

CORPORATE GOVERNANCE POLICY I

BOARD OF DIRECTORS' CHARTER

Role of the Board

The board has the responsibility for protecting the rights and interests of shareholders and enhancement of long term shareholders value.

To fulfill this role the board is responsible for:

- *The Corporate Governance and ethical behavior of the Company.*
- *Oversight of the Company, including its control and accountability systems.*
- *Appointment and, where appropriate, removal of the Managing Director/CEO.*
- *Ratifying the appointment and, where appropriate, the removal of the CFO/Company Secretary and other direct reports of the CEO.*
- *Approving and monitoring the implementation by management of the Company's objectives and strategies.*
- *Reviewing the Company's performance against its stated objectives by receiving regular management reports on the Company's business situation, opportunities and risks.*
- *Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct, and legal compliance.*
- *Monitoring senior management's performance and ensuring appropriate resources are available.*
- *Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures.*
- *Oversee the maintenance of appropriate standards of occupational health and safety and social and environmental responsibility.*

Responsibility for day to day activities is delegated to the Managing Director/CEO.

Board processes

To assist in the execution of its responsibilities, the Board has established a Remuneration Committee and an Audit Committee. Other committees are established as required. These committees have mandates and operating procedures, which are reviewed on a regular basis. Decisions made by the committees require the approval of the full Board before they are considered to be approved. The effectiveness of each committee is also constantly monitored.

The Board has established a framework for the management of the company including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds ten scheduled meetings each year, plus strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairman and Managing Director. Submissions are circulated in advance. Executives are regularly involved in Board discussions and directors have other opportunities, including visits to operations, for contact with a wider group of employees.

The Board conducts an annual review of its processes to ensure that it is able to carry out its functions in the most effective manner.

Composition of the Board

The composition of the Board is determined using the following principles:

- *The Board should comprise directors with a broad range of expertise.*
- *Directors appointed by the Board are subject to election by shareholders at the following annual general meeting.*
- *While directors are not appointed for a fixed term, under the Company's Constitution and the ASX Listing Rules, at least one third of the directors (excluding the Managing Director) must retire by rotation each year and submit themselves for re-election by shareholders.*
- *The tenure for executive directors is linked to their holding of executive office.*

An independent director is a director who is not a member of management (a non-executive director) and who:

- *Is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company.*
- *Has not within the last three years been employed in an executive capacity by the Company.*
- *Is not, and has not been within the last three years, a principal of a professional adviser to the Company.*
- *Is not a significant supplier or customer of the Company or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer.*
- *Has no significant contractual relationship with the Company other than as a director of the Company.*
- *Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.*

Conflict of interest

In accordance with the Corporations Act 2001 and the Company's Constitution directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered.

Nomination, Appointment and Retirement of Directors

The Board is responsible for succession planning and identification of new Board members. A separate nomination committee is not considered to be appropriate given the size of the organisation.

The composition of the Board will be reviewed on a regular basis to ensure that it has the appropriate expertise and range of skills.

If a vacancy occurs or if it is considered that the Board would benefit from the services of an additional director with particular skills, the Board (if necessary, with the assistance of an external consultant) would select a panel of candidates with the appropriate expertise and experience.

The Board would then appoint the most suitable candidate. The Company's Constitution requires that the directors appointed by the Board submit themselves for re-election at the first meeting of shareholders following their appointment. Furthermore, the Company's Constitution also requires that at least one third of the directors (excluding the Managing Director) must retire by rotation each year and submit themselves for re-election by shareholders.

The Chairman prepares a specific letter of appointment for all new directors.

The Chairman reviews the performance of all directors each year.

The Board is responsible for the selection, appointment and succession planning process of the Company's Chief Executive Officer.

Director education

Directors have to opportunity to visit the Company's facilities and meet with management to gain a better understanding of business operations.

