QUEST INVESTMENTS LIMITED

ACN 004 749 044

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The Manager

Company Announcement Office

ASX Limited **24 November 2015**

PROPOSED ACQUISITION OF EIGHTY PER CENT (80%) OF THE ISSUED SECURITIES OF GOLD LORD INVESTMENTS INC FROM MR LOK WAI MING WHICH SECURITIES SHALL BE VALUED AT NOT LESS THAN A$124,168,000 IN CONSIDERATION OF THE ISSUE OF 620,840,000 ORDINARY FULLY PAID SHARES IN QUEST INVESTMENTS LIMITED TO MR LOK WAI MING

Summary of Proposed Transaction

1. The Directors of Quest Investments Limited ("QST") are pleased to announce they have signed a Subscription Letter addressed to Mr Lok Wai Ming ("Mr Lok") who in turn has signed a Subscription Acceptance Form this day which provides, inter alia, for the acquisition by QST of eighty per cent (80%) of the issued securities in Gold Lord Investments Inc ("Gold Lord") which securities shall be valued at not less than A$124,168,000 in consideration of the issue of 620,840,000 ordinary fully paid shares in QST to Mr Lok ("Agreement").
2. The Agreement provides, inter alia, as follows:
   - 2.1 Mr Lok will transfer eighty per cent (80%) of the issued securities in Gold Lord – a company incorporated in the Republic of Vanuatu – which securities shall be valued at not less than A$124,168,000 to QST in consideration of QST issuing to Mr Lok 620,840,000 ordinary fully paid shares in QST ("Consideration Shares").
   - 2.2 Mr Lok shall make available to QST such moneys as will enable QST to prepare the required documentation in furtherance of the transaction referred to therein which amount its estimated to be about A$250,000 and shall be payable as expenses are incurred by agreement between the parties;
   - 2.3 subject to the issue of the Consideration Shares, the parties have agreed to do all such acts matters and things to procure:
     - 2.3.1 an account to be taken of all of the assets and liabilities of QST as at 30 June 2015 which shall be verified by an audit thereof by QST's auditors if required by any relevant responsible authority ("quarantined assets and liabilities");

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2.3.2 the transfer, assignment and novation of the quarantined assets and liabilities to a trust the beneficiaries of which shall be the QST shareholders registered or entitled to be registered as such (including the holders of shares resulting from the cancellation of options and issues of shares referred to in paragraph 2.3.3 hereof) immediately preceding the issue of the Consideration Shares and who also are shareholders registered or entitled to be registered as such on the date of each distribution from the said trust and for the purposes hereof the shares to be issued to Quest Stockbrokers (HK) Limited and Quest Securities (Australia) Limited pursuant to sub-paragraph 2.3.4 hereof and any transferee thereof shall not entitle the holder(s) thereof to be included as a beneficiary. For this purpose, QST shall establish a trust, the initial assets and liabilities of which shall comprise the quarantined assets and liabilities; the beneficiaries shall be the QST shareholders who are registered or entitled to be registered as such (including the holders of shares resulting from the cancellation of options and issues of shares referred to in paragraph 2.3.3 hereof) immediately preceding the issue of the Consideration Shares and who remain as shareholders registered or entitled to be registered as such of QST at the time or times of each distribution from the trust and who shall be entitled to such net assets of the trust in the proportion that the shares held or entitled to be held by each of them immediately preceding the issue of the Consideration Shares bears to the total number of issued shares of QST held by those persons at the date of each distribution; the trustee of which shall be Quest Securities (Australia) Limited ("QSA"); and the object of the trust shall be to distribute the net assets of the trust to the said beneficiaries. In addition to the transfer of the quarantined assets and liabilities, QST shall also transfer any accretion to its net assets from the 1 July 2015 to the date of issue of the Consideration Shares to the aforesaid trust. Should there be a diminution in the net assets during the period 1 July 2015 to the date of issue of the Consideration Shares then QSA in its capacity as trustee of the trust shall pay from the net assets thereof, such amount of the diminution; and,

