



(Subject to Deed of Company Arrangement)

6 March 2015

NON-RENOUNCEABLE ENTITLEMENT OFFER LETTERS TO SHAREHOLDERS

Please find attached copies of the following two letters which have been sent today in relation to the entitlement offer announced by Stanfield Funds Management Limited (Company) on 6 March 2015 (Entitlement Offer):

1. Letter to shareholders of the Company who have registered addresses in Australia and New Zealand and, provided this remains the case as at the record date on 12 March 2015, will be entitled to participate in the Entitlement Offer; and
2. Letter to shareholders who currently have a registered address outside Australia or New Zealand and, provided this remains the case as at the record date on 12 March 2015, will not be entitled to participate in the Entitlement Offer.

For further information on the Entitlement Offer, please contact the Company's Share Registry, Automic Registry Services, on 1300 288 664 (within Australia) or +61 8 9324 2099 (outside of Australia).

Stephen Hewitt-Dutton
Company Secretary



(Subject to Deed of Company Arrangement)

6 March 2015

Dear Shareholder,

NON-RENOUNCEABLE ENTITLEMENT OFFER TO RAISE UP TO \$1.18M

The Board of Stanfield Funds Management Limited ("Stanfield" or "Company") is pleased to invite you to participate in the pro-rata non-renounceable entitlement offer to raise approximately \$1.18 million (before costs) ("**Entitlement Offer**") as announced on 4 March 2015. The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd ("**Underwriter**").

The Entitlement Offer is being made pursuant to a prospectus ("**Prospectus**"). The Prospectus was lodged with ASIC and ASX on 4 March 2015 and contains further information about how shareholders can take up their entitlements under the Entitlement Offer. The Prospectus will be available on the Company's website at www.stanfieldfunds.com.au and on the ASX website and will be mailed to shareholders on or about 13 March 2015.

Important: Shareholders should be aware that the Entitlement Offer will proceed irrespective of whether or not the conditions to the other offers under the Prospectus (described below and in section 1.2 of the Prospectus) are satisfied. Accordingly, **there is a risk that shares issued under the Entitlement Offer will not be quoted on ASX**. In these circumstances, the shares will not be tradable on market and applicants will not receive a refund for their applications under the Entitlement Offer. The Company is undertaking the Entitlement Offer so that it can raise urgently needed funds whilst it continues to take all necessary steps to complete the Recapitalisation Proposal and achieve ASX reinstatement. If and when ASX reinstatement is achieved, the shares issued under the Entitlement Offer will be quoted on ASX and will therefore become tradeable on the ASX.

The funds raised under the Entitlement Offer will primarily be used to:

- facilitate completion of the Recapitalisation Proposal so that the DOCA can be terminated wholly effectuated and full control of the Company can be returned to the Board;
- comply with ASX's conditions to ASX reinstatement so that the Company's securities can resume trading on the ASX; and
- review existing assets and evaluate new assets and investments; and
- pay the costs of the offer and provide working capital.

Key Dates for the Entitlement Offer

Event	Date
Prospectus lodged with ASIC and ASX, Appendix 3B lodged with ASX	4 March 2015
Notice sent to Shareholders	6 March 2015
'Ex' date	10 March 2015
Record Date (5.00pm (WST))	12 March 2015

Stanfield Funds Management Limited ACN 006 222 395

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Event	Date
Prospectus issued to eligible shareholders and announcement of issue of Prospectus	13 March 2015
Opening Date for Entitlement Offer	13 March 2015
Closing Date for Entitlement Offer (5.00pm (WST))	24 March 2015
Deferred settlement trading commences (Note: Shares are currently suspended from trading)	25 March 2015
ASX notified of under-subscriptions	25 March 2015
Issue of shares and deferred settlement trading ends	27 March 2015
Expected date for shares (including all shares issued under the Entitlement Offer and other offers) to be reinstated to trading on ASX	12 May 2015

Note: The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, the Company reserves the right to vary the Opening Date and the Closing Date without prior notice, which may have a consequential effect on the other dates.

As discussed above, shares issued under the Entitlement Offer will only become tradeable on the ASX if and when ASX reinstatement is achieved. Shareholders are strongly urged to read the Prospectus in full, particularly the risks associated with an investment under the Entitlement Offer.

The key information in connection with the Entitlement Offer is set out below for your reference, and as required by the ASX Listing Rules:

- the Entitlement Offer is non-renounceable and is being undertaken on the basis of one (1) new fully paid ordinary shares ("**New Shares**") for every one (1) ordinary shares held by eligible shareholders;
- the issue price is A\$0.25 cents per New Share, which represents a premium of 108% to the closing market price of the Company's shares on 18 June 2014 (being the last day on which the shares traded prior to announcement of the Entitlement Offer) of 12c per share;
- the record date to determine entitlements for eligible shareholders is 5.00pm AEST on 12 March 2015 ("**Record Date**"). Only registered shareholders with a registered address in Australia and New Zealand as at the Record Date are eligible to participate in the Entitlement Offer. The Ex Date for the Entitlement Offer, being 2 business days prior to the Record Date, is 10 March 2015;
- eligible shareholders will not be able to apply for additional New Shares in excess of their entitlement;
- each New Share will rank equally with and be issued on the same terms as those quoted fully paid ordinary shares already issued by the Company. Application for quotation of the New Shares offered under the Entitlement Offer was made by the Company on 4 March 2015;
- for the purposes of calculating your entitlement, fractional entitlements to New Shares will be rounded up to the nearest whole number of shares;