Directors and Staff Dealing in Company Shares

The constitution does not preclude directors or staff from acquiring shares in the Company or disposing of those shares. However, the Board has instituted the attached policy that governs the trading of shares by directors or staff- "Confidentiality/Insider trading/Share Transaction Policy" Corporate Governance Policy IV

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Stock Exchange, directors must advise the company of any transactions conducted by them in shares in the Company.

Directors Access to Professional Advice

In the discharge of their duties, directors have the right to seek independent professional advice at the expense of the Company, subject to the prior approval of the Chairman or another director of the Company.

Minutes

Minutes will be maintained for all meetings of the Board of Directors.

CORPORATE GOVERNANCE POLICY II

RESPONSIBILITIES OF EXECUTIVE MANAGEMENT

The purpose of this policy is to outline the responsibilities of the Chief Executive Officer/Managing Director and the Chief Financial Officer/Company Secretary.

Chief Executive Officer/Managing Director

1. *Lead the business planning process, defining company's vision, mission, values and strategy and accepting accountability for the implementation of plans agreed with the Board.*
2. *Lead research & development activities effectively and efficiently.*
3. *Ensure the growth in product sales revenue through the introduction of new products, new customers and entry to new markets; ensure growth in additional revenue through the development of commercial relationships with business partners.*
4. *Ensure efficient running of production facilities and capitalize on opportunities to boost capacity where appropriate to meet projected demand.*
5. *Recruit, motivate, develop and retain appropriate staff capable of ensuring the long term prosperity of the Company.*
6. *Ensure the security of intellectual property generated by the Company, regularly reviewing intellectual property issues and making recommendations to the Board for licensing or other commercial agreements.*
7. *Keep the Board informed of all strategic and tactical developments within the Company on a "no surprise" basis.*
8. *Maintain effective and advantageous liaison with the media, analysts and shareholders, by means of a proactive public relations and investor relations strategy.*
9. *Recommend to the Board the approach to raising capital for future developments of the Company and implement approved strategies.*
10. *Maintain compliance with all regulatory requirements relating to an ASX listed entity.*
11. *Establish and maintain compliance with the relevant industry regulatory bodies.*
12. *Ensure appropriate standards of occupational health and safety and social and environmental responsibility is maintained.*
13. *Ensure that the ethical standards established by the Board are complied with.*

ACCOUNTABILITY

	Board	CEO	Executive Management
Financial			
(a) Budgets and Strategic Plans	Approve	Recommend	-
(b) Operating Expenditure			
-Within budget line item under \$50, 000	-	-	Approve
-Over line item but within total budget	Notify	Approve	-
-Over total budget	Approve	Recommend	-
*Executive Management member can delegate authority for purchases under \$1,000			
(c) Capital Expenditure			
-Within budget under \$10,000	-	-	Approve
-Within budget under \$50, 000	-	Approve	-
-Within budget over \$50, 000 or over budget	Approve	Recommend	-
(d) Asset Sales . (including intellectual property)			
-Under \$50, 000	-	Approve/Notify	-
-Over \$50, 000	Approve	Recommend	-
(e) Banking			
-Borrowings	Approve	Recommend	-
-Placing money on deposit with institutions approved by Board and acquisition of promissory notes	-	Approve	-

	Board	CEO	Executive Management
(f) Business expenditure . Personal & (Credit Cards)			
-CEO	Approve (Chairman)	-	-
-Executive management	-	Approve	-
-Other staff	-	-	Approve
-Issue of Corporate Credit Cards	-	Approve	Recommend
(g) Treasury			
-Foreign exchange-Options	Approve(Chairman)	Recommend	-
-Foreign exchange-Hedging	Approve	Recommend	-
-Investment	Approve Policy	-	CFO-Action within approved policy
(h) Board expenses			
-Remuneration (Shareholders)	-	-	-
-Travel and out of pocket expenses	-	Approve	-

	Board	CEO	Executive management
Legal			
(a) Confidentiality Areements	-	Approve/Notify	CFO approve
(b) Other agreements, including intellectual property			
-Of one year or less than \$100, 000	-	Approve/Notify	-

