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Update to Shareholders – ASIC Reporting Relief

Alita Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 147 393 735 (Alita)

I refer to:

- the appointment of Rob Brauer and I as Administrators of Alita on 4 December 2020 and our subsequent appointment as Deed Administrators on 23 December 2020;
- the relief from financial reporting and annual general meeting obligations granted by ASIC pursuant to subsections 340(1) and 250PAB(4) of the *Corporations Act 2001* (Cth) (**(Act) (Relief)**); and
- my previous update to the Shareholders in relation to the Relief and subsequent announcements providing updates to shareholders on developments (**Previous Updates**). This update should be read in conjunction with the Previous Updates.

Defined terms have the same definitions as used in the Previous Updates unless otherwise specified.

1 Update in the Deed Administration

1.1 Actions taken during the relevant period (i.e. subsequent to the previous ASIC Relief update)

The Deed Administrators highlight the following key developments and updates in respect of Alita during the relevant period, being since circa 13 June 2023 (i.e. the date of the last ASIC Relief update):

Conditions precedent

FIRB Approval

- On 20 July 2023, Austroid informed the Deed Administrators that on the same day, the Treasurer made an order pursuant to section 67 of the Foreign Acquisitions and Takeovers Act 1975 (Cth), prohibiting Austroid from acquiring a 100% interest in Alita, or otherwise increasing its interest in Alita (**FIRB Order**). Austroid advised that Deed Administrators that in light of the FIRB Order, Austroid would consider its position and provide the Deed Administrators with a response by 27 July 2023.
- On 8 August 2023, Austroid advised the Deed Administrators that it was still considering its options and intended to provide a response in 4 to 5 weeks. The Deed Administrators responded on 14 August 2023 setting out their observations on (i) the Parent DOCA, and (ii) Austroid's position. Austroid and the Deed Administrators exchanged further correspondence on 16, 20 and 22 August 2023.



- The Deed Administrators consider the FIRB Approval condition precedent to be incapable of satisfaction.

606 Relief

- As previously communicated to shareholders, ASIC advised it will not finalise its assessment of the 606 Relief until Austroid's FIRB application has been assessed.
- Due to the FIRB Order, the Deed Administrators consider the 606 Relief condition precedent to be incapable of satisfaction.

SGX De-Listing

- As previously communicated to shareholders, the SGX advised it does not intend to consider the Deed Administrators' application until after the 606 Relief and FIRB Approval conditions have been satisfied.
- Due to the FIRB Order, the Deed Administrators consider this condition precedent to be incapable of satisfaction.

Sunset Date

- On 29 June 2023, the Deed Administrators agreed to extend the Sunset Date from 30 June 2023 to 17 August 2023, to allow sufficient time for the Deed Administrators to receive the IER.
- On 16 August 2023, the Deed Administrators communicated to Austroid that:
 - The independent expert required further information from Austroid to assist them to finalise the IER; and
 - The Deed Administrators would be prepared to consider a short extension to the Sunset Date of 2 weeks to allow Austroid to provide the additional material required for the IER and to respond to the Deed Administrators' observations on the Parent DOCA and Austroid's position as set out in the Deed Administrators earlier letter to Austroid.

On 17 August, the Deed Administrators and Austroid agreed to a 2 week extension of the Sunset Date to 31 August 2023.

- The Deed Administrators consider the granting of the FIRB Order to be a material change in circumstances affecting whether the continuation of the Parent DOCA is in the best interests of Alita. The Deed Administrators determined not to consent to any further extension of the Sunset Date after it expired on 31 August 2023.
- On 31 August 2023, the Deed Administrators announced via a shareholder update that the Deed Administrators entered into an Implementation Agreement (**IA**) with a third party (subsequently disclosed to be Mineral Resources Ltd (**MRL**)). If certain conditions under the IA are satisfied, the Deed Administrators and MRL may enter a share sale agreement in relation to Alita and its assets.

445D Application

- As outlined in Previous Updates, on 1 February 2023 Canaccord filed an Originating Process in the WA Supreme Court under sections 445D and 447A of the Act seeking to terminate the Parent DOCA (**445D Application**).
- Orders were made on 6 April 2023 which set out the next steps for the 445D Application, including the deadline for Austroid and the Deed Administrators to file their points of defence (responding to Canaccord's points of claim dated 20 April 2023).



