ECO QUEST LIMITED

ABN 98 104 037 372

PROSPECTUS

For a fully underwritten non-renounceable pro rata offer of up to 135,074,487 Shares at an issue price of $0.005 each on the basis of 1 Share for every 2 Shares held at the Record Date together with 1 attaching free option for every 1 Share subscribed for to raise approximately $675,372 before costs.

Underwriter: Forrest Capital Pty Ltd

THIS OFFER CLOSES AT 5.00PM WST ON 30 APRIL 2012

VALID ACCEPTANCES MUST BE RECEIVED BEFORE THAT TIME.

Please read the instructions in this Prospectus and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your entitlement.

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SHOULD BE READ IN ITS ENTIRETY.

IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD CONSULT YOUR PROFESSIONAL ADVISER WITHOUT DELAY.

THE SECURITIES OFFERED BY THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.

CORPORATE DIRECTORY

Directors

Sylvia Tulloch (Non-Executive Chairman)
Darren Olney-Fraser (Acting Managing Director)
Gina Ferro (Non-Executive Director)

Company Secretary

Adrian Olney

Registered and Corporate Office

Level 4 Podium
120 Collins Street
Melbourne VIC 3000

Telephone: +61 3 8643 4900
Facsimile: +61 3 8643 4911

Underwriter

Forrest Capital Pty Ltd
Unit 8-9, 888 Forrest Street
Cottesloe WA 6011

Share Registry

Security Transfer Registrars
770 Canning Highway
Applecross WA 6953

Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Stock Exchange Listing

Australian Securities Exchange
ASX Code for Shares: ECQ

Solicitors to the Company

GTP Legal
Level 1, 28 Ord Street
West Perth WA 6005

Website

www.ecoquest.com.au

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IMPORTANT NOTICES

This Prospectus is dated 27 March 2012 and was lodged with ASIC on that date. ASIC and ASX take no responsibility for the contents of this Prospectus.

No Shares will be issued on the basis of this Prospectus any later than 13 months after the date of this Prospectus, being the expiry date of this Prospectus.

A copy of this Prospectus is available for inspection at the registered office of the Company at Level 4 Podium, 120 Collins Street, Melbourne, Victoria, during normal business hours. The Company will provide a copy of this Prospectus to any person on request. The Company will also provide copies of other documents on request (see Section 5.5).

The Company will apply to ASX within 7 days of the date of this Prospectus for Official Quotation by ASX of the Shares and Options offered by this Prospectus.

The Shares offered by this Prospectus should be considered speculative. Please refer to Section 3 for details relating to investment risks.

Applications for Shares by Eligible Shareholders can only be made on an original Entitlement and Acceptance Form sent with this Prospectus. The Entitlement and Acceptance Form sets out an Eligible Shareholders' entitlement to participate in the Offer.

Revenues and expenditures disclosed in this Prospectus are recognised exclusive of the amount of goods and services tax, unless otherwise disclosed.

No person is authorised to give any information or to make any representation in connection with the Offer and Shortfall Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

No action has been taken to permit the offer of Shares under this Prospectus in any jurisdiction other than Australia or New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia or New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws. This Prospectus does not constitute an offer of Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Prospectus.

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the application and, if the application is successful, to administer the Applicant's security holding in the Company.

By submitting a Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the share registry, the Company's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

PROPOSED TIMETABLE

Lodgement of Prospectus with ASIC	27 March 2012
Lodgement of Prospectus with ASX	28 March 2012
Last date to purchase Shares on market to participate in the Offer	29 March 2012
Existing Shares quoted on an "ex" basis	30 March 2012
Record Date	5 April 2012
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	13 April 2012
Closing Date*	30 April 2012
Securities quoted on a deferred basis	1 May 2012
Anticipated date for the issue of the Shares**	8 May 2012

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

** Indicative date only

RISKS OF THE OFFER

(a) New Projects and Acquisitions (see Section 3.1(a));

(b) Future Capital Requirements (see Section 3.1(b));

(c) Competitive Activity (see Section 3.1 (c));

(d) Manufacturing Risks and Processed (see Section 3.1 (d)); and

(e) Distribution Arrangements (see Section 3.1 (e)).

1. Details of the Offer

1.1 The Offer

The Company is making a fully underwritten non-renounceable pro rata offer of Shares at an issue price of $0.005 each to Eligible Shareholders on the basis of 1 Share for every 2 Shares held at 5:00 pm (WST) on the Record Date and 1 free attaching Option for every 1 Share allotted (**Offer**). The Options will have an exercise price of 1 cent and an expiry date of 31 December 2014.

A maximum of 135,074,487 Shares will be issued pursuant to this Prospectus.

Where the determination of the entitlement of Eligible Shareholders results in a fraction of a Share, such fraction will be rounded down to the nearest whole Share.

Refer to Sections 5.1 and 5.2 for summaries of the rights attaching to the Shares and Options.

Shareholders should be aware of the risks associated with the Offer, details of which are set out in Section 3 of this Prospectus.

1.2 Operations Status

Following completion of an independent review of the business, the Board resolved that:

- **The current biodegradable 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.

1.3 Purpose of the Offer

Completion of the issue of Shares offered by this Prospectus will result in an increase in the cash on hand of up to approximately $675,372 (before payment of associated costs).