	Board	CEO	Executive Management
-Of greater than one year, or greater than \$100,000	Approve	Recommend	-
(c) Equity Participation, As per constitution	-	-	-
	Board	CEO	Executive Management
Personnel			
(a) Conditions of Employment			
-CEO	Approve	-	-
-Executive Management	Approve	Recommend	-
-Other staff within budget	-	Approve	-
(b) Appointment of Staff			
-CEO	Approve	-	-
-Executive Management	Approve	Recommend	-
-Other staff within budget	-	Approve	Recommend
(c) Staff Emoluments (Remuneration Committee sets levels)			
-CEO	Approve	-	-
-Executive Management	Approve (Chairman)	Recommend	-
-Other staff	-	Approve	Recommend
(d) Staff Dismissals			
-CEO	Approve	-	-
-Executive Management	Approve (Chairman)	Recommend	-
-Other staff	Approve	Recommend	

	Board	CEO	Executive Management
(e) Staff Travel			
-CEO Overseas	Approve (Chairman)	Recommend	-
-CEO Other travel within budget	-	Approve	-
-Staff travel- Overseas within budget	-	Approve	Recommend
-Staff travel- Domestic within budget	-	-	Approve
(f) Travel expenses within budget			
(Subject to Board Policies)	-	Approve	-

Notes:

1. The CEO can delegate authority to the CFO or the secretary in his absence
2. Any further delegation of authority to that specified in this paper will require Board approval.

Corporate Governance Policy IV

CONFIDENTIALITY/INSIDER TRADING/SHARE TRANSACTIONS POLICY

1. Introduction

This Policy on Confidentiality, Insider Trading and Share Transactions (“Policy”) sets out the policies and procedures of Legalfund Limited and all entities directly or indirectly under its control (collectively, “Legalfund”), regarding the treatment of information of a confidential nature and deterring the misuse of material, non-public information in securities transactions.

The policies and procedures are intended to protect the Company’s reputation and to protect Legalfund and its personnel from legal liability. This Policy is effective immediately.

Legalfund employees must be familiar with and observe this Policy. If any employee is uncertain of the application of this Policy or becomes aware of any violation or potential violation of this Policy by any other employee, he or she should immediately notify the Company’s Chairman.

Any violation of this Policy may subject the person involved to disciplinary action, including dismissal, and possible civil or criminal penalties.

Anyone in doubt about the application of this Policy should consult with the Company’s Chairman before proceeding with any transaction, including the transaction in Legalfund’s securities or before disclosing information concerning Legalfund.

2. Background and Concepts

2.1 Background

The Australian Corporations Law (Law) imposes a number of obligations on directors, officers and employees of companies in relation to dealing in securities by “insiders”. The term “insider trading” is generally used to refer to the use of material non-public information to trade in securities (whether or not one is an “insider”) and/or to communications of material non-public information to others. Buying or selling securities while in possession of “non-public information” (as defined by law) or improperly disclosing such information (“tipping”) may constitute a violation in law.

The penalties for such violations are severe and could result in substantial liability to Legalfund as well as criminal and civil liability against the individual violator, including fines and/or imprisonment.

Accordingly, it is Legalfund’s policy that its directors, officers and employees must not trade on, or improperly disclose or use, non-public information. This Policy, and the procedures set out below are intended both to educate and to prevent even the appearance or allegations of improper conduct, in order to protect Legalfund’s directors, officers and employees and Legalfund’s reputation and to prevent violations of the law. Certain provisions of this Policy may be more restrictive than required under applicable law.

2.2 Concepts

2.2.1 What is “Insider Trading”?

Insider trading is the improper trading in securities on the basis of price sensitive information that is not generally available.