2.3.3 the cancellation of all options granted to option holders in consideration of the issue of ordinary fully paid shares in QST;

2.3.4 the issue of 5,000,000 ordinary fully paid shares in QST to Quest Securities (Australia) Limited ("QSA") as the agreed introductory fee payable by QST to QSA. It is acknowledged by the parties hereto that the shares issued to QSA as the agreed introductory fee shall not entitle the holders thereof from time to time to participate in the distribution of the quarantined assets and liabilities;

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and,

2.3.5 contemporaneously with the issue of the Consideration Shares, the Board of QST will procure:

(a) the appointment of Mr Mr Lok as a director of QST; and,

(b) the retirement of Wong Hung Ngok as a director of QST; and,

2.3.6 QST shall proceed with a capital raising of not less than A$3 million contemporaneously with seeking approval by shareholders of the issue of the Consideration Shares to Mr Lok of which Mr Lok has procured parties to take up not less than A$2 million. A$500,000 of the funds so raised will be paid to the trust referred to at clause 2.3.2 hereof and the balance will be used to provide working capital to Gold Lord;

2.4 QST will promptly appoint an independent expert to provide a report ("Independent Expert's Report") to the QST shareholders as to the reasonableness and fairness of the proposed issue of the Consideration Shares and any other matter requiring approval pursuant to the Agreement from the perspective of those QST shareholders who are not related to Mr Lok, to be included with Notice of EGM, such Independent Expert's Report to be prepared in accordance with all relevant statutory, regulatory and ASX Listing Rules requirements.

Quest Stockbrokers (HK) Limited and Quest Securities (Australia) Limited

3. The underlying ownership of the regulated entities in Hong Kong – Quest Stockbrokers (HK) Limited - and in Australia – Quest Securities (Australia) Limited - will not change as a result of the proposed transactions. However, all relevant entities will undertake all necessary notifications required of each of them under the relevant licence terms and regulatory requirements.

Indicative Timetable

4. We anticipate that the ASX Listing Committee will consider that ASX Listing Rule 11.1.3 applies to the transactions envisaged pursuant to the Agreement and that the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

5. In the circumstances, the Company does not believe that compliance with Chapters 1 and 2 of the ASX Listing Rules will place any significantly material additional obligations than those envisaged under the Agreement.

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6. The parties are progressing with the matters required of each of them under the Agreement. Periodic announcements updating shareholders of the progress of this matter will be made as required from time to time.

Cautionary Comment

7. Naturally, shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

About Quest Investments Limited

8. QST is an Australian registered company that is listed and whose securities are quoted on the Australian Securities Exchange ("ASX")(ASX Code: QST).
9. QST carries on business as a diversified financial services group with, inter alia,:
   - 9.1 corporate advisory activities in Australia through QSA; and,
   - 9.2 stockbroking activities in Hong Kong through Quest Stockbrokers (HK) Limited ("QSB"). QSB is a Hong Kong company and the holder of a Type 1 licence issued by the Securities & Futures Commission of Hong Kong.

About Gold Lord Investments Inc

10. QST has been advised by Mr Mr Lok as follows:
    - 10.1 Mr Lok is the legal and beneficial owner of 93.6% of the issued shares of Gold Lord;
    - 10.2 Gold Lord is the legal and beneficial owner of all the issued shares of Mountain Gold Holdings Inc ("Mountain Gold") (a company incorporated in the Republic of Vanuatu);
    - 10.3 Mountain Gold is the legal and beneficial owner of 100% of the issued shares of Asia Gold Limited ("Asia Gold") (a company incorporated in the Hong Kong Special Administrative Region of the People's Republic of China);
    - 10.4 Asia Gold is the legal and beneficial owner of 90% of the issued shares of Shandong Yantai Sanhui Mining Co. Ltd ("SYSM") (a company incorporated in the People's Republic of China); and
    - 10.5 SYSM is the legal and beneficial owner of 95% of the issued shares of Jinping County Jinlong Mining Co., Ltd ("JCJM") (a company incorporated in the People's Republic of China);
    - 10.6 JCJM is the owner and operator of the gold mine known as *JINCHANGXI-BIZE Gold Mine, Guizhou in China.*
    - 10.7 a diagram of the Gold Lord Group is set out in the Table at **Annexure 1** hereof;
    - 10.8 Gold Lord Investments Inc has procured HASS Natural Resources Limited to produce a report titled *"Valuation Report of the JINCHANGXI-BIZE Gold Mine, Guizhou in China"* dated 20 November 2015 which states, inter alia, as follows:

