

ASX ANNOUNCEMENT

11 November 2009

Litigation with Inventor

Fermiscan advised in May 2009 and in June 2009 of litigation with Dr James, the inventor of the Fermiscan patent "Using hair to Screen for Breast Cancer". Dr James had filed a new patent using x-ray diffraction of fingernails and skin instead of hair for the detection of breast cancer. Fermiscan had received advice that the new patent is the property of Fermiscan and was pursuing the matter Court.

On 29 May 2009, in the original hearing, the Judge handed down his judgment which was that Dr James was not obliged to transfer that new patent to Fermiscan, and awarded costs against Fermiscan.

Fermiscan appealed this decision and today the New South Wales Court of Appeal dismissed with costs the Fermiscan appeal in relation to the new patents.

The board expects the exposure to Dr James for costs on both the original hearing and the appeal could aggregate in excess of \$500,000. The board is taking advice and considering the implications of this court decision.

Mark Fordree
Director