2.2.2 What is a “security”?

The term “security is defined in the Law to mean: debentures, stocks or bonds issued or proposed to be issued by a Government (which includes government fixed rate bonds);

Shares in, or debentures of a body (ie company)

Prescribed interests;

Units of such shares or prescribed interests;

Option contracts

2.2.3 What are the obligations?

The Law provides that an “insider” must not:

Subscribe for, purchase or sell securities or enter into an agreement to do those things on their own account or procure another person to do the same (“Dealing Prohibition”); or

Communicate price sensitive information to another person that would result or likely result in that person dealing in securities as described above (“Tipping Prohibition”).

2.2.4 Who is an “Insider”?

An ‘insider is any person who possesses information that is not generally available and such information would reasonable by expected to have a material effect on the price of value of securities of the company.

An insider is prohibited, subject to certain exceptions, from dealing in or tipping securities to which the information relates or upon which the information may impact.

2.2.5 When do you possess inside information?

You are an insider when you have actual or imputed knowledge of information about securities that is not generally available and is price sensitive (“inside information”) and you know or ought to know that the information is not generally available and is price sensitive.

A person that will be regarded as an insider where all of the following elements are met:

(a) possess inside information

The person has actual or deemed knowledge of price sensitive information that is not generally available.

(b) know that it is inside information

The person knows or ought reasonably to know that the information is not generally available and is price sensitive.

(c) the information is not generally available

Generally available information is information which:

(i) is readily observable matter; or

(ii) has been made known to persons who commonly invest in securities

(iii) a deduction, conclusion or inference of (i) or (ii).

In addition, before information can be considered to be generally available, a reasonable period must have elapsed after the information was first made known, for the information to be disseminated among investors.

All other forms of information should be regarded as not generally available.

(d) the information is price sensitive

Information will be regarded as price sensitive where a reasonable person would expect the information to have a "material effect: exists where the information is likely to influence people who commonly invest in securities in deciding whether to deal in those securities (ie either sell or buy).

3. Policy

3.1 General Policies

3.1.1 Do not trade in Legalfund's securities

All Legalfund's directors, officers, and employees are prohibited from (directly or indirectly):

(a) Purchasing or selling Legalfund securities (for their own accounts or accounts of associates) while in possession of inside information, regardless of how; and/or

(b) Tipping others as to inside information.

This prohibition applies to anyone in Legalfund who has access by any means (including, without limitation, tips from other employees) to inside information about Legalfund or its business.

3.1.2 Do not trade in securities of another company

Legalfund's directors, officers and employees are prohibited (for their own or accounts of associates) from trading in the securities of any other company about which they have acquired inside information through

their position in Legalfund, including Legalfund's suppliers, customers or any other person with whom Legalfund does business.

3.1.3 Do not give advice or disclose non-public information to others

Legalfund's directors, officers and employees are prohibited from recommending or suggesting to anyone else (including family or household members or friends) to buy, sell or hold the securities of any company, including those of Legalfund, while they are in possession of inside information.

Tipping or disclosure of material non-public information to a third party may result in criminal or civil liability if such third party trades on the basis of such information or uses that information to Tip another person who trades on the basis of such information. It is Legalfund's policy to prohibit the disclosure of non-public information to any person, whether inside or outside Legalfund, unless the person receiving such information has a lawful and justifiable reason to know such information.

3.1.4 Identify inside information

It will often be difficult to determine whether any particular information is inside information. In cases where you know information is price sensitive and not generally available you should immediately treat that information as inside information. If you do not know if the information is price sensitive and not generally available you should consider whether there is anything about the information and the surrounding circumstances which could mean that you ought to reasonably know that the information is price sensitive and not generally available. If there is anything to suggest this then you must treat the information as inside information. If you are not certain whether you have inside information, you should contact Legalfund's Chairman before engaging in any securities transaction.

It may occur that there is information regarding Legalfund that is known internally but is too tentative or premature to require, or even permit, public announcement by Legalfund but which would be material to an investor if disclosed (eg an acquisition, the filing of a patent application, an equity investment in Legalfund, etc). Individuals with access to that information cannot trade until such information becomes generally available to and absorbed by the public investors. Whenever any doubt exists, the presumption should be against trading until approval has been obtained through appropriate channels.