The funds raised under the Offer are proposed to be expended as follows:

Description of Cash Outflows	**Offer** **A$**
1. Identification and acquisition of new business opportunities and projects	$250,000
2. Working Capital	$356,148
3. Costs of Offer	$69,224
Total funds raised under the Offer	**$675,372**

Actual expenditure may differ significantly from the above estimates due to a number of factors including market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 3).

The Company also intends to capitalise on other opportunities as they arise which may result in costs being incurred which are not included in the above estimates. To capitalise on future opportunities and depending on the success of its activities the Company may require further equity fund raisings.

Unallocated working capital may be utilised by the Company to pay for cost overruns in budgeted expenditures (if any), the acquisition of new opportunities and in the administration of the Company.

1.4 Your entitlement and acceptance

Your entitlement to participate in the Offer will be determined on the Record Date, being 5 April 2012. The entitlement of Eligible Shareholders receiving this Prospectus is shown on the Entitlement and Acceptance Form sent to Eligible Shareholders with this Prospectus.

Acceptances must not exceed your entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your entitlement. If your acceptance exceeds your entitlement, acceptance will be deemed to be for your maximum entitlement and any surplus Application Monies will be returned.

1.5 Opening and Closing Dates

The Company will accept Entitlement and Acceptance Forms from the Record Date for determining Eligible Shareholders' entitlements (5 April 2012), until 5.00pm WST on the Closing Date, being 30 April 2012 or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules.

1.6 Underwriting of the Offer

The Offer is fully underwritten by Forrest Capital. Forrest Capital will be paid a fee of 6% of the funds raised under the Offer.

The Company and Forrest Capital have entered into an underwriting agreement which contains customary representations, warranties, indemnities and rights of termination in favour of Forrest Capital. Refer to section 5.10 of this Prospectus.

As the Offer is fully underwritten, Shareholders will not be offered the opportunity to apply for any Shortfall Shares.

1.7 No rights trading

The rights to Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on ASX and you may not dispose of your rights to subscribe for Shares to any other party. If you do not take up your entitlement to Shares under the Offer by the Closing Date, the Offer to you will lapse.

1.8 Entitlement and Acceptance Form

Acceptance of a completed Entitlement and Acceptance Form by the Company creates a legally binding contract between the Applicant and the Company for the number of Shares accepted. The Entitlement and Acceptance Form does not need to be signed to be a binding acceptance of Shares.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat an Entitlement and Acceptance Form as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

1.9 Issue and dispatch

All Shares offered by this Prospectus are expected to be issued, and security holder statements dispatched, on or before the date specified in the Timetable.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.10 Application Monies held on trust

All Application Monies received for the Shares will be held in trust in a bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus until the Shares are issued. All Application Monies will be returned (without interest) if the Shares are not issued.

1.11 ASX quotation

Application will be made to ASX no later than 7 days after the date of this Prospectus for the official quotation of the Shares and Options. If permission is not granted by ASX for the official quotation of the Shares offered by this Prospectus within 3 months after the date of this Prospectus (or such period as ASX allows), the Company will repay, as soon as practicable, without interest, all Application Monies received pursuant to this Prospectus.

1.12 CHESS

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and Securities Clearing House Business Rules.

Under CHESS, Applicants will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored, ASTC will send you a CHESS statement.

The CHESS statement will set out the number of Shares issued under this Prospectus, provide details of your holder identification number, the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by Security Transfer Registrars and will contain the number of Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or Issuer Sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time. However, a charge may be made for additional statements.

1.13 Overseas Shareholders

The Offer is not being extended to any Shareholders whose registered address is outside Australia or New Zealand. The Company is of the view that it is unreasonable to make the Offer to shareholders outside Australia and New Zealand, having regard to:

(a) the number of those Shareholders;

(b) the number and value of Shares to be offered to those persons; and

(c) the cost of complying with overseas legal requirements.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer other than for Shareholders in Australia and New Zealand. The Company is not required to make offers under the Prospectus to Shareholders other than in Australia and New Zealand. Where the Prospectus has been dispatched to Shareholders domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by the Prospectus, the Prospectus is provided for information purposes only.

1.14 Risk factors

An investment in Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are in Section 3.

1.15 Taxation implications

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for Shares under this Prospectus.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with subscribing for Shares under this Prospectus.

1.16 Major activities and financial information

A summary of the major activities and financial information relating to the Company for the financial year ended 30 June 2011 is in the Annual Financial Report which was lodged with ASX on 31 August 2011.

The Company's continuous disclosure notices (i.e. ASX announcements) since 31 August 2011 are listed in Section 5.5.

Copies of these documents are available free of charge from the Company. Directors strongly recommend that Shareholders review these and all other announcements prior to deciding whether or not to participate in the Offer.

1.17 Enquiries concerning Prospectus

Enquiries concerning the Entitlement and Acceptance Form can be obtained by contacting Security Transfer Registrars by telephone on **+61 8 9315 2333**.

Enquiries relating to this Prospectus should be directed to the Company Secretary by telephone on **+ 61 3 8643 4900**.

