

ASX / MEDIA RELEASE

24 DECEMBER 2009

D2 MARKETING LTD ACN 123 287 025 (ASX:DTO)

MARKET UPDATE – SETTLEMENT OF CLAIM

On 31 August 2009 D2 Marketing Ltd (**d2** or **Company**, formerly CommQuest Limited), announced that it had received notification from LCW Private Equity Pty Ltd (**LCW**) on behalf of funds managed by LCW (**LCW Investors**) of alleged warranty and breach of contract claims totaling \$3.22 million under the Subscription Agreement dated 29 August 2008 (under which agreement the Company made two private placements to the LCW Investors).

d2 advises that it has today settled all present and future claims in respect of LCW's investment in the Company on the following basis:

1. d2 will settle the matter for consideration of \$0.6 million;
2. Subject to any necessary approvals from shareholders (if any) and compliance with applicable law, settlement will comprise a cash payment of \$0.3 million and the issue of \$0.3 million worth of shares at 0.6 cents per share (or if the company conducts a rights issue on or prior to 30 September 2010 at a price less than \$0.006 per share, at the price of shares issued under the rights issue); and
3. The settlement is without admission of liability and is intended to avoid the expense and prolonged uncertainty of litigation.

In determining to resolve this dispute by settlement, directors took into consideration the significant uncertainty the dispute was causing to both the recapitalisation process and the underlying operations of the business, and the likely costs and timeframe of a seeking a solution through legal means. In addition, the Company's financier had indicated that it required the dispute to be resolved as a condition of providing additional funding support.

Moving forward, the LCW Investors and the Company look forward to working together as the Company focuses on completing the final phase of its recapitalisation program and achieving a positive outcome for its shareholders.



For further information, please contact:

Jonathon Meredith-Smith
Chief Financial Officer
D2 Marketing Ltd
T: +61 (0)3 9016 4099

About D2 Marketing Ltd

d2 Marketing is a holding company for a group of Digital and Direct marketing companies.