3.2 Specific Policies and Procedures

In order to reduce Legalfund's exposure to potential liability, the Company has adopted the following further specific policies and procedures.

3.2.1 Trading Periods

All directors, officers, and employees and their associates may only trade in Legalfund's securities during certain periods (each, a "Trading Period") during the year.

For the purpose of this policy “associate” means any person related directly or indirectly to a director, officer or employee including persons living in the household or persons that are controlled or subject to the influence of a director, officer or employee.

Each Trading Period begins 24 hours after Legalfund publicly announces its fiscal half yearly results of operations, full year results, or holds its Annual General Meeting and ends 6 weeks after that date.

At the discretion of the directors, further trading periods may be opened following the announcement of material inside information.

3.2.2 General Prohibition

Notwithstanding the Trading Periods described, no person associated with Legalfund (including the officers, directors, employees and agents of Legalfund) with inside information concerning Legalfund may purchase or sell Legalfund’s securities while the information remains non-public, whether this is during a Trading Period or not. If you are unsure whether the information in your possession is material or non-public, you should check with Legalfund’s Chairman.

3.2.3 Trading After Public Announcements

In addition to full compliance with all other provisions of this Policy, all directors, officers and employees who have access to or who have prior knowledge of any material non-public information concerning Legalfund which is the subject of a public announcement during a Trading Period shall refrain from trading (for their own or related accounts) in Legalfund securities for a 24 hour period after the information is made public by Legalfund so as to allow time for the investing public to receive and absorb such information.

3.2.4 Exceptions

Specific exceptions may be made to trade outside a Trading Period, with prior written approval, when the applicant does not possess material inside information, personal circumstances warrant the exception, or the exception would not otherwise contravene the Law or the purposes of this policy.

Any request for an exception shall be directed to Legalfund’s Chairman.

3.2.5 Notification

For permitted trading during a Trading Period, all directors, officers and employees (and their respective related accounts) must give written notification to the Chairman of their intention to trade prior to effecting a trade and must advise the Chairman and secretary within 72 hours of effecting a trade (whether purchase or sale), that the trade has been completed.

3.3 Short Selling

All directors, officers and employees are prohibited from short selling by law. Directors and officers are also prohibited under Section 846 of the Corporations Law from engaging in "short selling" of Legalfund's securities. "Short Sales" are sales of a security by an investor who has borrowed the security for this purpose. The short seller borrows the security with the intention of later "covering" the short sale – that is, the investor will return to the lender (brokerage house), at a later date an identical security that the investor will purchase in the market. The purpose of a short sale is to take advantage of the expectation the stock price going down.

4. Consequence of Violations of the Policy

All directors, officers, and employees must be aware that any transaction effected on the basis of inside information may result in liability or civil liability to third parties. All directors, officers and employees must also be aware that the disclosure of inside information, even when there is no trading transaction by the person making the disclosure, may still result in criminal or civil liability for Tipping and in any event, could result in economic harm to Legalfund.

Given the seriousness of the consequences that could result from violations of this Policy, Legalfund has determined that violations of this policy by an officer, director or employee may be grounds for disciplinary action, including immediate termination or suspension of such person's employment. Anyone who is discovered to have acted in violation of the Policy will be subject to such discipline as Legalfund management shall determine, including, in appropriate cases, dismissal as an employee, director or officer.

Confidentiality/Insider Trading/Share Transactions Policy

This Page is to be returned to the Company Secretary.

I have fully read, understand and agree to fully comply with the above policy.

Signature

Print Name

Position

Date

CORPORATE GOVERNANCE POLICY V

AUDIT COMMITTEE CHARTER

The board of Director approves the role of the audit committee.

Where possible, all members of the Committee will be non-executive directors or the secretary. The Chairman may not be the Chairman of the Board of Directors.

The role of the Committee is to advise on the establishment and maintenance of the framework of internal control and appropriate ethical standards for the management of the Company.

It also gives the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or for inclusion in the financial report.