2. Action required by Shareholders

2.1 Acceptance of Securities under this Prospectus

Should you wish to accept all of your entitlement to Shares, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided and attach a cheque for the Application Monies indicated on the Entitlement and Acceptance Form.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your entitlement upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 4.00pm (WST) on the Closing Date. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to **"Eco Quest Limited – Share Application Account"** and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Security Transfer Registrars 770 Canning Highway Applecross WA 6153
By Post	Security Transfer Registrars PO Box 535 Applecross WA 6953

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.2 If you wish to take up part of your entitlement only

Should you wish to only take up part of your entitlement, then applications for Shares under this Prospectus must be made on the Entitlement and Acceptance Form which accompanies this Prospectus or by completing a BPAY® payment in respect of the portion of your entitlement you wish to take up, in accordance with the instructions referred to in this Prospectus and on the Entitlement and Acceptance Form. Please read the instructions carefully.

Please complete the Entitlement and Acceptance Form by filling in the details in the spaces provided, including the number of Shares you wish to accept and the Application Monies (calculated at $0.005 per Share accepted), and attach a cheque for the appropriate Application Monies.

If you wish to pay via BPAY® you must follow the instructions in the Entitlement and Acceptance Form. You will be deemed to have accepted your entitlement upon receipt of the BPAY® payment by the Company. Eligible Shareholders who elect to pay via BPAY® do not need to return their completed Entitlement and Acceptance Form. If you elect to pay via BPAY® then your payment must be made before 4.00pm (WST) on the Closing Date. Please read the instructions carefully.

Completed Entitlement and Acceptance Forms must be accompanied by a cheque in Australian dollars, crossed "Not Negotiable" and made payable to **"Eco Quest Limited – Share Application Account"** and lodged and received at any time after the issue of this Prospectus and on or before the Closing Date at the Company's share registry (by delivery or by post) at:

By delivery	Security Transfer Registrars 770 Canning Highway Applecross WA 6153
By Post	Security Transfer Registrars PO Box 535 Applecross WA 6953

The Company shall not be responsible for any postal or delivery delays or delay in the receipt of the BPAY® payment.

2.3 Entitlements not taken up

If you do not wish to accept any of your entitlement, you are not obliged to do anything.

The number of Shares you hold and the rights attached to those Shares will not be affected should you choose not to accept any of your entitlement.

2.4 Enquiries concerning your entitlement

If you have any queries concerning your entitlement please contact:

Security Transfer Registrars
770 Canning Highway
Applecross WA 6153

Telephone: + 61 8 9315 2333

3. Risk Factors

Activities in the Company, as in any business, are subject to risks which may impact on the Company's future performance. The Company has implemented appropriate strategies, actions, systems and safeguards for known risks. However, some are outside its control.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which Shareholders need to be aware of in evaluating the Company's business and risks of increasing your investment in the Company. Shareholders should carefully consider the following factors in addition to the other information presented in this Prospectus.

The principal risks include, but are not limited to, the following:

3.1 Specific Risks associated with the Company

(a) New Projects and Acquisitions

The Company has to date and will continue to actively pursue and assess other new business opportunities particularly those in the "cleantech" sector. These new business opportunities may take the form of direct project acquisitions, joint ventures, or direct equity participation.

The acquisition of new business opportunities (whether completed or not) may require the payment of monies (as a deposit and/or exclusivity fee) after only limited due diligence and prior to the completion of comprehensive due diligence. There can be no guarantee that any proposed acquisition will be completed or be successful. If the proposed acquisition is not completed, monies already advanced may not be recoverable, which may have a material adverse effect on the Company.

If an acquisition is completed, the Directors will need to reassess at that time, the funding allocated to current businesses and new businesses, which may result in the Company reallocating funds from other businesses and/or the raising of additional capital (if available). Furthermore, notwithstanding that an acquisition may proceed upon the completion of due diligence, the usual risks associated with the new business activities will remain.

Furthermore, any new business acquisition may change the risk profile of the Company, particularly if the new business is located in another jurisdiction, involves a new technology and/or changes the Company's capital/funding requirements.

Should the Company propose or complete the acquisition of a new business activity, investors should re-assess their investment in the Company in light of the new project/business activity.

(b) Future Capital Requirements

The Company's activities will require significant expenditures. There can be no assurances that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional resources on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to Shareholders and any debt financing, if available, may involve restrictive covenants, which may limit the Company's operations and business strategy. The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

(c) Competitive Activity

The Company faces a variety of competitive challenges from multiple nappy manufacturers, including divisions and subsidiaries of larger companies and foreign competitors, many of whom are significantly larger and more diversified and have substantially greater financial and marketing resources than the Company. The inability of the Company to achieve a share of the market for its products, given the competitive nature of the sector, may have a material impact on its future operations and ultimate viability of the Company.

(d) Manufacturing Risks & Processes

The Company's manufacturers, located in China, are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility, and changes to law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, licensing, export duties, repatriation of income or return of capital, environmental protection, safety and labour relations, as well as government control over properties, or government regulations that require employment of local staff or contractors, or require other benefits to be provided to local residents. Any further material adverse changes in government policies or legislation in China or in the Company's relationship with the manufacturer may affect the viability of the Company and its operations. Failures of equipment and machinery may result in production delays and lead to an inability of the Company to maintain supply, which may have a negative impact on the Company's future operations, cash flows and viability.

