

6 November 2020

LETTER TO SHAREHOLDERS

Dear Sir / Madam

SPITFIRE CORPORATION LTD ACN 602 654 964; SPITFIRE ASSET MANAGEMENT PTY LTD ACN 605 492 635; SPITFIRE MACHINES PTY LTD ACN 623 642 437; SPITFIRE OPERATIONS PTY LTD ACN 163 452 300;
(ALL SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(Collectively referred to as “the Spitfire Group”)

I refer to the appointment of Katherine Elizabeth Barnet and I, Damien Hodgkinson as Joint and Several Administrators of the Spitfire Group on 7 August 2020 pursuant to Section 436A of the Corporations Act 2001 (“Act”) and our previous circulars to shareholders.

Second Meeting of Creditors

A second meeting of creditors of the Spitfire Group concluded on 14 October 2020. At the creditors meeting, creditors resolved to accept a Deed of Company Arrangement (“DOCA”) in the form proposed by Assurance Financial Group Pty Ltd (“Assurance”).

Execution of the DOCA

The DOCA was executed on 4 November 2020 and Katherine Barnet and I are now the Joint and Several Deed Administrators.

Key Terms of the DOCA

A summary of the key terms of the DOCA is as follows:

- (a) The Deed Administrators remain in control of the Spitfire Group during the DOCA;
- (b) There were no preconditions on implementation of the DOCA;
- (c) The DOCA contribution amount is \$3,350,000;
- (d) The DOCA contribution amount is being made by way of a loan agreement from Assurance to Spitfire Corp. The loan will be secured by way of a general security agreement and guarantees. The facility will be available for draw down on 15 December 2020 or earlier as agreed by Assurance.
- (e) A pooling creditors trust will be established with the Deed Administrators appointed Trustees of the Trust;
- (f) All creditors in the Spitfire Group will be transferred into a creditors trust following receipt of the DOCA contribution;
- (g) The assets available under the creditors trust will be the DOCA cash contribution fund and the following choses in action:

- (1) Subscription claim against Victoria Harbour Holdings Ltd;
 - (2) Subscription claim against Iglo Logistics Ltd; and
 - (3) Claim against Akambo Pty Ltd.
- (h) All creditors claims will be released in return for entitlement to distribution from the creditors trust (excluding non participating creditors);
- (i) Upon completion of the DOCA, control of the Spitfire Group will return to the Directors;
- (j) The following creditors will not participate in a distribution from the creditors trust:
- (1) Vestrock Capital Pty Ltd (ROCAP \$498,648)
 - (2) Laurence Milne (ROCAP \$355,341)
 - (3) BD Thomas & Associates (ROCAP \$105,102)
 - (4) Stratagm Pty Ltd (ROCAP \$77,000)
 - (5) Red Wheel Pty Ltd (ROCAP \$1,968)
- The total value of Non Participating creditors is \$1,038,059.
- (k) The distributions from the creditors trust are to be as follows (in order as listed):
- (1) First, remuneration of the Voluntary Administrators;
 - (2) Second, remuneration of the Deed Administrators;
 - (3) Third, payment of the secured creditor, Resilient;
 - (4) Fourth, remuneration of the creditors trust Trustees;
 - (5) Fifth, payment of all admissible participating unsecured creditors (excluding non-participating creditors);
 - (6) Sixth, any trust property remaining after the above will be returned to Spitfire Corp.

Impact on Shareholders

There are no conditions in the DOCA proposal which relate to shareholders or amendments to current shareholdings. If subsequent issuance of new shares is proposed it would be subject to the existing shareholder agreements and approval of current shareholders in the ordinary course.

Should you have any questions in relation to this matter do not hesitate to contact Rui Wang of this office by phone on 02 8880 4070 or by email spitfire@olveraadvisors.com.

Yours faithfully
The Spitfire Group



Damien Hodgkinson
Joint & Several Deed Administrator