



**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)  
And entities listed at Annexure A  
ACN 147 393 735  
(Alita Group)**

**Circular to Creditors**

As you are aware, Rob Brauer and I were appointed Administrators of the Alita Group on 4 December 2020.

The purpose of this circular is to provide you with information about the second statutory meeting of creditors. At the meeting, creditors will be entitled to vote on whether the Alita Group should enter into Deeds of Company Arrangement, whether the administration should end, or whether the Alita Group should be wound up.

The second meeting of creditors will be held as follows:

Date: 23 December 2020

Time: 3:00 PM

Address: McGrathNicol Perth, 19, 2 The Esplanade, Perth WA 6000

To enable creditors to make an informed decision about the future of the Alita Group, we enclose our Administrators' Report about the company's business, property, affairs and financial circumstance, including our opinion as to which outcome of the administration process is in the creditors' best interests.

We enclose a notice of meeting. To participate in this meeting, you must submit a proof of debt to substantiate your claim. **If you have already lodged a proof of debt, you are not required to do so again.** If the creditor is a person and will attend the meeting, this is all that is required. However, if the creditor is another type of entity (such as a company), they must also appoint a person – a "proxy" or person authorised under a power of attorney – to vote on behalf of the creditor at the meeting. A proxy should also be appointed if the creditor is a person, but is not available to attend the meeting.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed. Proxy forms lodged by creditors for the first meeting **cannot** be used for the second meeting.

Proof of debt and proxy forms are enclosed, together with guidance notes to assist you when you complete them. To ensure that the meeting is conducted as efficiently as possible, completed proof of debt and, if applicable, proxy forms must be returned to Sam Saker by post or by email to [ssaker@mcgrathnicol.com](mailto:ssaker@mcgrathnicol.com) by 5pm (AWST) 22 December 2020. Email communication is preferred given the current delays with delivery of the post. If you are using the post to return your forms, please ensure you use the 'express post' option.

We also enclose general information for attending and voting at meetings of creditors.

**Remuneration**

We will seek your approval of our remuneration at this meeting. Detailed information about what tasks we have undertaken and the costs of those tasks are provided in our Remuneration Report (enclosed).

**What you should do next**

You should:

- read the enclosed information;
- decide whether you are going to participate in the second meeting; and if so
- complete and return your proof of debt and proxy form (if required) by 5pm (AWST) on 22 December 2020.



If you have any queries, please contact Sam Saker on (08) 6363 7634. For further information about this engagement, please refer to the website <https://www.mcgrathnicol.com/creditors/alita-group/>.

Dated: 16 December 2020

Rob Kirman  
*Administrator*

Enclosures:

- 1 Annexure A – Alita Group Entities
- 2 Administrators' Report to Creditors
- 3 Remuneration Report
- 4 Notice of Meeting
- 5 Proof of Debt Forms (Form 535)
- 6 Proof of Debt Guidance Notes
- 7 Proxy Forms
- 8 Proxy Form Guidance Notes
- 9 General information for attending and voting at meeting of creditors
- 10 ARITA Information Sheet – Committee of Creditors



***Annexure A: the Alita Group – entities over which Administrators are appointed***

<b>Alita Group (Receivers &amp; Managers Appointed) (Administrators Appointed)</b>			
<b>Company name</b>	<b>Receivers and Managers Appointed</b>	<b>Administrators Appointed</b>	<b>ACN</b>
Alita Resources Limited	Yes	Yes	147 393 735
Lithco NO.2 Pty Ltd	Yes	Yes	612 726 922
Tawana Resources Pty Ltd	Yes	Yes	085 166 721

Annexure A - group summary

In association  
with



Liability limited by a scheme approved  
under Professional Standards Legislation

**ADVISORY  
RESTRUCTURING**



# Alita Group

**Alita Resources Limited ACN 147 393 735**

**Lithco No. 2 Pty Ltd ACN 612 726 922**

**Tawana Resources Pty Ltd ACN 085 166 721**

**(all Receivers and Managers Appointed and  
Administrators Appointed)**

**Administrators' Report to Creditors**

16 December 2020



McGrathNicol





## Definitions and abbreviations

In this Report, unless otherwise provided, please refer to the following definitions and abbreviations:

