

13 December 2010

Our Ref: 100196JCA/pw

Peter Laughton
PO Box 63
PORT LINCOLN SA 5606

Dear Peter

DISPUTE WITH FISHTRADE

Please find enclosed our latest invoice for work undertaken between 15 September and today. We also enclose a copy of our trust account statement showing monies coming into and out of our trust account.

It has now reached the point where I think I should provide you with a summary of the advice I have given over the course of the last 12 months. I am conscious that this matter is progressing without any significant resolution to the issues that you are hoping to resolve.

Current Injunction

I was pleased that we successfully argued for an interim injunction in relation to the rights issue which was proposed by Fishtrade. This was a significant victory for yourself and ensured that your shareholding would not be diluted. Unfortunately, even if the interim injunction is confirmed at the substantive hearing, which is likely to occur in the first few months of 2011, none of the other issues will be resolved. As previously advised, winning the injunction will simply 'keep you in the game'. Without the injunction your shareholding would have been diluted to a point where you would not have been able to affect any of the outcomes of the company.

Debt to Fishtrade

Rightly or wrongly SAMPI owes somewhere in the order of \$650,000.00 to Fishtrade. No matter what else happens in this matter, it is likely that that debt will need to be repaid. While you may disagree with what that money has been spent on, the reality is that without Fishtrade's support SAMPI would not have been able to survive. Buying equipment and upgrading a business premises is legitimate expenditure that is unlikely to attract any criticism. Unless it can be proven that there was some sort of fraud, this debt will remain a significant impediment to SAMPI's expansion and continued operation.

Fishtrade already has a charge over the assets of SAMPI. This means that if SAMPI defaults in paying the money owed to Fishtrade, Fishtrade will be able to take SAMPI's assets in return for the debt owed to them. Further, the directors of SAMPI are now taking action to enter into a loan agreement with Fishtrade. This agreement provides that Fishtrade can demand repayment at any time and if repayment does not occur within 90 days then Fishtrade can apply to have SAMPI wound up. In reality, it does not really matter which method Fishtrade uses to obtain the assets of SAMPI, Fishtrade is in a very strong position and most likely will be able to take possession of SAMPI's assets within the foreseeable future.

As I have advised on several other occasions, to dispute the money owed to Fishtrade or conduct a wider review on the way SAMPI has been operated will be very expensive and may not result in any negative findings against Fishtrade, Charles Franchina or Terry Romaro. In the circumstances, I would not advise you to take such action.

Removal of Directors

Unfortunately, the shareholders meeting that you called was thwarted by Fishtrade who cited procedural irregularities. As I have said before, I disagree with their grounds in relation to the procedure, however, I agree with their assertion that the resolution that you proposed was invalid. I had previously advised you of this but unfortunately that was unavoidable due to the position of Mr Boschetti.

The fact is that even if you are able to remove both Charles Franchina and Terry Remaro as directors of SAMPI, which is unlikely, the debt owed to Fishtrade will remain. Eventually Fishtrade will take action to recover the debt which will ultimately lead to all of SAMPI's assets being transferred to Fishtrade in any event. In other words, the removal of either Terry Remaro or Charles Franchina or both of them will not solve the problems that you have with Fishtrade. In fact, in my view it will only serve to accelerate Fishtrade to call in the debt owed to it.

If you insist on proceeding to try and remove either Charles Franchina or Terry Remaro as a director, then I suggest you make a formal request under Section 249D of the Corporations Act, as a shareholder of SAMPI, that the directors of SAMPI arrange and hold a general meeting. This means that Franchina will be in charge of the procedure of calling the meeting and will therefore not be able to claim that the incorrect procedure has been followed. This is of course with a clear resolution to remove Franchina as a director.

Under section 249D, a meeting must be called within 21 days and must be held no later than two months from the date of the request. As I have said above, even if the meeting is scheduled to remove one of the directors, the likely result will be that Fishtrade will take immediate steps to recover its debt and therefore SAMPI's assets. As we have discussed Franchina may again tell you to call the meeting. This is a possibility but its still worth another try. It may be something that you can use against them in the injunction proceedings.

Future of SAMPI

As I said to you at the very start of this matter, disputes within small proprietary companies are very difficult to resolve. Unless the parties can come to a quick resolution, the dispute will usually result in the demise of the company. It is difficult to see how SAMPI can have any future in the current circumstances, or perhaps at all. In the absence of Fishtrade buying your shares SAMPI will probably not last another six months.

Next Steps

My advice to you has been from the very start that you should try to negotiate a financial settlement with Fishtrade. Your previous expectations of a settlement sum have been unrealistic. Fishtrade have indicated that they may accept an offer of \$250,000.00, which represents the amount due by you under the rights issue. I strongly recommend that you make this offer. I know that you do not feel that this is fair, however this will be the only way that you will receive any monetary compensation for your work with SAMPI. If you do not make this offer or if this offer is not accepted, it is very likely that you will receive nothing.

I know this seems to be very negative advice, but unfortunately it is the position that you find yourself in. If you would like for me to get a second opinion on this advice, or you would like to take this advice to another solicitor for them to review, please do so.

Please give me a call to discuss.

Yours faithfully

JENKINS ANDERSON



Joseph Anderson

PARTNER

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