IMF (AUSTRALIA) LTD
ABN 45 067 298 088

SUPPLEMENTARY PROSPECTUS

1. IMPORTANT INFORMATION

This supplementary prospectus (**Supplementary Prospectus**) is dated 24 November 2010 and is supplementary to the prospectus dated 29 October 2010 issued by IMF (Australia) Ltd (ABN 45 067 298 088) (**Company**) (**Prospectus**).

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission (**ASIC**) on 24 November 2010. Neither ASIC nor the ASX take any responsibility for the contents of this Supplementary Prospectus.

This Supplementary Prospectus was issued voluntarily by the Company to supplement the disclosure in the Prospectus and must be read together with the Prospectus. If there is a conflict between the Prospectus and this Supplementary Prospectus, this Supplementary Prospectus will prevail. Terms and abbreviations defined in the Prospectus have the same meaning in this Supplementary Prospectus.

Other than the changes set out below, all other details in relation to the Prospectus remain unchanged. The Directors believe that the changes in this Supplementary Prospectus are not materially adverse from the point of view of an investor. Accordingly, no action needs to be taken if you have already subscribed for Convertible Notes under the Prospectus.

This Supplementary Prospectus will be issued with the Prospectus as an electronic prospectus and may be accessed on the internet at www.imf.com.au.

The Prospectus and this Supplementary Prospectus are important and should both be read in their entirety. Please consult your legal, financial or other professional adviser if you do not fully understand the contents.

2. PAN PHARMACEUTICALS SETTLEMENT

On 23rd November 2010, the Board of Directors of the Company announced to the ASX the conditional settlement of the class action against the Commonwealth of Australia and others. The terms of the settlement are confidential to the parties.

The settlement is conditional on Court approval of the settlement. If Court approval is obtained it is currently estimated IMF will receive about $24m which will generate a profit after capitalised overheads but before tax of about $17m.

At this point in time it is uncertain whether any revenue arising from this settlement will be recognised before 31 December 2010.

3. DIRECTORS' AUTHORISATION

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act 2001 (Cth), each Director has consented to the lodgement of this Supplementary Prospectus with the ASIC.

John Walker
Director
For and on behalf of
IMF (Australia) Ltd