The external auditors, the Managing Director and Chief Financial Officer are invited to audit committee meetings at the discretion of the Committee.

Role and responsibilities

The role and responsibilities of the audit committee include:

- *Reviewing the financial report and other financial information distributed externally*
- *Monitoring corporate risk assessment processes*
- *Reviewing any new accounting policies to ensure compliance with Australian Accounting Standards and general accounting principles*
- *Reviewing external audit reports to ensure that where major deficiencies or breakdowns in controls or procedures have been identified appropriate and prompt remedial action is taken by management*
- *Recommend the appointment (including termination of an engagement), compensation and terms of engagement of the external auditor*
- *Considering whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence*
- *Review the performance of the auditor. The lead external audit engagement partner will rotate at a maximum of every 5 years.*
- *Liaising with the external auditors and ensuring that the annual and half-year statutory audits are conducted in an effective manner*
- *Monitoring the establishment of appropriate ethical standards*
- *Monitoring the quality of the accounting function*

Relationship with external auditor

The audit committee reviews the performance of the external auditors on an annual basis and will meet with the external auditor on a minimum of two occasions during each financial year without management being present.

Other meetings normally held with the external auditor during the year are as follows:

Audit Planning

- *To discuss the external audit plan*
- *To discuss any significant issues that may be foreseen*
- *To discuss the impact of any proposed changes in accounting policies on the financial statements*

- *To review the nature and impact of any changes in accounting policies on the financial statements*
- *To review the fees proposed for audit work to be performed*

Prior to announcement of results

- *To review the pro forma half-yearly and pro forma preliminary final report prior to lodgment of those documents with ASX*
- *To make the necessary recommendation to the Board for the approval of those documents*

Half-year and annual reporting

- *To review the results and findings of the auditor, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made*
- *To review the draft financial report and the audit report and to make the necessary recommendation to the Board for the approval of the financial report*

As required

- *To organize, review and report on any special reviews or investigations deemed necessary by the Board*

Internal Audit

At the current stage of the Company's development, the Board is of the view that a separate financial Internal Audit function is not required

Evaluation of the committee

The audit committee conducts an annual review of its processes to ensure that it has carried out its functions in an effective manner.

Reporting

The audit committee shall report a summary of the findings of each committee meeting to the board of directors. All directors shall receive a copy of the minutes of the audit committee meetings.

Access to personnel

The audit committee shall have direct access to senior management and other staff and be able to obtain information as required.

Independent professional advice

The audit committee has the right to seek independent professional advice as it considers necessary.

Minutes

Minutes will be maintained for all meetings of the Audit Committee.

CORPORATE GOVERNANCE POLICY VI

CONTINUOUS DISCLOSURE POLICY AND PROCEDURES

Ensuring the market is kept informed

Legalfund management is required to bring any matters which may be of a price sensitive nature to the Board's attention. The Board also specifically addresses the issue of price sensitive information at each of its Board meetings.

If there is uncertainty regarding the requirement to disclose the information under ASX Continuous Disclosure Listing Rule, legal advice, may be sought and then a approach made to the ASX to seek its position on whether the information should be disclosed to the market.

Material information

Material information will include, but is not limited to the following:

- *Financial performance, including any significant changes in expectations*
- *Changes in the Board of Directors and senior executives*
- *Significant changes in licensing arrangements*
- *Events regarding Legalfund's shares*
- *Industry issues that may have material effect on the Company*
- *Mergers, acquisitions/divestments, joint ventures or changes in assets*
- *Major litigation actions (unless prevented by legal requirements)*
- *Decisions by regulatory bodies which will have a material effort on the business*
- *Granting, loss or challenge of patents*

Communications Officer

The Company Secretary is responsible for coordination the disclosure of information to the ASX, shareholders, employees, analysts, brokers, the media and the public.

It is important to guard against unintended disclosure of material information to selected market participants. The Company Secretary is to review other market communications such as analyst's briefings, press releases, corporate publications or material to be posted on the website to ensure the communications do not cause any unintended breaches.