(e) Distribution Arrangements

The Company has appointed distribution agents to act for it in the distribution of its products to retail outlets. Until it reaches an optimum size to commence wholesaling directly to retailers, the success of the Company's operations depends on the Company's ability to maintain existing and secure new, distribution arrangements on favourable terms. No assurance can be given that the Company will be able to successfully negotiate new distribution arrangements on favourable terms, or at all. No assurance can be given that the Company will be able to continue selling its products under the existing distribution arrangements. The Directors are unable to predict the risk of financial failure or default by a distribution agent which the Company has appointed or may appoint in the future.

(f) International Operations

International sales and operations are subject to a number of risks including; potential difficulties in enforcing agreements and collecting receivables through foreign local systems; potential difficulties in protecting intellectual property; increases in costs for transportation and shipping; and restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes. Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

(g) Contractors & Service Providers

The Directors are unable to predict the risk of financial failure, default or insolvency or other managerial failure by any of the contractors or service providers used by the Company in any of its activities.

(h) Development Risk

The Company will continue product development and research into new fibres and technology. There is a risk that development of new products will require costs beyond those budgeted and even if developed there is no guarantee that the products could be successfully commercialised and exploited.

(i) Intellectual Property Risks

The brand names, trade marks and other intellectual property of the Company are regarded as critical to its success. Accordingly, the Company is reliant on regulations regarding copyright and trade marks and confidentiality restrictions with staff, contractors and others to safeguard its intellectual property rights. The Company has made reasonable efforts to protect its intellectual property. However, unauthorised use or exploitation of its intellectual property may occur and result in an adverse effect on the operating and financial performance of the Company. The Company may experience conflict with third parties who may contest its rights to what it believes is its intellectual property, particularly in countries other than Australia. The Company cannot assure shareholders that the actions it has taken to establish and protect its intellectual property will be adequate to prevent imitation of its products by others or to prevent others from seeking to block sales of its products as a violation of proprietary rights of others.

(j) Foreign Exchange Risk

The Company currently has its products manufactured in China, which is paid for in US dollars. In the future, a proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies. To comply with Australian reporting requirements, the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar. The Company does not hedge for foreign currency risk. This may result in the Company being exposed to exchange rate risk, which may have an adverse effect on the profitability and/or financial position of the Company.

3.2 General Risks

(a) Securities Investments

There are risks associated with any securities investment. The prices at which the Shares trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for "cleantech" companies, has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of such companies. There can be no guarantee that these trading prices will be sustained. These factors may materially affect the market price of the Shares regardless of the Company's operational performance.

(b) Share Market Conditions

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(i) general economic outlook;

(ii) interest rates and inflation rates;

(iii) changes in investor sentiment toward particular market sectors;

(iv) the demand for, and supply of, capital; and

(v) terrorism or other hostilities.

The market price of the Shares may fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and "cleantech" stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company, or any return on an investment in the Company.

(c) Economic Risk

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Factors that may contribute to that general economic climate include the level of direct and indirect competition against the Company, industrial disruption, the rate of growth of gross domestic product in Australia, or any other country in which the Company operates, interest rates and the rate of inflation.

(d) Changes in Government Policies & Legislation

Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire economic interests may affect the viability and future profitability of the Company.

3.3 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares. Potential investors should consider that an investment in the Company is speculative and should consult their professional adviser before deciding whether to apply for Shares pursuant to this Prospectus.

4. Effect of the Offer

4.1 Capital Structure on completion of the Offer

	Number of Shares	Number of Options
Balance at the date of this Prospectus	270,148,974	124,500,000[2]
To be issued under the Offer	135,074,487[1]	135,074,487
Balance after the Offer and Placement (if fully subscribed)	405,223,461	259,574,487

Notes:

(1) The number of Shares to be issued under the Offer assumes that no Options are exercised before the Record Date.

(2) The Options comprise of:

(b) 1,000,000 Options exercisable at $0.20 on or before 29 July 2012,

(c) 2,000,000 Options exercisable at $0.30 on or before 29 July 2012,

(d) 1,000,000 Options exercisable at $0.40 on or before 29 July 2012,

(e) 2,000,000 Options exercisable at $0.70 on or before 29 July 2012,

(f) 500,000 Options exercisable at $0.20 on or before 31 October 2012,

(g) 2,500,000 Options exercisable at $0.20 on or before 15 December 2012,

(h) 500,000 Options exercisable at $0.20 on or before 30 November 2013, and

(i) 115,000,000 Options exercisable at $0.01 on or before 31 December 2014 (being the Options attached to the Shares issued under the Placement on 27 March 2012 refer to Section 5.3 for further details).

4.2 Voting Control

The Offer will not have any effect on the control of the Company as no Shareholder will have a relevant interest in Shares in excess of 20% of the voting power of the Company following completion of the Offer.

4.3 Proposed Offer

Basis of Preparation

The pro-forma statement of financial position has been prepared in accordance with the draft ASIC Guide to Disclosing Pro-Forma Financial Information (issued July 2005).

The pro forma balance sheets have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The pro forma statement of financial position is based on the statement of financial position as at 31 December 2011 that has then been adjusted to reflect the material transactions in the notes below.

