting Exclusion:** *The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive plan in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.*

### **Voting Prohibition Statement**

*A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) *the proxy is either:*
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) *the appointment does not specify the way the proxy is to vote on this Resolution.*

*However, the above prohibition does not apply if:*

- (c) *the proxy is the Chair of the Meeting; and*
- (d) *the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.*

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**DATED: 27 OCTOBER 2011**

**BY ORDER OF THE BOARD**

**ELIZABETH LEE**  

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**COMPANY SECRETARY**

## **EXPLANATORY STATEMENT**

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### **Introduction**

The purpose of this Explanatory Statement is to provide information, which the Board believes is material to Shareholders in relation to the Resolutions. The Explanatory Statement explains the Resolutions and identifies the Board's reasons for putting them to Shareholders.

Terms and abbreviations used in this Notice of Meeting are defined in the Glossary.

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### **Financial Reports**

The Financial Statements, Directors' Report and Auditor's Report for Questus Limited for the year ended 30 June 2011 will be laid before the meeting. There is no requirement for Shareholders to approve these reports. However, the Chairman of the meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the management of Questus Limited. Shareholders will be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the content of the Auditor's Report.

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### **Resolution 1 - Adoption of Remuneration Report**

#### **General**

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at this Annual General Meeting, and then again at the Company's next annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the Company's next annual general meeting. All of the Directors who were in office when the Company's 2012 Directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the Directors of the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2011.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

## **Proxy Restrictions**

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, you must direct the proxy how they are to vote. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

## **Definitions**

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

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## **Resolution 2 - Re-election of Director – Mr David Somerville**

Clause 13.2 of the Constitution requires that at each annual general meeting, one third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director except a Managing Director shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longest, without submitting himself for re-election. The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree amongst themselves) be determined by drawing lots. A retiring Director is eligible for re-election. An election of Directors shall take place each year.

Pursuant to the Constitution Mr David Somerville will retire by rotation.

Mr Somerville seeks re-election. A brief biography of Mr Somerville is in the Annual Report.

The Board supports the re-election of Mr David Somerville.

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### **Resolution 3 - Election of a Director – Mr Anthony Brennan**

Pursuant to clause 13.4 of the Constitution, the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number set under clause 13.1 (currently 9).

Any Director so appointed holds office only until the next following Shareholders meeting and is then eligible for re-election.

On 29 November 2010, the Directors appointed Mr Anthony Brennan as Non-Executive Director of the Company.

A brief biography of Mr Anthony Brennan is in the Company's 2011 Annual Report.

The Board supports the confirmation of the re-appointment of Mr Anthony Brennan as Director of the Company.

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### **Resolution 4 - Ratification of Private Placement – Convertible Note**

ASX Listing Rule 7.1 prohibits a listed company from issuing or agreeing to issue securities without obtaining prior shareholder approval if the result is that the amount of capital issued within the previous 12 months is greater than 15% of the total issued securities of the Company.

Under ASX Listing Rule 7.4, an issue of securities will be treated as having been made with prior shareholder approval for the purpose of ASX Listing Rule 7.1 if the issue did not breach ASX Listing Rule 7.1 (i.e. exceed the 15% limit referred to in ASX Listing Rule 7.1) and holders of ordinary securities subsequently approve it.

Resolution 4 seeks approval by Shareholders under the provisions of ASX Listing Rule 7.4 to ratify the issue of a convertible note to the value of \$500,000 to Impact Group QLD Pty Ltd, convertible into up to 5 million Shares. The funds raised will be used for additional working capital for the continued expansion of the Company's delivery of NRAS properties nationally. The convertible note issued under this Resolution was not issued in breach of ASX Listing Rule 7.1.

The key terms of the convertible note are:

- it is unsecured and noteholders will rank equally with other unsecured creditors of the Company;
- the convertible note was issued on 30 September 2011 and must be redeemed within 12 months of issue;
- the convertible note shall be convertible into up to 5 million Shares (to the extent by which it has not already been repaid by the Company);
- the convertible note is convertible into Shares in whole or in part (to the extent to which it has not already been repaid by the Company) at the sole election of the noteholder at a 20% discount to the 90 day VWAP per share on the date of conversion;
- the Company does not intend to list the convertible note for quotation on the ASX;
- the Company may not repay any or all of the \$500,000 amount prior to the Redemption Date; and

- the noteholder shall be permitted to transfer all or any part of the convertible note on the condition that the noteholder procures the assignee of the convertible note agrees to be bound by the terms and conditions of the convertible note deed.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Directors recommend that Shareholders vote in favour of Resolution 4 so as to enable the Company at any time during the next 12 months to issue up to the full 15% limit referred to under ASX Listing Rule 7.4 without further reference to Shareholders.