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"The Business Enterprise

Brief History

The Company (Gold Lord Investments Inc) has acquired a controlling interest in the Jinping Shierpan Gold mine in Jin Ping County, Guizhou, China. The mine is located 260km due east of Guiyang and 16km south west of Jinping or about 25km by road. It is within the jurisdiction of Pingqiu Village.

The Mine business involves the extraction of gold bearing ore from an operating mine, the processing of the ore to extract gold and the smelting of the concentrate to produce gold bars to be sold.

Overview of the Mine

The mine has been operating since the mid-1990s initially government run but later run by a group of private investors who acquired the mining and exploration rights by tender in 2006. The mining licence area covers 0.8934km² and the exploration area 3.64km². Since 2006 a new plant has been built, 4000m of tunnel has been excavated, improvements have been made to the mining method, access to and from the tunnel portals and the outside road has been upgraded and emphasis made to improve safety and environmental performance.

Resources Estimates

According to Competent Person's Report on JINCHANGXI-BIZE Gold Mine project, Guizhou in China (hereinafter referred to as the "Competent Person's Report") dated 17 August 2015 prepared by HASS Natural Resources Limited (hereinafter referred to as the "Technical Consultant"), the resource estimates of the Mine as at 17 August 2015 reported in accordance with the Joint Ore Reserves Committee Code (JORC Code 2012) is as follows:

CATEGORY	***TONNAGE (t)***	***Grade (g/t)***	***AU (kg)***
Measured	-	-	-
Indicated	*1,054,510*	*9.01*	*9,503*
Inferred	*693,000*	*7.8*	*5,400*

Source: Chinese Geological Report

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Financial Projections

Forecast of the operating results for the ensuring 10 years provided by the Business Enterprise is summarised in the following table (in RMB'000)

Years ended	*Total Revenue*	*Costs of Production*	*Expenses*	*Taxation*	*Profit after tax*	*Adjustment*	*Free Cash flow*
31/03							
2016	*554,683*	*316,169*	*60,325*	*44,547*	*133,641*	*(93,635)*	*40,006*
2017	*647,130*	*368,864*	*63,321*	*53,736*	*161,209*	*10,404*	*171,613*
2018	*739,578*	*421,559*	*66,496*	*62,881*	*188,642*	*10,404*	*199,046*
2019	*785,801*	*447,907*	*69,861*	*67,008*	*201,025*	*10,404*	*211,429*
2020	*832,025*	*474,254*	*73,429*	*71,086*	*213,257*	*10,404*	*223,660*
2021	*878,248*	*500,602*	*77,210*	*75,109*	*225,328*	*10,404*	*235,731*
2022	*905,983*	*516,410*	*81,218*	*77,089*	*231,266*	*10,404*	*241,669*
2023	*915,227*	*521,680*	*85,467*	*77,020*	*231,060*	*10,404*	*241,464*
2024	*920,774*	*524,841*	*89,971*	*76,490*	*229,471*	*10,404*	*239,875*
2025	*924,472*	*526,949*	*94,745*	*75,694*	*227,083*	*10,404*	*237,487*

"Opinion of Value

Based on the investigations and analysis stated above and on the valuation method employed, the market value of 100% interest of the Project as at the Date of Valuation, in our opinion, is reasonably stated as RMB831,000,000 (RENMINBI EIGHT HUNDRED THIRTY ONE MILLION ONLY).

(About AUD180,000,000 as at 23 November 2015 based on an exchange rate of RMB1 = AUD0.216591)

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By order of the Board of Directors
Chiang Wee Tiong
Chairman

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