



EXPERIENCE COUNTS

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6 November 2017

Mr George Tharian

Adviser, Listings Compliance (Sydney)
ASX Compliance Pty Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

Litigation Capital Management Limited: Appendix 4C Query

I refer to your letter addressed to our company secretary dated 1 November 2017 (“**ASX Letter**”) in connection with our Appendix 4C quarterly report for the period ended 30 September 2017. In relation to the information sought, and utilising the paragraph numbers in your letter, the Board of Litigation Capital Management Limited (“**LCM**”) responds as follows:

1. LCM does expect to continue to have negative operating cash flows for the time being. Given the nature of LCM’s business it may experience negative cash flow from time to time. Such periods of negative cash flow are planned for and managed through internal and external sources of capital.
2. In accordance with LCM’s obligations of continuous disclosure, it made an announcement to the ASX together with its Appendix 4C. That announcement dealt directly with the steps currently being undertaken by LCM to fund its operations in the short term. Relevantly, LCM’s ASX announcement dated 31 October 2017 provided as follows:

“As noted in LCM’s last company update, the Board is in advanced negotiations with a number of capital providers. Those capital providers range from larger debt facilities through to co-funding arrangements. The securing of the smaller \$4 million debt facility enables the Board to progress those negotiations such that the best options for the company can be properly explored. It is anticipated that the \$4 million facility will be repaid from the proceeds of a larger facility or alternatively from organically generated revenue well before its repayment date.”

LCM is confident that at least one of these opportunities will be realised and provide additional capital in the immediate future.

3. LCM does expect to be able to continue its operations and meet its business objectives on the basis of being successful in raising additional funds as disclosed to the market on 31 October 2017.
4. The Board confirms that LCM is in compliance with ASX Listing Rule 3.1 and there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. The response provided in this communication has been authorised and approved by the Board of Directors of LCM.

Should you have any further questions, please do not hesitate to contact us.

Yours sincerely

Litigation Capital Management Limited



Patrick Moloney

Chief Executive Officer

Litigation Capital Management Limited provides litigation financing and ancillary services to enable the recovery of funds from legal claims in Australia. It serves companies and individuals primarily in the areas of commercial and insolvency matters, and class actions. Litigation Capital Management Limited was founded in 1998 and is based in Sydney, Australia.



1 November 2017

Ms Anna Sandham
Company Secretary
Litigation Capital Management Limited
Level 25, Aurora Place
88 Phillip Street
Sydney NSW 2000

By email

Dear Ms Sandham

Litigation Capital Management Limited (“Litigation Capital”): Appendix 4C Query

I refer to Litigation Capital’s Appendix 4C quarterly report for the period ended 30 September 2017 lodged with ASX Market Announcements Platform and released on 31 October 2017 (the “Appendix 4C”).

ASX notes that Litigation Capital has reported:

- negative net operating cash flows for the quarter of \$2,766,000;
- cash at the end of the quarter of \$3,041,000; and
- estimated cash outflows for the next quarter of \$2,824,000.

It is possible to conclude, based on the information in the Appendix 4C, that if Litigation Capital were to continue to expend cash at the rate indicated by the Appendix 4C, Litigation Capital may not have sufficient cash to continue funding its operations. In view of that, ASX asks Litigation Capital to answer separately each of the following questions and provide the following confirmations in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does Litigation Capital expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has Litigation Capital taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does Litigation Capital expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that Litigation Capital is in compliance with Listing Rule 3.1 and that there is no information that should be given to ASX about its financial condition in accordance with that Rule that has not already been released to the market.
5. Please confirm that Litigation Capital’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an

officer of Litigation Capital with delegated authority from the board to respond to ASX on disclosure matters.

Please also provide any other information that Litigation Capital considers may be relevant to ASX forming an opinion on whether Litigation Capital is in compliance with Listing Rule 12.2 (a listed entity's financial condition must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing).

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than 9.30am AEDT on 6 November 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in Litigation Capital's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, Litigation Capital's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by email. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to Litigation Capital's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that Litigation Capital's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in Litigation Capital's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.



We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely,

[Sent electronically without signature]

George Tharian

Adviser, Listings Compliance (Sydney)