	31 December 2011	Pro-Forma 31 December 2011
	$	**$**
Current Assets		
Cash and cash equivalents	3,621	1,150,269
Trade and other receivables	18,232	18,232
Total Current Assets	**21,853**	**1,168,501**
TOTAL ASSETS	**21,853**	**1,168,501**
Current Liabilities		
Trade and other payables	441,805	441,805
Other liabilities	47,306	47,306
Total Current Liabilities	**489,111**	**489,111**
TOTAL LIABILITIES	**489,111**	**489,111**
NET ASSETS	**(467,258)**	**679,390**
Equity		
Issued capital (Note 1)	9,678,345	10,824,993
Options Reserve	1,263,570	1,263,570
Accumulated losses	(11,409,173)	(11,409,173)
TOTAL EQUITY	**(467,258)**	**679,390**

Note 1: Reconciliation of Cash at Bank and Issued Capital	**Cash**	**Issued Capital**
	$	**$**
Balance at 31 December 2011	3,621	3,621
Funds raised from 27 March 2012 Placement	575,000	575,000
Cost of Placement	(34,500)	(34,500)
Funds to be raised from Rights Issue	675,372	675,372
Estimated cost of Rights Issue	(69,224)	(69,224)
Pro Forma Balance	**1,150,269**	**1,150,269**

4.4 Market price of Shares

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest: $0.016 per Share on 10 February 2012

Lowest: $0.05 per Share on 10 January 2012

The latest available market sale price of the Company's Shares on ASX prior to the date of lodgement of this Prospectus with ASIC was $0.06 per Share on 26 March 2012.

4.5 Dividend policy

The Directors are not able to say when and if dividends will be paid in the future, as the payment of any dividends will depend on the future profitability, financial position and cash requirements of the Company.

5. Additional information

5.1 Rights attaching to Shares

The Shares to be issued pursuant to this Prospectus will rank equally in all respects with Existing Shares in the Company. Full details of the rights attaching to the Shares are set out in the Company's Constitution, a copy of which can be inspected at the Company's registered office.

The following is a summary of the rights which attach to the Company's existing Shares:

(a) Voting

Subject to any restriction on voting imposed due to a breach of the Listing Rules relating to restricted shares or any escrow agreement entered into by the Company and a member, every holder of Shares present in person or by proxy, attorney or representative at a meeting of Shareholders has one vote on a vote taken by a show of hands and, on a poll, every holder of Shares who is present in person or by proxy, attorney or representative has one vote for every Share held by him or her, but, in respect of partly-paid shares, shall have a fraction of a vote for each partly-paid share.

A poll may be demanded before a vote is taken, or before or immediately after the declaration of the result of the show of hands by the chairperson of the meeting, by at least five Shareholders present in person or by proxy, attorney or representative, or by any one or more Shareholders who are together entitled to not less than 5% of the total voting rights of all those Shareholders having the right to vote on the resolution.

(b) Dividends

Dividends are payable out of the Company's profits and are declared by the Directors. Dividends declared will (subject to the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividend) be payable on the Shares in accordance with the Corporations Act.

(c) Transfer of Shares

A Shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX or the Corporations Act for the purpose of facilitating transfers in shares or by an instrument in writing in a form approved by ASX or in any other usual form or in any form approved by the Directors.

The Directors may refuse to register any transfer of Shares, other than a market transfer, where permitted by the Listing Rules or the ASTC Settlement Rules. The Company must comply with such obligations as may be imposed on it by the Listing Rules and where appropriate the ASTC Settlement Rules in connection with any market transfer and may not prevent, delay or in any way interfere with the registration of a market transfer where to do so would be contrary to the provisions of any of the Listing Rules or the ASTC Settlement Rules.

(d) Meetings and Notice

Each Shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution of the Company, the Corporations Act or the Listing Rules.

(e) Winding Up

The Company has only issued one class of Shares, which all rank equally in the event of liquidation. A liquidator may, with the authority of a special resolution of Shareholders divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders.

The liquidator can, with the sanction of a special resolution of the Company's Shareholders, vest the whole or any part of the assets in trust for the benefit of Shareholders as the liquidator thinks fit, but no Shareholder of the Company can be compelled to accept any Shares or other shares in respect of which there is any liability.

(f) Shareholder Liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(g) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(h) ASX Listing Rules

Notwithstanding anything in the Constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

5.2 Terms and conditions of Options

The 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 at 5.00 pm (WST) on 31 December 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 $0.01 (**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) 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 payment of 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 freely transferrable.

(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 apply for official quotation of the Options on ASX.

(k) The Company will apply for official quotation by the ASX of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those new Shares.

(l) 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 Listing Rules at the time of the reconstruction.

(m) 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 5 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.

(n) Subject to paragraph (l), 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.

5.3 Offer of Placement Options

On 27 March 2012, the Company completed a placement of 115,000,000 Shares at $0.005 per Share to raise $575,000 (before costs) (**Placement**). It was a term of the Placement that the Company offer one Option for every one Share subscribed for under the Placement pursuant to a prospectus. Accordingly, the Company is also offering 115,000,000 Options for no consideration under this Prospectus (**Option Offer**). Applications can only be made by Applicants completing an option application form which will be sent by the Company together with this Prospectus to the participants of the Placement. The purpose of the Option Offer is to ensure that the Options granted under the Placement can be offered for on-sale within twelve months after their issue without disclosure.

