

30 April 2021

TO CREDITORS

Dear Sir/Madam

AXL Entities Creditors' Trust

I refer to our previous circular dated 16 October 2020.

The purpose of this correspondence is to provide an update on the finalisation of outstanding matters in the AXL Entities Creditors' Trust (**Trust**). This update should be read in the context of our previous update on 16 October 2020.

1. Finalisation of matters related to 1114604 BC Ltd

In order to assist with the finalisation of winding up 1114604 BC Ltd we have engaged Smythe LLP (**Smythe**), an independent chartered accounting firm located in Canada. Smythe have been engaged to assist with the preparation and lodgement of outstanding tax returns, liaising with Canada's Revenue Agency and finalising a range of other statutory obligations that must be completed before this entity can be wound up and the funds from that process can be repatriated. As noted in our previous circular, we have been working to finalise the affairs and obligations of 1114604 BC Ltd with the objective of transferring any surplus realisations from its assets to the Trust. An estimate of the quantum of the expected return from 1114604 BC Ltd is provided below in our Estimated Statement of Position. This estimate is provided on a high and low basis to take into account potential foreign exchange impacts.

2. Residual trading and other matters

Since our last update we have resolved the majority of residual trading and other matters in respect of the Trust. Most notably, on 10 March 2021 we settled the last major outstanding priority claim against the Trust. Settlement of this claim allows us to more accurately forecast the quantum of the second and final dividend to all remaining unsecured creditors of the Trust.

3. Update on Trustees' fees

In relation to the Trustees' fees, the Trustees have so far incurred an additional \$220,162.50 + GST in fees above the estimate that was set out in the Administrators' Report to Creditors and Members dated 20 August 2019 for the work involved from the creation of the Trust (to its dissolution).¹ These fees have been incurred due to the additional, and unanticipated, work and time that has been required to wind down 1114604 BC Ltd, as well as the significant time involved in adjudicating the priority claims against the Creditor's Trust. An estimate of future fees to the dissolution of the Trust is provided in our Estimated Statement of Position.

¹ The estimate of the Trustees' fees approved in 2019 was \$750,920 + GST. The current aggregate amount of the Trustees' fees incurred is \$971,082.50 + GST.

4. Class action proceeding

As noted in our last circular, a representative proceeding (class action) has been commenced in the Federal Court of Australia against A.C.N 603 323 823 Limited's (formerly Axesstoday Limited) (**Company**) accounting advisor, PwC, and also naming the Company as a respondent. As the Trustee's role in relation to the Company ended upon its sale to Equivalent Liberty Fintech Corporation in August 2020, neither the Trust nor the Trustees have to date been asked to participate or undertake any work in relation to the proceedings beyond answering some administrative type queries.

We note that, should the Trust or the Trustees become required to be actively involved in the proceedings in some capacity, this may impact upon the timing and the quantum of the distribution of the final dividend amount and winding up of the Trust.

5. Estimated Statement of Position and payment of final dividend

As previously advised, the majority of the funds held in the Trust were distributed in the interim dividend paid to creditors on 1 May 2020. A smaller, final dividend, will however be paid to distribute remaining funds held in the Trust once we have realised the balance of outstanding proceeds to be paid into the Trust from the dissolution of 1114604 BC Ltd and after taking into account all outstanding liabilities of the Trust. An estimated statement of position of the Trust, and estimated expected return to unsecured creditors, is provided below. Where there are uncertainties in terms of the final position, we have provided a high-low range based on our current best estimates. We expect that a second and final dividend will be between 6.4 and 7.1 cents in the dollar. Subject to no other matters arising (including in respect of the class action proceeding) this dividend will be paid as soon as the work required to wind up 1114604 BC Ltd is completed and the funds realised from that process are repatriated. Subject to the inherent uncertainties in dealing with Canadian authorities, we hope to be able to declare this dividend before 30 September 2021. This is however an indicative date. While we will seek to wind up 1114604 BC Ltd as soon as possible, there is no guarantee that we will be able to declare the dividend by this date.

\$'000	Low	High
Funds on hand in Trust	3,352	3,352
Add forecast return of funds from 1114604 BC Ltd ¹	1,385	1,544
Less trading and other costs excluding Trustee fees ²	(713)	(503)
Less estimated trustee fees ³	(407)	(352)
Expected cash available for payment of second and final dividend	3,618	4,041
Total unsecured admitted claims	56,859	56,859
Return to creditors in second and final dividend (Cents / \$)	6.4	7.1
Add interim dividend (Cents / \$)	27.0	27.0
Total expected return to unsecured creditors (Cents / \$)	33.4	34.1
Original range provided in s.75-225 Report to Creditors (Cents / \$)	33.9	34.9

Notes:

1. As per our commentary in relation to 1114604 BC Ltd. Includes a contingency amount and foreign exchange rate assumptions
2. Final payments of remaining trading and statutory liabilities (some subject to final calculation), and Trustee legal expenses (also includes expected costs to dissolution of Trust)
3. Refers to unpaid Trustee fees for the period since April 2020, and includes an estimate of future costs through to the dissolution of the AXL Creditors Trust. This is in addition to an amount of \$750,920.00 (excl. GST) in fees that was previously paid for the period August 2019 to April 2020.

Finally, we expect the second and final dividend payments will be made by cheque. If your postal address has changed since the last distribution, please advise us as soon as possible.

If you require any further information, please contact Samantha Edney of this office on (02) 8260 6434 or by email to axesstoday@deloitte.com.au.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Glen Kanevsky', written in a cursive style.

Glen Kanevsky
Trustee – Axesstoday Creditors' Trust