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- the Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd (“**Underwriter**”). The fees payable to the Underwriter are a 1% management fee, a 6% underwriting fee and the right to apply for 900,000 Shares at \$0.01 per share under the Broker Offer contained in the Prospectus;
- the Entitlement Offer is being made under the Company’s Prospectus dated 4 March 2015;
- the Entitlement Offer is non-renounceable, accordingly rights will not be tradeable on ASX or otherwise transferrable. Shareholders who do not take up their entitlements in full will not receive any value in respect of that part of their entitlement that they do not take up. Shareholders who are not eligible to receive entitlements will not receive any value in respect of entitlements they would have received had they been eligible;
- a maximum of 4,720,594 New Shares (based on the share capital of the Company as at 4 March 2015) will be issued under the Entitlement Offer. There are no options on issue. This number is also subject to reconciliation of entitlements and rounding. Based on that number, the maximum number of listed ordinary shares on issue following the Entitlement Offer will be 9,441,188;
- no shareholder approval will be required for the Entitlement Offer;
- Stanfield does not have a dividend policy and does not intend to declare a dividend in the near future.
- the proceeds from the Entitlement Offer will be used to:
 - facilitate completion of the Recapitalisation Proposal so that the DOCA can be terminated wholly effectuated and full control of the Company can be returned to the Board;
 - comply with ASX’s conditions to ASX reinstatement so that the Company’s securities can resume trading on the ASX; and
 - review existing assets and evaluate new assets and investments; and
 - pay the costs of the offer and provide working capital.

Actions required of Eligible Shareholders

Pursuant to the Entitlements Offer there are a number of actions Eligible Shareholders may:

- take up all or some of your entitlements;
- not participate in the Entitlement Offer and if so; you do not need to take any action.

If you are eligible and wish to participate in the Entitlement Offer, it will be necessary for you to complete and return the personalised Entitlement and Acceptance Form that will accompany the Prospectus expected to be sent to eligible shareholders on or about 13 March 2015 in accordance with the instructions on that Form. You will need to ensure your application money for the entitlements you wish to take up is received by the Company by no later than 5.00pm (AEST) on 24 March 2015. If you have any queries about the Entitlement Offer, please contact the Company on +61 8 6315 3505. Questions relating to the Entitlement and Acceptance Form can be directed to the Share Registry, Automic Registry Services, on 1300 288 664 (within Australia) or +61 8 9324 2099 (outside of Australia).

Stephen Hewitt-Dutton
Company Secretary

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Additional information in relation to the Prospectus

The Prospectus also contains other offers associated with the recapitalisation proposal described in the DOCA ("**Recapitalisation Proposal**"). Please refer to the announcements on 8 October 2014 and 16 January 2015 for further details of the DOCA. The Recapitalisation Proposal involves the restructuring and recapitalisation of the Company for the purposes of wholly effectuating the DOCA and enabling the Company to resume trading on the ASX. The issues of securities under the offers referred to below are subject to approval by shareholders at the Company's annual general meeting to be held on or about 20 April 2015. Please refer to the Prospectus for further details of each offer.

Conversion Offers

The conditional offers of:

- 2,320,000 Shares to the Class A Noteholders, together with 2 free attaching options with an exercise price of \$0.25 and expiry date 3 years from issues ("**Noteholder Options**") for each share issued, pursuant to the conversion of the Class A Notes;
- 2,080,000 Shares to the Class B Noteholders, together with 2 free attaching Noteholder Options for each Share issued, pursuant to the conversion of the Class B Notes; and
- 344,548 Shares to the Class C Noteholder, together with 640,000 Noteholder Options, pursuant to the conversion of the Class C Notes.

Creditor Offers

The conditional offers of:

- 909,665 Shares to the Unsecured Creditors for nil cash consideration, together with 1 free attaching option with an exercise price of \$0.20 and an expiry date of 1 year ("**Creditor Option**") for each Share issued, pursuant to the DOCA; and
- 770,000 Shares to the New Creditors in consideration of services provided to the Company.

Broker Offer

The conditional offer of 900,000 shares to the Underwriter (and/or its nominees) at a nominal issue price of \$0.01 each pursuant to the Underwriting Agreement.

The primary purposes of these additional offers are to:

- discharge the Company obligations to the Noteholders under the Convertible Notes;
- retire certain debt owing by the Company to the Unsecured Creditors and New Creditors; and
- "cleanse" securities issued under the offers to ensure that the securities are not subject to any secondary sale restrictions.

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6 March 2015

Dear Overseas Shareholder,

NON-RENOUNCEABLE ENTITLEMENT OFFER

On 4 March 2015, Stanfield Funds Management Limited ("**Stanfield**" or "**Company**") announced a pro-rata non-renounceable entitlement offer to raise approximately \$1.18 million (before costs) ("**Entitlement Offer**"). The Entitlement Offer is fully underwritten by CPS Capital Group Pty Ltd ("**Underwriter**").

The Prospectus lodged with ASIC and ASX on 4 March 2015 contains full details of the Entitlement Offer. The Prospectus is available on the Company's website at www.stanfieldfunds.com.au and on the ASX website.

Stanfield has determined, pursuant to the Corporations Act 2001 (Cth) and Listing Rule 7.7.1(a) of the ASX Listing Rules, that it would be unreasonable to make offers under the Entitlement Offer to shareholders with a registered address outside of Australia and New Zealand.

Accordingly, in compliance with ASX Listing Rule 7.7.1(a) and the Corporations Act, Stanfield wishes to advise that it will not be extending the Entitlement Offer to Shareholders with registered addresses outside of Australia and New Zealand as at the record date, being 5.00pm (Western Standard Time) on 12 March 2015. Your Stanfield shareholding is currently registered to an address outside of Australia and New Zealand.

If you have any queries about the Entitlement Offer, please contact the Company's Share Registry, Automatic Registry Services, on 1300 288 664 (within Australia) or +61 8 9324 2099 (outside of Australia).

Stephen Hewitt-Dutton
Company Secretary

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