



ARIADNE AUSTRALIA LIMITED

A.C.N. 010 474 067

A.B.N. 50 010 474 067

25 August 2005

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, 20 Bridge St
Sydney NSW 2000

Dear Sir/Madam

CONTINUOUS DISCLOSURE ANNOUNCEMENT

**ARIADNE AUSTRALIA LIMITED –
US SAVINGS AND LOAN LITIGATION**

Ariadne Australia Limited ("Ariadne") announces that the United States Court of Appeals for the Federal Circuit has handed down its decision in the long-running case brought against by the United States of America by Southern California Federal Savings and Loan Association ("Socal") and other plaintiffs.

Ariadne is not a plaintiff in the case; however, it is entitled to receive a proportion of the damages recovered by the plaintiffs, net of their legal costs and expenses. The proportion payable by each plaintiff differs. Ariadne's entitlement arises under agreements entered into by the plaintiffs between 1998 and 2001 to settle claims made by Ariadne, as previously announced.

Subject to the outcome of further appeals, the decision by the Federal Circuit Appeals Court will result in a reduction in the amount likely to be recovered by Ariadne when compared with the original award by the Court of Federal Claims.



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By a 2:1 majority, the Appeals Court has rejected the claims by various shareholders; the Chief Judge dissented and would have allowed the claims by the shareholders. The shareholders may appeal this outcome.

While upholding the validity of the claims by Socal, and one component of the damages awarded, the Appeals Court has referred the matter back to the Court of Federal Claims for reassessment of another component of the damages. Further appeals by the plaintiffs or the US government are possible.

Ariadne is not entitled to receive any amount under the settlement agreements with the plaintiffs unless and until they actually receive payment from the United States of America. Accordingly, the precise amount likely to be recovered and the timing of any recovery remain uncertain.

Based on the Appeal Court's decision, disregarding any additional damages from the reassessment, and making an allowance of 30% for the plaintiffs' legal costs and expenses, Ariadne anticipates being entitled to between US\$1 million to US\$1.3 million.

Ariadne's entitlement could be increased by up to between US\$650,000 and \$800,000 if the plaintiffs successfully establish the full amount of their claim in the reassessment of the second component of damages. In addition, if the shareholder plaintiffs appeal and are successful in having the original award in their favour reinstated, the amount recoverable by Ariadne would increase by approximately US\$3.75 million.

Due to the inherent uncertainty associated with the recovery of these proceeds, no asset is recognised in Ariadne's Statement of Financial Position.

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