



RELEASE TO AUSTRALIAN SECURITIES EXCHANGE (“ASX”)

TUESDAY, 15 MARCH 2011

JUDGMENT IN CHAMELEON MINING NL

1. The NSW Court of Appeal has today handed down judgment in the abovementioned matter.
2. By majority, the Court held that the litigation funding agreement in that case was a financial product and accordingly the litigation funder required an Australian Financial Services License to carry on business as a litigation funder.
3. The Court also held, by a different majority, that the litigation funding agreement in that case was not a derivative as that term is used in the Corporations Act. IMF’s litigation funding agreements are similar to but not the same as the funding agreement in the Chameleon case.
4. IMF holds Australian Financial Service license 286906 and has done so since 2005.
5. In early 2005 IMF applied to ASIC for the grant of an Australian Financial Services License to issue litigation funding agreements on the basis that such agreements constituted financial products.
6. On 4 July 2005, in response to that application, ASIC issued AFSL 286906 to IMF describing litigation funding agreements therein as “derivatives”.
7. Since the date of its issue IMF has proceeded on the basis that AFSL 286906 authorises the issue by IMF of litigation funding agreements on the basis that they are financial products.
8. The question of licensing, especially in multi party cases, has arisen in the Courts over the last two years.
9. In November 2009 IMF advised all of its multi party clients of the questions raised regarding licensing under the Act and referred them to the relevant provisions of the Act.
10. No client has taken any action in relation to those notices and, as a reasonable time has passed since the notices were delivered, IMF does not expect them to do so.
11. In addition IMF has continued to provide funding under all of its litigation funding agreements. Under the provisions of the Act the acceptance of funding after notice constitutes a waiver of any rights which may have accrued to the client in relation to the licensing question.

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12. Under the terms of the Act some IMF clients may have a right to rescind litigation funding agreements or claim repayment but that right does not extend to any clients who have been given notice of the licensing question, clients who themselves hold an AFSL or clients who have continued to accept litigation funding after receiving such notice. Most of IMF's clients and previous clients fall into one or other of those three categories.
13. In early 2010 ASIC took action to provide relief to all litigation funders in relation to multi party cases by granting a general exemption from the necessity of licensing in relation to those matters.
14. In addition the Federal Government has stated publicly that it will be moving to amend the Act to remove any necessity for litigation funders to be licensed at least in multi-party cases.
15. To date two judges of the NSW Supreme Court have held that a litigation funding agreement is a financial product and two have held that it is not. It is likely therefore, that the matter will proceed by way of appeal to the High Court if leave is given in that regard.
16. Until the matter is finally resolved ASIC has granted IMF a no action letter in relation to all matters not already covered by the general exemption referred to above.
17. IMF does not believe that any of the matters set out herein will have a material effect on its operations or future prospects.



Diane Jones
Chief Operating Officer

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