- The Deed Administrators filed their points of defence on 28 July 2023. Austroid has not filed its points of defence.
- On 3 August 2023, Canaccord filed an amended points of claim and an application for a trial of preliminary issue in relation to whether the DOCA should be terminated by reason of the FIRB Order. On 4 August 2023, the Court made orders setting out the next steps for that application, as well as an application for discovery filed by Austroid.

Implementation Agreement

- On 30 August 2023, Alita and the Deed Administrators entered into an IA with MRL. Pursuant to the terms of the IA and subject to certain conditions being satisfied, the relevant parties may enter into a share sale agreement in relation to Alita and its assets. The terms of the IA require the details of the transaction to remain confidential until the share sale agreement is entered into.
- Under the IA the Parent DOCA must come to an end with Alita being placed in liquidation. In this regard, the Deed Administrators commenced an application in the WA Supreme Court seeking (among other things) the following orders:
 - Alita to be placed into liquidation following the termination of the Parent DOCA; and
 - An interim injunction against Austroid and other relevant parties to restrain them from taking any steps to remove or replace the Deed Administrators of the Parent DOCA, or from selling, transferring or otherwise dealing with the assets of Alita, Tawana and Lithco with a view to preserving the value of the potential transaction under a share sale agreement (as proposed by the IA).

(IA Court Application)

- At a hearing on 1 September 2023, the Court made interim orders (until 4:00pm on 5 September 2023) relating to the confidentiality of certain documents and the interim restraints sought by the Deed Administrators. These are described in a separate shareholder update dated 1 September 2023.
- At a hearing on 5 September 2023, the Court made orders preserving the confidentiality of certain documents and extending the interim restraints until 4pm on 13 September 2023. These orders are described in a further shareholder update dated 6 September 2023.
- A hearing has been convened for 13 September 2023 to hear the following matters:
 - The Deed Administrators' application to extend the interim restraints until the conclusion of a trial;
 - An application filed by Austroid to consolidate the IA Application (COR 134 of 2023) with the 445D Application (COR 19 of 2023); and
 - Any application for joinder made by any third party, including an application filed by Canaccord to be joined as a defendant, alternatively to be granted leave to be heard, in the IA Application.
- A separate announcement providing details around the hearing on 13 September 2023 will be provided in due course.
- The IA cannot be progressed by the Deed Administrators or MRL until the IA Court Application has been resolved.



Regular detailed updates have been provided to shareholders on each of the above developments in a timely manner. These can be found at McGrathNicol's website, www.mcgrathnicol.com/creditors/alita-group), which shareholders can access for further information.

1.2 ***Proposed steps to be taken in the next 12 months***

As outlined above:

- The Treasurer made the FIRB Order prohibiting Austroid from acquiring a 100% interest in Alita, or otherwise increasing its interest in Alita. Accordingly, the Deed Administrators consider the terms of the Parent DOCA cannot be satisfied and the Deed Administrators are taking steps to terminate the Parent DOCA.
- The IA was executed on 30 August 2023. The Deed Administrators have commenced the IA Court Application. Subject to the determination of the Court, at the conclusion of those proceedings the Deed Administrators intend to terminate the Parent DOCA and place Alita in liquidation. It is unclear how long the IA Court Application will take to be determined.

1.3 ***Expected timeframe to complete the Deed Administration***

It is difficult for the Deed Administrators to provide an estimate of the expected timeframe to (i) resolve the IA Court Application, (ii) terminate the Parent DOCA, and (iii) complete the IA for the following reasons:

- The IA Court Application is on foot and it is unclear how long it will take to be resolved and what the outcome of the proceedings will be.
- The proceedings in the 445D Application remain on foot and it is unclear how it will be resolved and the estimated timeframe to resolve this.
- The terms of the IA remain confidential. Before any transaction can progress under the terms of the IA, the outcome of the IA Court Applications needs to be resolved so that Alita can be placed in liquidation.

Further updates will continue to be issued to shareholders when appropriate.

If you have any further queries, these should be emailed to alita@mcgrathnicol.com or should be directed to McGrathNicol's Perth office at +61 6363 7600.

Dated: 13 September 2023

Yours faithfully

Rob Kirman
Deed Administrator