Voting exclusions apply to this resolution.

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### **Resolution 5 – Approval of Allotment and Issue of Securities – Ordinary Shares**

The purpose of Resolution 5 is for Shareholders to approve, pursuant to Listing Rule 7.1, the issue of 5,000,000 ordinary shares at 10 cents per share to NWR Group Pty Ltd.

A summary of ASX Listing Rule 7.1 is set out in the explanatory statement in relation to Resolution 4 above.

The effect of this Resolution will be to allow the Directors to issue these Shares no later than 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

In compliance with the information requirements of Listing Rule 7.3, members are advised of the following particulars in relation to the allotment and issue:

<b>Date of Issue</b>	<b>Number of securities issued</b>	<b>Issue price per share</b>	<b>Terms of shares issued</b>	<b>Persons to whom shares are to be issued</b>	<b>Use of funds</b>
No later than 3 months after the date of the Annual General Meeting and it is intended that allotment will occur on that date	5,000,000	\$0.10	Ordinary – rank pari passu	NWR Group Pty Ltd (ACN 153 390 106)	Additional working capital for the continued expansion of the Company's delivery of NRAS properties nationally

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Directors recommend that Shareholders vote in favour of Resolution 5 so as to enable the Company at any time during the next 12 months to issue up to the full 15% limit referred to under ASX Listing Rule 7.1, without further reference to Shareholders.

Voting exclusions apply to this resolution.

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## **Resolution 6 – Approval of Private Placement – Convertible Note**

The purpose of Resolution 6 is for Shareholders to approve, pursuant to Listing Rule 7.1, the issue of an unsecured convertible note to the value of \$500,000 to NWR Group Pty Ltd.

A summary of ASX Listing Rule 7.1 is set out in the explanatory statement in relation to Resolution 4 above.

The effect of this Resolution will be to allow the Directors to issue the convertible note no later than 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

The key terms of the convertible note are intended to be:

- the issue date will be no later than 3 months after the date of the Annual General Meeting;
- it is convertible into Shares in whole or in part (to the extent to which it has not already been repaid by the Company) at the sole election of the noteholder at \$0.10 per share;
- the maximum number of Shares that will be converted under the convertible note is 5 million Shares;
- it is unsecured;
- the Company does not intend to list the convertible note for quotation on the ASX;
- the Company may not repay any or all of the \$500,000 amount prior to the Redemption Date;
- the noteholder shall be permitted to transfer all or any part of the convertible note on the condition that the noteholder procures the assignee of the convertible note agrees to be bound by the terms and conditions of the convertible note deed;
- it must be redeemed within 2 years of issue; and
- shall bear interest on the Subscription Sum Outstanding from the Completion Date at the rate of 10% per annum for a period of 2 years.

The funds raised will be used for additional working capital for the continued expansion of the Company's delivery of NRAS properties nationally.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

The Directors recommend that Shareholders vote in favour of this Resolution so as to enable the Company at any time during the next 12 months to issue up to the full 15% limit referred to under ASX Listing Rule 7.1 without further reference to Shareholders.

Voting exclusions apply to this resolution.

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## **Resolutions 7 & 8 – Issue of Director Options**

### **General**

The Company has previously issued options to the Directors as an incentive in their role as Directors of the Company and now seeks the approval of Shareholders to issue new options to the Directors as their incentives.

### **Chapter 2E**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Options to the executive directors, Messrs David Somerville and Robert Olde (**Related Parties**) constitutes giving a financial benefit.

It is the view of the Directors that the grant of the options pursuant to this Resolution constitutes reasonable remuneration in accordance with Section 211 of the Corporations Act. Accordingly, Shareholder approval is not sought under Chapter 2E for the grant of these options to the Related Parties.

