



BELL IXL INVESTMENTS LIMITED

ACN 113 669 908
ABN 80 113 669 908

ANNOUNCEMENT


Board Representation - Queste Communications Limited 8 October 2007

The company refers to its announcement dated 22 September 2007 regarding the nomination of the Executive Chairman and Managing Director of the company, Mr. Massimo Livio Cellante, for election as a director of the ASX listed investment company, Queste Communications Limited (ASX code: QUE) ("Queste"), at the next annual general meeting of that company.

The company has today exercised its right under section 249P of the *Corporations Act 2001* to require Queste to distribute the attached statement to all members of that company.

Further information regarding this matter will be released to the market as it becomes available.

Issued on 8 October 2007.



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COMPANY SECRETARY
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Ticker Symbols: BXL and BXLA

REQUEST THAT STATEMENT BE DISTRIBUTED TO MEMBERS

Section 249P of the *Corporations Act 2001*

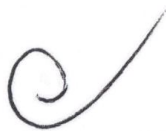
TO: QUESTE COMMUNICATIONS LIMITED (ACN 081 688 164)
Level 14
The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000 ("the Company")

RE: The election of Mr. Massimo Livio Cellante as a director of the Company, being a resolution that is to be moved and a matter that is to be properly considered at the next annual general meeting of the Company ("the Matter").

Bell IXL Investments Limited (ACN 113 669 908), being a member of the Company entitled to cast at least 5% of the votes that may be cast on the Matter, requests that the Company give the attached statement to all members of the Company.

SIGNED: SIGNED by Bell IXL Investments Limited (ACN 113 669 908) in accordance with section 127 of the *Corporations Act 2001*:

Director



Director



DATE: 8 October 2007



MASSIMO LIVIO CELLANTE (age 33)

Bachelor of Commerce (Major: Finance and Law) (Minor: Accounting)

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8 October 2007

Dear Shareholder

I am the Executive Chairman and Managing Director of Bell IXL Investments Limited ("Bell IXL") which is a small strategic investment company listed on the National Stock Exchange of Australia and which together with its associates represent the **second largest shareholder group** in Queste Communications Limited ("QUE") with a voting interest of just over 20%. Bell IXL's investment in QUE is its single largest investment.

REASONS FOR NOMINATION

I have chosen to stand for election due to the sizeable financial interest that Bell IXL and its associates hold and to ensure the board makes decisions which are based upon the best interests of all shareholders.

LACK OF INDEPENDENCE

I am concerned by the present lack of independence on the board and believe that my appointment would assist in providing a **better balance**.

PARTLY PAID SHARES

QUE has 20 million partly paid shares on issue which is particularly significant given that there are only some 28 million fully paid shares on issue. The partly paid shares are only paid to 1 cent per share and have an unpaid component of 19 cents per share. All of these shares are held by a company associated with director Mr Azhar Chaudhri, who is related to directors Mr Farooq Khan and Mr Yaqoob Khan. I believe the existence of such a large number of partly paid shares relative to the number of fully paid shares has been the **single most important value inhibiting issue** facing the ordinary shareholders.

On 4 June 2004, an announcement was made by the company stating that:

"The Directors of the Company believe that the existence of such a large number of outstanding Partly Paid shares relative to the Company's total issued capital is creating a negative sentiment amongst shareholders...

...the effect of conversion of such Partly Paid shares dilutes the NTA per fully paid share of the Company...any future increase in the NTA backing of the Company creates the opportunity for a value shift from the holders of fully paid shares to the holder of the Partly Paid shares.

The Directors have therefore decided, as a capital management exercise, to commence discussions with the holder of the Partly Paid shares...whereby...the Partly Paid shares are cancelled."

That statement was made **more than 3 years ago** and has been repeated in each Annual Report since 2004 and I am at a loss to understand why the matter is yet to be resolved particularly given that the partly paid shareholder is also a director. It may well be that as 3 of the 4 directors are related, that **family relationships have become a barrier** to resolving this issue.

The longer it remains unresolved the more of a **value shift** occurs to the partly paid shareholder. In fact, **41.3% of all value** in QUE above 20 cents per share **accrues to the partly paid holder** who has only ever paid \$200,000 for this right which represents **only 3.3%** of QUE's contributed equity. This is not a situation that should be allowed to persist and I believe the passage of time since the announcement by the company is unacceptable.

DISCOUNT TO NTA

The ASX publishes a monthly summary of Listed Investment Companies ("LIC's") and compares if they are trading at a premium or a discount to their NTA. QUE is not an LIC, but it is a holding company for an LIC, namely Orion Equities Limited, as the bulk of its assets are in that company.

In the most recent ASX summary dated 31 August 2007, it was stated that LIC's traded at an average **discount of 1.2% to NTA**. Using figures obtained from the most recent Annual Report for the company and based on a last sale price of 33 cents per share, I calculate that **QUE is trading at a discount of 61.6%** pre tax and 51.6% post tax. If one assumes the partly paid shares become fully paid shares, the discount equates to 45.0% pre tax and 33.1% post tax.

INVESTMENT PERFORMANCE

I would like to note that over the last few years the investment performance of the company has been very good and I commend the directors for this. However, the continued significant discount at which the shares trade relative to their NTA coupled with the partly paid value shift has severely affected what could have been a **much better share price performance** over the same period.

IN SUMMARY

As outlined above, I believe that **shareholders have a number of valid concerns** regarding the need to address matters of strategy and governance, which left unaddressed, will continue to cause the shares of the company to trade at significant discounts to their underlying value.

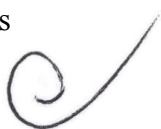
Please note that **my nomination is in respect of only one board seat** and should not be seen as an attempt to gain control of the board as I will only be one voice out of four or five.

I have several ideas on how to address the **partly paid share problem** as well as reducing the large **discount to NTA** at which the company's shares presently trade.

As a shareholder **you have a right to be heard** and if you too share my concerns and wish to see the above matters addressed then I would greatly appreciate you supporting my election.

I invite you to call me anytime on 03 9840 8710 or 0418 353 656 to further discuss.

Kind regards



MASSIMO LIVIO CELLANTE