Records of all disclosures made to ASX are retained to facilitate discussions with investors/analysts about information that is in the public domain.

Authorized Company Spokespersons

To minimize inconsistent communications and reduce the risk of inadvertent material disclosures, the directors and staff authorized to speak on behalf of Legalfund is restricted to the Managing Director, Chairman and Company Secretary & CFO.

No employee or associated party (such as consultants, advisers, lawyers, auditors, and investment bankers) should comment publicly on matters that are confidential to Legalfund. Associated parties may be required to sign confidentiality agreements to Legalfund to prevent the non-authorized disclosure of confidential information.

Authorised spokespersons should liaise closely with the Communications Officer or Managing Director to ensure all proposed public comments are within the bounds of information that is already in the public domain and/or not material.

Disseminating announcements

Our practice is to disclose price sensitive information electronically for the ASX release to the market. On confirmation of release we can then issue the same information to employees, the media, large shareholders, market analysts and brokers by broadcast emails and/or faxes. We also post the information to the investor section of our internet site on the same day.

In addition authorised spokespersons, who are aware they can clarify information the Company has released publicly through the ASX must avoid commenting on other price sensitive matters, but may communicate information to the market by:

- *Conducting an “Open Briefing” and after it is released by the ASX posting it to our website.*
- *Media interviews*
- *Briefing analysts – presentations are posted to the Legalfund website*
- *Conducting one-on-one meetings with analysts or institutional fund managers*
- *Participating in industry forums*
- *Including the material in other Company literature*

These meetings and discussions are considered only as opportunities to provide background to previously disclosed information as well as articulate:

- *Long term strategy*
- *Company history and objectives*
- *Previously disclosed material information*
- *Non-material information*
- *Industry trends and issues*
- *Assumptions underlying earnings forecasts which have been issued by way of an announcement*

Legalfund will not provide material information “off the record” as this is contrary to its commitment to all shareholders and in contravention of the ASX Listing Rules.

Handling rumours, leaks and inadvertent disclosures

Market rumours and speculation, which may contain factual errors, could impact on Legalfund's share price and result in the ASX formally requisition disclosure by Legalfund.

The decision to comment will be made on a case by case basis and in most circumstances the comment will be of a general nature. Legalfund will issue a statement where it considers that it has an obligation to do so or if it is required to respond by a formal request from ASX for information.

In the event of a Legalfund spokesperson inadvertently disclosing material information at a meeting or briefing, Legalfund will immediately disclose that information to the ASX and post it to the Company's website.

No embargo on information

Other than to professional advisers, Legalfund will not disclose price sensitive information under an embargo arrangement to journalists and analysts.

Analysts' reports and forecasts

The best way to manage market expectations is to establish a range within which earnings are likely to fall. If there is a material change in expectations this needs to be communicated to the ASX first.

Legalfund comment on analyst reports should be restricted to information that has been released or is in the public domain. However, it may be appropriate to correct an analyst's report if the proposed projections differ significantly from the Company's published earnings projections and/or the analyst has overlooked certain previously disclosed facts, factors or trends relating to Legalfund's historical performance or publicly available information or if the analyst has based projections on incorrect or incomplete facts.

If Legalfund becomes aware that in general the market's earnings projections materially differ from the Company's own forecasts then Legalfund may proceed as follows:

- If the difference is based on opinions which differ from the Company's then it is discretionary whether Legalfund chooses to correct the position with the ASX; or*
- If the difference is based on incorrect or incomplete facts then Legalfund is likely to be obliged (subject to other continuous disclosure expectation) to correct the position with the ASX as the Company's knowledge of the basis of such incorrect or incomplete facts is likely to constitute price sensitive information*

The Company's correction to the ASX will be by the way of Legalfund issuing a profit guidance with reason for the variances between the market's projections and the Company's forecasts. Legalfund will not endorse analyst's reports. The analyst reports may be circulated for board of management purposes only.

