



12 July 2013

ASX Announcement

ECO QUEST TO ACQUIRE STEM CELL COMPANY – CYNATA INC

Following the signing by Cynata Incorporated (Cynata) of its Foundation License Agreement for its stem cell technology with the Wisconsin Alumni Research Foundation (WARF), the Board of Eco Quest Limited (ASX: ECQ) is of the view that this represents a material change in the value of Cynata. As a result, the Company has decided to put in place a strategy to acquire 100% of Cynata.

The acquisition of Cynata will take place in two stages.

- Investment of \$250,000 which will increase the ECQ stake in Cynata to a fully diluted 33%, effective immediately.
- An option to acquire the balance of Cynata shares that it does not already own within 18 months. Consideration for the acquisition of all remaining shares of Cynata is 200,000,000 fully paid, ordinary Eco Quest shares. Exercise of the option will be conditional on Eco Quest shareholder approval and compliance with all applicable laws and stock exchange rules.

Cynata was established to commercialise an outstanding stem cell platform technology, originating from the University of Wisconsin-Madison, a world leader in stem cell research. Cynata plans to develop the technology into an “off-the-shelf” stem cell platform for therapeutic product use, with a pharmaceutical business model and economies of scale. This would create a new standard in the emergent arena of stem cell therapeutics.

Cynata’s core technology revolves around the production of mesenchymoangioblasts (MCAs). MCAs are one of the earliest forms of mesenchymal cell, which go on to produce smooth muscle, bones, cartilage, blood vessels and other tissue types. Immediate opportunities present themselves in the form of treatments for circulatory disorders. The first application targeted for therapies prepared using Cynata’s proprietary MCAs is Critical Limb Ischaemia (CLI) a complication of diabetes. CLI represents a \$3bn market. Further development will target other complications of diabetes, other indications involving a loss of circulation or damaged blood vessels and graft-versus-host disease. These conditions represent a combined market worth over \$10bn.



Investment highlights for Cynata include:

- Cynata's proprietary stem cell technology originates from James Thomson's laboratory at the University of Wisconsin School of Medicine and Public Health where the first human embryonic stem cell line was isolated;
- Platform technology with potential for multiple indications and partnering.
- Patent protection (USA) until at least 2028;
- Ethically safe – Cynata's MCAs are non-embryonic;
- Preclinical animal pilot studies in Critical Limb Ischaemia completed with strong results;
- Low development risk; and
- Biopharma business model with the potential for commercial manufacture and supply

Should Eco Quest exercise the option to acquire the balance of Cynata shares that it does not already own, the ASX has advised that the company will have to re-comply with chapters 1 and 2 of the listing rules. During the option period, Cynata may not issue and offer additional new shares to third parties without first offering further new shares to Eco Quest, and Eco Quest shall have preference to subscribe for further new shares over other investors and the first and last right to match any external offer.

About Eco Quest:

Eco Quest Limited (ASX: ECQ), is a globally focussed environmental and life sciences technology business. It is focused on developing and applying the latest materials and biological technologies to create products which enhance our quality of life.

For more information about Eco Quest visit www.ecoquest.com.au.

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