### **Shareholder Approval (ASX Listing Rule 10.11)**

However, ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related parties are Messrs Somerville and Olde. Mr Somerville and Mr Olde are related parties by virtue of being Directors;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is:
  - (i) 2,000,000 Director Options to David Somerville; and
  - (ii) 2,000,000 Director Options to Robert Olde.
- (c) the Director Options will be issued to the Related Parties no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Parties as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **Resolution 9 – Adoption of Employee Share Option Plan**

To ensure that the Company continues to have appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Board has established a new “Option Plan” for the Company (**Plan**).

The Company currently has a Plan in place, approved at a meeting on 28 November 2008, which in accordance with the ASX Listing Rules, is due for re-approval by Shareholders every 3 years, being at this meeting. However, due to changes in the law relating to Plans, the Company is of the view that a new Plan should be implemented.

This Resolution seeks Shareholder approval to adopt the Plan, sought under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of options under the Plan (**Plan Options**), and the issue of Shares on exercise of the Plan Options, as an exception to ASX Listing Rule 7.1.

The grant of Plan Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Plan Options are issued under an employee incentive option plan approved by Shareholders within three years before the date of issue.

If this Resolution is passed, the Company will have the ability to issue Plan Options to eligible participants under the Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1. Any issues of Plan Options to Directors or other related parties of the Company will require separate Shareholder approval.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Plan is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

The Plan will be used as part of the remuneration planning for executive Directors and employees. The Corporate Governance Council Principles and Recommendations recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Plan will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Principles and Recommendations, the Company considers that it is appropriate for non-executive Directors to participate in the Plan given the size of the Company.

No Plan Options have yet been issued under the Plan.

The key terms of the Plan are summarised in Schedule 2. A full copy of the Plan is available for inspection at the Company's registered office until the date of the Meeting.

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## **Enquiries**

Shareholders are required to contact Elizabeth Lee on (+ 618) 6310 5040 if they have any queries in respect of the matters set out in these documents.

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## GLOSSARY

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**\$** means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**AWST** means Australian Western Standard Time as observed in Perth, Western Australia.

**Board** means the current board of directors of the Company.

**Company** means Questus Limited (ABN 26 100 460 035).

**Completion Date** means the date upon which the noteholder shall deliver to the Company a duly completed and executed application form and an electronic funds transfer to the Company's nominated bank account of the relevant sum (or such other date as is agreed in writing between the Parties).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the regulations under the Corporations Act.

**Director or Directors** means the current directors of the Company.

**Director Options** means the options issued to the Directors pursuant to Resolutions 7 and 8 of this Notice.

**Explanatory Memorandum** means the memorandum accompanying the Notice of Meeting.

**Notice of Meeting** means this notice of Annual General Meeting including the Explanatory Memorandum.

**Proxy Form** means the proxy form accompanying the Notice.

**Plan** means as defined in Resolution 9 of this Notice.

**Plan Options** means as defined in Resolution 9 of this Notice.

**Redemption Date** means the date by which the respective convertible note must be redeemed.

**Related Party** means as defined in Resolutions 7 and 8 of this Notice.

**Resolution** means the resolution set out in the Notice of Meeting, or any one of them, as set out in the Notice of Meeting and further explained in this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Spill Meeting** means as defined in Resolution 1.

**Spill Resolution** means as defined in Resolution 1.

**Subscription Sum Outstanding** means in respect of the convertible note:

- (a) an amount in dollars equal to the difference between the subscription sum payable under the convertible note and that portion or those portions of the convertible note that have been previously repaid or converted (if at all and as the case may be) in accordance with the Deed between the noteholder and the Company; and
- (b) which is evidenced on the note certificate most recently issued by the Company to the noteholder.

**PROXY FORM**

**Lodge your vote to:**

The Company Secretary  
Questus Limited

**By delivery:**  
884 Canning Highway  
Applecross WA 6153

**By post:**  
PO Box 1346  
Canning Bridge WA 6153

**By facsimile:**  
+618 9364 7333

**\* For your vote to be effective it must be received by 10.00am (AWST) on 28 November 2011, being 48 hours before the commencement of the meeting.**

**How to Vote on Items of Business**

All your securities will be voted in accordance with your directions.

**Appointment of Proxy**

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in **Step 1** overleaf.

**A proxy need not be a security holder of the Company.**

**Signing Instructions**

**Individual:** Where the holding is in one name, the securityholder must sign.

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

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**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 sign on the appropriate place to indicate the office held. Delete titles as applicable.

