

29 May 2017

Dear Shareholder

CTI Logistics Limited (The Company, CTI) has today announced

(1) The sale of 2,185,968 shares by related entities of executive chairman David Watson.

The shares were purchased by Sydney institutional investor Forager Funds Management (Forager). I would like my fellow shareholders to know that these shares are the first that I have sold since founding the group of companies 45 years ago, in 1972. Over that time circumstances have resulted in some companies and trusts being formed to buy and hold shares in CTI, with shareholders other than just myself.

This sale represents my holdings in two of these entities. One of those companies, Aberdeen Management Pty Ltd (Aberdeen), has been co-owned with executive directors Bruce Saxild and David Mellor. Messrs Saxild and Mellor have retained their respective shareholdings in Aberdeen. ASIC regulations have required all three of us to declare an ownership interest in all CTI shares held by Aberdeen. The sale of my shares means that I no longer have a declared interest in their shares, and they no longer have an interest in the shares that I've sold to Forager. We would like you to note that neither Mr Saxild nor Mr Mellor sold any shares, but they have to advise the Australian Stock Exchange that their total published shareholding in CTI has reduced by the number of shares that I sold from Aberdeen.

I have also taken this opportunity to simplify my declared shareholding by removing the interests of my children from my declared shareholding in CTI.

The above declarations will result in a more accurate reflection of the holdings by your directors, and will give a more accurate measure of the liquidity of the stock, for the benefit of all shareholders.

(2) The placement of 3,200,000 new ordinary shares.

Forager expressed an interest in acquiring further shares in CTI, and directors approved the placement of 3,200,000 new ordinary shares, to raise \$2,400,000. The funds raised from this placement will increase CTI's capacity to take advantage of expansion and growth opportunities, including acquisitions, as they arise. In the interim the funds will be used to strengthen the balance sheet and reduce net debt.

Yours faithfully

David Watson  
EXECUTIVE CHAIRMAN