



11 May 2011

Mr Sebastian Bednarczyk  
Adviser, Listings (Perth)  
ASX Compliance Pty Limited  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sebastian

We refer to your letter of 6 May 2011 concerning the Company's Appendix 4C for the period ended 31 March 2011, released to ASX Limited on 29 April 2011 and respond to your questions as follows:

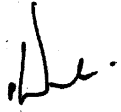
1. The Company anticipates an increase in its sales revenue during the June quarter. This expected increase is to be driven by expansion of Eco Quest's existing customer base, increased marketing activity and promotion as well as through a greater focus on internet sales, whilst continuing to focus on reducing its administration expenses.

In addition, the Company is in the process of negotiating a placement which is expected to be in completed prior to the end of the quarter.

2. The Company expects that it will have negative operating cash flows for the June quarter at or around the levels of the March quarter, dependent on the amount of sales uptake during the quarter, the timing of the receipt of payments for those sales and any additional stock produced.
3. Sales revenue for the quarter was lower than anticipated due to worse than expected Christmas and general retail trading conditions. Expenditure was largely in line with expectations after taking into account payment of accrued expenses from the previous quarter.
4. The Company is in the start up phase of Little Takas nappies and wipes sales. As a result, the ability to accurately forecast sales revenue and consumer uptake is limited. Eco Quest monitors its revenues on a monthly basis and adjusts its sales and marketing expenditure to bring it into line with forecast sales revenue.
5. As mentioned earlier, the Company requires additional capital to be raised in order to assist in meeting its business objectives. Please refer to the answer question 1.

6. The Board of the Company believes that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.
7. The Board of the Company believes that it is in compliance with Listing Rule 12.2, with reference to the matters discussed in the note to the Rule.

For and on behalf of the Board



**Peter Webse**  
Company Secretary

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+ See chapter 19 for defined terms.



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6 May 2011

Mr Peter Webse  
Company Secretary  
Eco Quest Limited  
1/66 Mill Point Road  
SOUTH PERTH WA 6151

By email: [peter.webse@pcscorporate.com.au](mailto:peter.webse@pcscorporate.com.au)

Dear Peter

**Eco Quest Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 4C for the period ended 31 March 2011, released to ASX Limited ("ASX") on 29 April 2011 (the "Appendix 4C").

ASX notes that the Company has reported the following.

1. Receipts from customers of \$101,000.
2. Net negative operating cash flows for the quarter of \$504,000.
3. Cash at end of quarter of \$392,000.

In light of the information contained in the Appendix 4C, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 4C, the Company may not have sufficient cash to fund its activities for the next quarter. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 4C for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. To what extent have the Company's actual revenues and expenses in the quarter, as reported in the Appendix 4C, matched the Company's anticipated revenues and expenses for that reporting period?
4. If the Company's actual revenues and expenses are not substantially in accordance with the Company's anticipated revenues and expenses, when did the Company become aware that its revenues and expenses would not substantially match the anticipated revenues and expenses? You may wish to outline any circumstances that may have had an effect on the Company's revenues and expenses.

5. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
6. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
7. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number 9221 2020**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, **not later than half an hour before the commencement of trading (7:30 am WST) on Wednesday, 11 May 2011**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

Yours sincerely,

*[sent electronically without signature]*

Sebastian Bednarczyk  
**Adviser, Listings (Perth)**