Please mark  to indicate your directions.



**Appoint a Proxy to /Vote on Your Behalf**

**APPOINTMENT OF PROXY  
QUESTUS LIMITED  
ACN 100 460 035**

**ANNUAL GENERAL MEETING**

I/We   
of

being a member of Questus Limited entitled to attend and vote at the Annual General Meeting, hereby  
Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, 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 to be held at Heritage Room, South Perth Yacht Club on 30 November 2011 at 10.00am (AWST), and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

**Items of Business**

**Voting on Business of the Annual General Meeting**

		For	Against	Abstain
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of a Director – Mr David Somerville	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of a Director – Mr Anthony Brennan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Private Placement – Convertible note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval of allotment and issue of Securities - Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Private Placement – Convertible note	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	issue of Director Options – David Somerville	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	issue of Director Options – Robert Olde	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**OR**

In relation to Resolutions 7 and 8, if the Chairman is to be your proxy and you do **not** wish to direct your proxy how to vote on this/these Resolutions, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the meeting will not cast your votes on Resolution 7 and 8 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. The Chairman intends to vote undirected proxies in favour of these Resolutions.

**Important for Resolution 1:** If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

**Important information for Resolutions 7 and 8:** If the Chair of the Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct your proxy how to vote in respect of Resolutions 7 and 8, please be aware that by ticking the box above, you are taken to expressly authorise the Chair of the Meeting to exercise your proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel of the Company.

**YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM IN RELATION TO RESOLUTIONS 7 and 8 WILL BE DISREGARDED.**

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

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

Individual or Shareholder 1

Shareholder 2

Shareholder 3

Sole Director and Sole Company Secretary

Director

Director/Company Secretary

\_\_\_\_\_  
Contact Name

\_\_\_\_\_  
Contact Daytime Telephone

\_\_\_\_\_  
Date

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## Schedule 1 – Director Option Terms

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The Director Options (**Options**) entitle the holder (**Optionholder**) to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
  - (b) The Options will expire on 30 November 2014 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
  - (c) The amount payable upon exercise of each Option will be 10 cents (**Exercise Price**).
  - (d) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
  - (e) Subject to the satisfaction of any vesting conditions, an Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
    - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
    - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
  - (g) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
  - (h) The Options are not transferable.
  - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
  - (j) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those Shares.
  - (k) If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
  - (l) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
  - (m) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

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## Schedule 2 – Summary of Employee Share Option Plan

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The material terms and conditions of the Option Plan are as follows:

- (a) **Eligibility and Grant of Options:** The Board may grant options under the Plan (**Plan Options**) to any full or part time employee or Director of the Company or an associated body corporate. Plan Options may be granted by the Board at any time.
- (b) **Consideration:** Each Plan Option issued under the Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Plan Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Plan Options granted under the Plan will be determined by the Board prior to the grant of the Plan Options.
- (e) **Exercise Restrictions:** The Plan Options granted under the Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Plan Options.
- (f) **Lapsing of Plan Options:** Subject to the terms of the Offer made to an eligible participant under the Plan, an unexercised Plan Option will lapse:
  - (i) on its Expiry Date;
  - (ii) if any Exercise Condition is unable to be met; and
  - (iii) on the eligible participant ceasing to be an employee or director of, or to render services to the Company for any reason whatsoever and the Exercise Conditions have not been met.
- (g) **Share Restriction Period:** Shares issued on the exercise of Plan Options may be subject to a restriction that they may not be transferred or otherwise dealt with until a Restriction Period has expired, as specified in the offer for the Plan Options.
- (h) **Disposal of Plan Options:** Plan Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
- (i) **Trigger Events:** The Company may permit Plan Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
- (j) **Participation in Rights Issues and Bonus Issues:**
  - (i) There are no participating rights or entitlements inherent in the Plan Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Plan Options.
  - (ii) The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Plan Option holders the opportunity to exercise their Plan Options prior to the date for determining entitlements to participate in any such issue.

- (iii) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Plan Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.
- (iv) In the event of a bonus issue of Shares being made pro-rata to Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Plan Option will include the number of bonus Shares that would have been issued if the Plan Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Plan Option.
- (k) **Reorganisation:** The terms upon which Plan Options will be granted will not prevent the Plan Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
- (l) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Plan Options offered under an offer when aggregated with:
  - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee share scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 5 years from the exercise of Plan Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184).