5.4 Company is a disclosing entity

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under both the Corporations Act and the Listing Rules.

Copies of documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an ASIC office (see Section 5.5 below).

5.5 Copies of documents

Copies of documents lodged by the Company in connection with its reporting and disclosure obligations may be obtained from, or inspected at, an office of ASIC. The Company will provide free of charge to any person who requests it during the period of the issue, a copy of:

(a) the Annual Financial Report of the Company for the year ended 30 June 2011, being the last financial year for which an annual financial report has been lodged with ASIC in relation to the Company before the issue of this Prospectus;

(b) the Half-Year Financial Report of the Company for the half-year ended 31 December 2011, being the half-year financial report lodged with ASIC in relation to the Company since the lodgement of the annual financial report and before lodgement of this Prospectus; andthe following continuous disclosure notices given by the Company to notify ASX of information relating to the Company during the period from the date of lodgement of the Annual Financial Report referred to in paragraph (a) and before the date of issue of this Prospectus are as follows:

Date Lodged	**Subject of Announcement**
12/09/11	Appendix 3Y – Sylvia Tulloch;
14/09/11	Share Placement and Appendix 3B;
15/09/11	Section 708A Notice;
16/09/11	Appendix 3Y – Sylvia Tulloch;
18/10/11	Placement, Resignation of MD;
18/10/11	Final Director's Interest Notice;
18/10/11	Section 708A Notice;
21/10/11	Notice of Annual General Meeting & Proxy Form;
21/10/11	Annual Report to Shareholders;
21/10/11	Appointment of Acting Managing Director;
24/10/11	Initial Director's Interest Notice;
27/10/11	Cancellation of Unlisted Options;
27/10/11	Change of Director's Interests – MG;
31/10/11	Appendix 4C- Quarterly;
07/11/11	Update on Company Review;
11/11/11	Company Secretary Appointment;
22/11/11	Acting MD's Annual General Meeting Presentation;
22/11/11	Director Resignation;
23/11/11	Results of Annual General Meeting;
25/11/11	Appendix 3B;
28/11/11	MCX: Substantial Shareholder in Eco Quest;
29/11/11	Final Director's Interest Notice;
13/12/11	Mariner Issue of Shares;

Date Lodged	Subject of Announcement
19/12/11	Appendix 3B – Reversal of Issued Capital;
19/12/11	Company Update;
01/02/12	Suspension from Official Quotation;
01/02/12	Appendix 4C – Quarterly;
01/02/12	Reinstatement to Official Quotation (2/02/12);
02/02/12	Capacity to Issue Capital;
06/02/12	Trading Halt;
06/02/12	Trading Halt Request;
06/02/12	Placement to Strategic Investor and Rights Issue;
13/02/12	Details of Company Address;
21/02/12	Shareholder Letter, Notice of Meeting & Proxy Form;
29/02/12	Half Yearly Report and Accounts;
23/02/12	Results of Meeting;
27/02/12	Completion of Placement & Issue of Shares to Mariner; and
27/02/12	Section 708A Notice.

The following documents are available for inspection throughout the application period of this Prospectus during normal business hours at the registered office of the Company at Level 4 Podium, 120 Collins Street, Melbourne VIC 3000:

(i) this Prospectus;

(ii) the Constitution; and

(iii) the consents referred to in Section 5.12 and the consents provided by the Directors to the issue of this Prospectus.

5.6 Information excluded from continuous disclosure notices

There is no information which has been excluded from a continuous disclosure notice in accordance with the Listing Rules, and which is required to be set out in this Prospectus.

5.7 Determination by ASIC

ASIC has not made a determination which would prevent the Company from relying on section 713 of the Corporations Act in issuing the Securities under this Prospectus.

5.8 Directors' interests

(a) Directors' Interests

Except as disclosed in this Prospectus, no Director and no firm in which a Director is a partner:

(i) has any interest, nor has had any interest in the last two years prior to the date of this Prospectus, in

(A) the formation or promotion of the Company; or

(B) the Offer; or

(C) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; nor

(ii) has been paid or given or will be paid or given any amount or benefit to induce him or her to become, or to qualify as, a Director, or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Offer.

(b) Directors' Holdings

Set out in the table below are details of Directors' relevant interests in the Securities of the Company at the date of this Prospectus:

Director	**No. of Shares Held(1)**	**No. of Options Held**	**Entitlement to Subscribe for Shares(2)**	**Entitlement to Subscribe for Options(3)**
Sylvia Tulloch	520,000	500,000	260,000	260,000
Darren Olney-Fraser	Nil	Nil	Nil	Nil
Gina Ferro	Nil	Nil	Nil	Nil

(1) Held directly or indirectly by the Director or a related party of the Director.

(2) Entitlement to subscribe for Shares that will be held directly or indirectly.

(3) Entitlement to subscribe for Options that will be held directly or indirectly.

Note: Sylvia Tulloch has advised that she intends to take up her full rights pursuant to the Offer.