Trading Halts

Legalfund may request a trading halt from the ASX in order to prevent trading in the Company's shares by an uninformed market. It is recognized that trading halts should only be used in exceptional circumstances and the decision to request a trading halt will be made after consultation between the Chairman, Managing Director, CFO/Company Secretary and available directors.

CORPORATE GOVERNANCE POLICY IX

PERFORMANCE EVALUATION AND REMUNERATION POLICY

Board of Directors

Performance Evaluation

The Board conducts an annual review of its practices and processes to ensure that it is able to carry out its functions in the most effective manner.

The Chairman reviews the performance of each director each year.

Remuneration

Under the Company's Constitution, the maximum aggregate remuneration available for division among the non-executive directors is determined by the shareholders in general meeting.

Maximum aggregate is currently fixed at \$400,000.

This amount (or some part of it) is to be divided among the non-executive directors as determined by the board.

A Directors base fee is presently \$45,000 per annum. The Chairman receives a base of \$70,000 per annum. Director's fees cover all main Board activities and membership of the Remuneration and Audit committees.

Executive Management

Performance Evaluation

The evaluation of the performance of executives is managed through a system of objective setting and performance review.

The system applies to all staff, including senior executives.

The basis of the system is the annual business process, through which the key objectives for the company are set. From these objectives, each member of staff sets their own objectives, in conjunction with their manager, that are consistent with the overall Company objects.

Throughout the year progress towards meeting both the overall company and individual objectives are reviewed. The minimum of two objective review meetings are held between managers and their staff in each financial year.

Recommendations for bonus payments for all staff are based upon the extent to which the company and individual objectives have been met or exceeded.

Remuneration

Executive remuneration is reviewed annually by the Remuneration Committee and approved by the Board.

Remuneration packages include a balance between a fixed base component and a incentive component, with incentive payments being upon the performance evaluation system as outlined above.

Remuneration packages are competitively set, by reference to accredited national salary surveys, to attract and retain the most qualified and experienced senior executives.

The incentive component of remuneration is divided into the following two elements;

- *Short term performance based remunerations, generally cash payments up to a fixed percentage of base salary.*
- *Long-term performance based remuneration, generally based upon the issue of options to acquire shares in the company.*

CORPORATE GOVERNANCE POLICY X
REMUNERATION COMMITTEE CHARTER

Membership

The committee shall consist of:

- *A minimum of two members, and if possible all being independent directors and the secretary.*
- *The Board shall appoint a non-executive director to Chair the Committee who will not be the main Chairman of the Board.*

Meetings

The committee will meet as required to undertake its role effectively, but at least once per year. The Company Secretary will provide secretarial assistance and other executives provide advice if required. The Chair may invite executive directors and executives to participate in three meetings as required.

Responsibility

In general the role and responsibility of the Committee shall be to review the overall human resources strategy and monitor its implementation and effectiveness and make recommendations to the Board.

In particular, the Committee shall:

- *Review and determine remuneration policy, both short and longer term, including but not limited to fixed, performance and equity based remuneration as well as termination arrangements.*
- *Review and recommend to the Board the remuneration policy for non-executive directors.*
- *Review and recommend to the Board the remuneration for executive directors and those executives who report directly to the Managing Director.*
- *Review and recommend to the Board all equity-based plans and equity-based remuneration, ensuring participation in all equity-based plans by directors is also approved by Shareholders.*
- *Review and recommend to the Board the design of any performance based remuneration incentive plans and total level of remuneration proposed from any incentive plan.*
- *Review the succession plan for the Managing Director, executives and key staff.*
- *Ensure remuneration policies and practices enable the Company to attract, motivate and retain directors and executives so as to create shareholder value.*
- *Review and approve policy with regard to the Company's superannuation arrangements.*
- *Ensure remuneration disclosure complies with Corporations law and ASX requirements.*
- *Minutes will be maintained for all meetings of the Remuneration Committee.*
- *The Committee is authorized to seek appropriate legal or consultant advice.*