

Australian Securities Exchange
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

3 November 2016

Dear Sir/Madam

Quickflix Limited (Subject to Deed of Company Arrangement)
ACN 102 459 352
("the Company")

I refer to the Deed of Company Arrangement (**DOCA**) executed on 6 October 2016 between the Company, the Administrators and Karma Media Holdings LLC (**Karma**).

As previously advised, on Friday, 28 October 2016 the Deed Administrators submitted an application to the Supreme Court of Western Australia (COR 235 of 2016) (**Court**) seeking leave for the Deed Administrators to transfer all of the existing shares of the Company to Karma pursuant to section 444GA(1)(b) of the Corporations Act 2001 and clause 4.1 of the DOCA.

The Court today made an order, amongst other things, that a notice of the application be released on the Company's Announcement Platform on the Australian Securities Exchange on or before 4 November 2016. Notice of the application follows in compliance with the order.

Yours faithfully

Jason Tracy
Joint and Several Deed Administrator

Encl.

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NOTICE TO SHAREHOLDERS

3 November 2016

Dear Shareholder

Quickflix Limited (Subject to Deed of Company Arrangement) (ACN 102 459 352) (ASX:QFX) – Application for court approval for a transfer of your shares

We refer to the appointment of Richard John Hughes and I of Deloitte Financial Advisory Pty Ltd as joint and several deed administrators of Quickflix Limited (Subject to Deed of Company Arrangement) (ACN 102 459 352) (*Deed Administrators*) (*Company*) on 6 October 2016 under the *Corporations Act 2001* (Cth) (*Act*).

This letter provides information about:

- (a) an application which I have made, as joint and several Deed Administrator of the Company, to the Supreme Court of Western Australia (*Application*), for approval to transfer all of your shares in the Company to Karma Media Holdings LLC (*Proponent*), as part of a Deed of Company Arrangement (*DOCA*) approved by the creditors of the Company at the second meeting of creditors on 4 October 2016 (*Second Creditors' Meeting*)
- (b) the steps which you need to take if you wish to appear at the Court hearing on the Application, which is scheduled for 6 December 2016 at 9:15am
- (c) the information which is available to assist you in deciding whether to appear at the Court hearing.

Background

As noted above, on 6 May 2016, Mr Hughes and I were appointed as joint and several voluntary administrators of the Company. On 4 October 2016, the Second Creditors' Meeting was held, at which it was resolved by the creditors for the Company to enter into the DOCA. On 6 October 2016, the DOCA was executed by all parties.

What does the DOCA do?

Under the DOCA, subject to the fulfilment of certain conditions described below, the Proponent will take control of the Company by the transfer to it of all the shares in the Company in exchange for \$1.3m being payable into a Deed Fund. The transfer of shares under the DOCA is conditional on the following:

- (a) an Order being made by the Court under section 444GA of the Act giving the Deed Administrators leave to transfer all of the Company's shares to the Proponent

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- (b) ASIC granting the Company and the Proponent an exemption from the requirements of Chapter 6 of the Act.

These matters are to be achieved by 1 February 2017 or such longer period as agreed between the Administrators and the Proponent.

Upon effectuation of the DOCA, a Creditors' Trust will be established and the Deed Fund (after payment of approved fees, costs and expenses) will be transferred to the Trust for the purpose of paying a dividend to creditors in accordance with the terms of the Creditors Trust Deed.

In the event that either a Court Order under s444GA or relief from ASIC is not obtained by 1 February 2017 or such longer period as agreed between the Deed Administrators and the Proponent, the following will occur:

- (d) a Business Sale Agreement (**BSA**) will be entered into by the Deed Administrators and the Proponent (or its nominee) under which the Company's business and assets will be sold by the Deed Administrators to the Proponent (or its nominee) for consideration of \$900,000
- (e) the Deed Administrators will convene a meeting of creditors of the Company to consider options including that:
 - (i) the Company vary the DOCA
 - (ii) that the DOCA terminate and the Company be wound up.

Court approval for the transfer of shares

As contemplated by the DOCA, to effect the transfer of all the existing shares in the Company from each current shareholder, I have made the Application to the Supreme Court of Western Australia.

A copy of the Application and supporting affidavit is available to you. Details of how you can obtain a copy are set out below.

The Supreme Court of Western Australia will hear the Application at 9.15am on 6 December 2016. The Court is located at the David Malcolm Justice Centre, 28 Barrack Street, Perth WA 6000.

How does the Application affect you?

If the Application is approved, the other condition to implementation of the DOCA is satisfied and the Proponent makes the necessary payment as required under the DOCA:

- (a) I will transfer all of the shares you hold in the Company to the Proponent;
- (b) you will be bound by the terms of the DOCA in accordance with section 444G of the Act; and
- (c) any claims you have against the Company in your capacity as shareholder will be extinguished. Such claims will be adjudicated by the Trustee of the Creditors' Trust in accordance with the Creditors' Trust Deed. This will not affect any claims you may have against third parties.

How can you participate in the Court hearing?

You should seek independent legal, financial and taxation advice before making a decision on whether to take any action in relation to the Application.

If you wish to appear in Court to oppose the Application, you must file and serve on us a notice of appearance, in the prescribed form and any affidavit on which you intend to rely on at the hearing. The notice of appearance and affidavit should be served on us by no later than 25 November 2016.

If no documents are served on us by 25 November 2016 you may be prevented from taking part in the Application.

Our address for service is c/- Allens, Level 37, 150 St Georges Terrace, Perth, WA 6000 (Attention: Philip Blaxill/Miranda Cummings) or Philip.Blaxill@allens.com.au / Miranda.Cummings@allens.com.au

What information is available to assist you?

To assist you in deciding whether to appear at the Court hearing:

- a) a copy of the following Court papers in relation to the Application is available on the Quickflix website (www.quickflix.com.au) and also on the Deloitte website (www.deloitte.com/au/quickflix):
 - i. the Application;
 - ii. the supporting affidavit of Jason Mark Tracy sworn 25 October 2016; and
 - iii. orders made by the Court at the first return date of the Application on 3 November 2016
- b) our report to creditors under section 439A of the Act is also available on the Quickflix website (www.quickflix.com.au) and also on the Deloitte website (www.deloitte.com/au/quickflix)

Alternatively, you may request copies of those documents from us and they can be emailed to you. Please contact Tyron Lopes on (08) 9365 8171 or via email at quickflix@deloitte.com.au if you would like us to email you copies of the above documents.

Yours faithfully



Jason Mark Tracy
Joint and Several Deed Administrator