(c) Remuneration of Directors

The Company's Constitution provides that the Company may remunerate the Directors. The remuneration shall, subject to any resolution of a general meeting, be fixed by the Directors.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a general meeting. Total directors' fees paid to all non-executive directors is not to exceed $300,000 per annum. Director's fees paid to non-executive directors accrue on a daily basis. Fees for non-executive directors are not linked to the performance of the economic entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and non-executive directors may receive incentive options in order to secure and/or retain their services.

Fees cover main board activities only. Non-executive directors may receive additional remuneration for other services provided to the Company, including but not limited to, membership of committees.

Directors received the following remuneration for the preceding two financial years:

Directors	Year	Salary & Fees $	Superannuation $	Options $	Other non-cash Benefits $	Total
Sylvia Tulloch	2011	71,875	-	-	-	71,875
	2010	47,459	-	57,000	-	104,459
Darren Olney-Fraser [1]	2011	-	-	-	-	-
	2010	-	-	-	-	-
Gina Ferro [2]	2011	-	-	-	-	-
	2010	-	-	-	-	-

[1] Appointed as a Director on 21 October 2011. [2] Appointed as a Director on 6 June 2011.

(d) Other interests

Non-Executive Director Ms Gina Ferro is the Managing Director of Amadelphous AO Limited (**Amadelphous**). The Company has a Service Agreement with Amadelphous for corporate advisory services set at $4,000 per month. Mr Darren Olney-Fraser's services as Acting Managing Director are provided by Mariner Corporation Limited (**Mariner**). Mariner was issued 11,194,029 Shares in the Company on 27 March 2012, following Shareholder approval, in consideration of its fee of $75,000 for the provision Mr Olney-Fraser's services to 21 January 2012. From 22 January 2012, Mariner will be paid $25,000 per month for the provision for Mr Olney-Fraser's services until such time as the Company no longer requires those services.

5.9 Interests of Named Persons

Except as disclosed in this Prospectus, no expert, promoter or other person named in this Prospectus as performing a function in a professional, advisory or other capacity:

(a) has any interest, nor has had any interest in the last two years prior to the date of this Prospectus, in

(i) the formation or promotion of the Company; or

(ii) the Offer; or

(iii) property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or the Offer; nor

(b) has been paid or given or will be paid or given, any amount or benefit in connection with the formation or promotion of the Company or the Offer.

Forrest Capital has been appointed as underwriter to the Offer and will be a paid a fee of 6% plus GST, of the capital raised pursuant to the Offer. Refer to Section 5.10 for further details of the terms of the underwriting agreement.

GTP Legal has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately $10,000 exclusive of GST.

Security Transfer Registrars has been appointed to conduct the Company's share registry functions and to provide administrative services in respect to the processing of applications received pursuant to this Prospectus, and will be paid for these services on standard industry terms and conditions.

5.10 Underwriting

The Company has entered into an underwriting agreement with Forrest Capital (**Underwriting Agreement**) pursuant to which the Company has engaged Forrest Capital to underwrite the Offer up to the amount of $675,372 (**Underwritten Amount**).

Forrest Capital will receive total fees of 6% of the Underwritten Amount as remuneration for acting as Forrest Capital.

The Company has also agreed to reimburse Forrest Capital for all reasonable costs and expenses incurred in connection with the underwriting.

The obligation of Forrest Capital to underwrite the Offer is subject to certain standard events of termination. Forrest Capital may terminate its obligations under the Underwriting Agreement if:

(a) **Prospectus:** any of the following occurs in relation to the Prospectus:

(i) Forrest Capital reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;

(ii) Forrest Capital reasonably forms the view that any projection or forecast in the Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;

(iii) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or

(iv) any person other than Forrest Capital who consented to being named in the Prospectus withdraws that consent;

(b) **supplementary prospectus:** Forrest Capital reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by Forrest Capital;

(c) **ASX listing:** ASX does not give approval for the Underwritten Securities to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;

(d) **index change:** the ASX All Ordinaries Index as determined at close of trading falls at least 10% below its level at the close of trading on the date of this Agreement for any three consecutive trading days during the Underwriting Period;

(e) **indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;

(f) **return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of Forrest Capital;

(g) **banking facilities:** the Company's bankers not terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;

(h) **change in laws:** any of the following occurs:

(i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or

(ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or

(iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Offer or the operation of stock markets generally;

(i) **failure to comply:** the Company or any Related Corporation fails to comply with any of the following:

(i) a provision of its Constitution;

(ii) any statute;

(iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or

(iv) any material agreement entered into by it,

which is likely to prohibit or materially restrict the business of the Company or the Offer;

(j) **alteration of capital structure or constitution:** the Company alters its capital structure or its Constitution without the prior written consent of Forrest Capital;

(k) **extended force majeure:** a Force Majeure, which prevents or delays an obligation under this Agreement, lasting in excess of two (2) weeks occurs;

(l) **default:** the Company is in default of any material term and condition of this Agreement or breaches any warranty or covenant given or made by it under this Agreement;

(m) **adverse change:** any adverse change occurs which materially impacts or is likely to impact the assets, operational or financial position of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);

(n) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;

(o) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Offer or the results of the investigation or the Verification Material are false or misleading;

(p) **prescribed occurrence:** a Prescribed Occurrence occurs;

(q) **suspension of debt payments:** the Company suspends payment of its debts generally;

