



7 November 2011

UPDATE ON COMPANY REVIEW

The Board of Eco Quest Limited (ASX: ECQ) issues this update to keep the market informed.

On 18 October 2011, the Board announced the resignation of its Managing Director and an immediate independent review of its operations. An Acting Managing Director was appointed on 21 October 2011 to oversee this independent review.

The independent review has now been received by the Board, and the Board has considered the recommendations.

Based on the independent review, the Board has resolved that:

- **The current bio-degradable nappy business will be substantially restructured.** There will be a focus on reducing cost of goods to improve margin, increasing distribution channels to improve revenue, and developing product specification to improve competitive differentiation.
- **Eco Quest will more aggressively pursue acquisition opportunities.** The Board's objective is to fulfil the objectives originally set for Eco Quest to be a sponsor of leading-edge environmentally sustainable products. The Board will seek to build a diversified stable of environmental products over the next few years.

While these initiatives are being implemented, the Board will substantially reduce recurrent costs.

The Board will provide a detailed presentation to shareholders at the upcoming Annual General Meeting on 22 November 2011.

-ENDS-

CONTACT:
Darren Olney-Fraser
03 8643 4900