(r) **event of insolvency:** an Event of Insolvency occurs in respect of the Company or a Related Corporation;

(s) **judgment against a related corporation:** a judgment in an amount exceeding $100,000 is obtained against the Company or a Related Corporation and is not set aside or satisfied within seven (7) days;

(t) **calamity:** the occurrence of any calamity or crisis or any change in financial, political or economic conditions or currency exchange rates or controls in Australia or any restriction or limitation on the nature/basis of trading of equities on ASX;

(u) **sub-underwriting default:** any sub-underwriter defaults on its sub-underwriting commitment; and

(v) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial, economic conditions, in each case the effect of which is that, in the reasonable opinion of Forrest Capitals, reached in good faith, it is impracticable to market the Offer or to enforce contracts to issue and allot or sub-underwrite the securities pursuant to the Prospectus or that the success of the Offer is likely to be adversely affected.

The Company has agreed to indemnify Forrest Capital and its officers and employees, (**Indemnified Parties**) from and against all claims, actions, damages, losses, liabilities, costs or expenses, including costs for reasonable legal advice on a solicitor client basis, which any Indemnified Party incurs or suffers in respect of or in any way relating to the Offer or the Underwriting Agreement.

The Underwriting Agreement contains covenants, warranties, representations and other terms normal for an agreement of this nature.

Forrest Capital may procure any person to sub-underwrite such portion of the Offer as Forrest Capital, in its discretion, thinks fit.

5.11 Expenses of Offer

The estimated expenses of the issue are as follows:

	$
ASIC lodgement fee	2,137
ASX quotation fees	8,965
Capital raising and underwriting fee	40,522
Legal expenses	10,000
Printing, mailing and other expenses	7,600
Total	69,224

5.12 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with ASIC:

GTP Legal has given, and has not withdrawn, its written consent to being named in this Prospectus as solicitors to the Company. GTP Legal has not authorised or caused the issue of this Prospectus or the making of the Offer under this Prospectus. GTP Legal makes no representation regarding, and to the extent permitted by law excludes any responsibility for, any statements in, or omissions from, any part of this Prospectus.

Security Transfer Registrars has given and, has not withdrawn, its written consent to be named as share registry in the form and context in which it is named. Security Transfer Registrars has had no involvement in the preparation of any part of this Prospectus other than being named as share registrar of the Company. Security Transfer Registrars has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

Forrest Capital Pty Ltd has given and, has not withdrawn, its written consent to be named as underwriter in the form and context in which it is named. Forrest Capital has had no involvement in the preparation of any part of this Prospectus other than being named as underwriter of the Offer. Forrest Capital has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of this Prospectus.

5.13 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature, other than as set out below and the Directors are not aware of any other legal proceedings pending or threatened against the Company.

The Company is dealing with two claims from parties which are potentially litigious. A former director Mr Michael Greenup is claiming $104,000 plus GST allegedly owed to him in connection with his previous role with the Company. A former supplier to the Company, Carmelton Enterprises (the former Chinese supplier of nappies and wipes) is claiming monies allegedly owed from the Company's last order of nappies and wipes, which has not been completed. The Company is vigorously defending both potential claims.

6. Authorisation

This Prospectus is authorised by each of the Directors of the Company.

This Prospectus is signed for and on behalf of Company by:

Darren Olney-Fraser
Acting Managing Director

Dated: 27 March 2012

7. Glossary of Terms

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

Acceptance means a valid application for Shares made pursuant to this Prospectus on an Entitlement and Acceptance Form.

Applicant means a person who submits an Entitlement and Acceptance Form.

Application Monies means application monies for Securities received by the Company.

ASIC means Australian Securities and Investments Commission.

ASTC means ASX Settlement and Transfer Corporation Pty Ltd ACN 008 504 532.

ASX means ASX Limited ACN 008 624 691.

Board means the Directors meeting as a board.

Business Day means Monday to Friday inclusive, other than a day that ASX declares is not a business day.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 30 April 2012 or such later date as the Directors may determine.

Company means Eco Quest Limited ACN 104 037 372.

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means Corporations Act (Cth) 2001.

Directors mean the directors of the Company as at the date of this Prospectus.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement and Acceptance Form or **Form** means the entitlement and acceptance form attached to this Prospectus that sets out the entitlement of Shareholders to subscribe for Shares pursuant to the Offer.

Forrest Capital means Forrest Capital Pty Ltd AFSL 298 311, ACN 118 115 834.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Offer means as defined in Section 1.1.

Official List means the official list of ASX.

Official Quotation means quotation of Shares on the Official List.

Option means the right to acquire one Share in the capital of the Company and otherwise on the terms and conditions outlined in Section 5.2.

Option Offer has the meaning in Section 5.3.

Prospectus means this prospectus dated 27 March 2012.

Record Date means the day specified in the proposed Timetable.

Section means a section of this Prospectus.

Security Transfer Registrars means Security Transfer Registrars Pty Ltd ACN 008 894 488.

Shareholder means a holder of Shares.

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

Timetable means the proposed timetable for the Offer on page 2 of this Prospectus.

Underwriting Agreement means the underwriting agreement between the Company and Forrest Capital.

$ means Australian dollars.

WST means Western Standard Time, being the time in Perth, Western Australia.