<b>Term</b>	<b>Definition</b>
<b>ACN</b>	Australian Company Number
<b>Act</b>	Corporations Act 2001
<b>Administrators</b>	Rob Kirman and Rob Brauer of McGrathNicol as Joint and Several Voluntary Administrators of the Group
<b>Administrators' Loan Agreement</b>	Loan Agreement entered into between Austroid and the Administrators on 7 December 2020
<b>AFS</b>	Audited Financial Statements
<b>Alita</b>	Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)
<b>ALLPAP</b>	All present and after acquired property
<b>Appointment date</b>	4 December 2020
<b>ARITA</b>	Australian Restructuring, Insolvency & Turnaround Association (formerly the Insolvency Practitioners Association) of Australia
<b>ARITA Code</b>	ARITA Code of Professional Practice
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Stock Exchange
<b>ATO</b>	Australian Taxation Office
<b>AWST</b>	Australian Western Standard Time
<b>Austroid</b>	Austroid Corporation a company incorporated in the State of Nevada, United States of America (with business identification number NV20201866500)
<b>Austroid DOCA Proposals</b>	Parent DOCA relating to Alita and Subsidiary DOCA relating to Tawana and Lithco as proposed by Austroid
<b>Bald Hill Mine</b>	Bald Hill lithium and tantalum mine (including associated tenements, permits and licences) located in the Eastern Goldfields, WA
<b>BAS</b>	Business Activity Statement
<b>CHEL</b>	China Hydrogen Energy Limited, the former secured creditor of the Group and proponent for the Previous DOCA
<b>COI</b>	Committee of Inspection
<b>Cowan Lithium</b>	Cowan Lithium Limited
<b>Companies</b>	means Alita, Tawana and Lithco or each of any of them as the context requires
<b>Deed Administrators</b>	Rob Kirman and Rob Brauer (if creditors resolve to approve both the Parent DOCA and the Subsidiary DOCA at the Second Meeting and appoint the Administrators)
<b>Directors</b>	The Group's directors for the relevant period as listed at section 3.4
<b>DIRRI</b>	Declaration of Independence, Relevant Relationships and Indemnities

<b>Term</b>	<b>Definition</b>
<b>DMA</b>	Draft Management Accounts
<b>dmt</b>	Dry metric tonne
<b>DOCA</b>	Deed of Company Arrangement
<b>DOCG</b>	Deed of Cross Guarantee executed by the Group on 27 June 2019
<b>EBITDA</b>	Earnings before interest and tax, depreciation and amortisation
<b>EBIT</b>	Earnings before interest and tax
<b>EFT</b>	Electronic Funds Transfer
<b>EOM</b>	End of Month
<b>ERV</b>	Estimated realisable value
<b>FBO</b>	Final Binding Offer
<b>Fe</b>	Chemical symbol for iron
<b>First Meeting</b>	First Meeting of Creditors, held on 16 December 2020 pursuant to section 436E of the Act
<b>FIRB</b>	Foreign Investment Review Board
<b>Former Administrators</b>	Richard Tucker and John Bumbak of KordaMentha in their capacity as Voluntary Administrators of the Group from 28 August 2019 to 17 December 2019
<b>Former Deed Administrators</b>	Richard Tucker and John Bumbak of KordaMentha in their capacity as Deed Administrators of the Group from 17 December 2019 to 3 December 2020
<b>Former Directors</b>	The Group's former directors for the relevant period as listed at section 3.3
<b>Former Receivers</b>	Martin Jones, Matthew Woods and Andrew Smith of KPMG in their capacity as Receivers and Managers of the Group from 29 August 2019 to 29 November 2019
<b>FYXX</b>	Financial year ended 30 June 20XX
<b>Galaxy</b>	Galaxy Resources Limited, a former secured creditor of the Group
<b>Group</b>	Alita, Lithco and Tawana
<b>GST</b>	Goods and Service Tax
<b>H2O</b>	Chemical formula for water
<b>IPR</b>	Insolvency Practice Rules
<b>JBJ</b>	Jiangxi Bao Jiang Lithium Industrial Limited
<b>K</b>	Chemical symbol for Potassium
<b>LFA</b>	Loan Facility Agreement
<b>Liquidation</b>	The potential liquidation of any of the Companies within the Group whereby all assets of the companies in liquidation will be realised prior to being deregistered by ASIC
<b>Liquidators</b>	Rob Kirman and Rob Brauer (if creditors resolve to wind up the Group at the Second Meeting and appoint Liquidators to the Group)
<b>Lithco</b>	Lithco No.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
<b>NLBT</b>	Net loss before tax

<b>Term</b>	<b>Definition</b>
<b>NPAT</b>	Net profit after tax
<b>NPBT</b>	Net profit before tax
<b>Non-administration Entities and/or Non-receivership Entities</b>	Tawana Gold Pty Ltd, Waba Holdings Pty Ltd and Alliance Mineral Assets Exploration Pty Ltd
<b>Offtake Agreements</b>	Bald Hill Project Long-term Exclusive Concentrate Offtake Contracts originally signed with the Companies, Burwill and Burwill Holdings and most recently amended and restated on 14 January 2019
<b>OSR</b>	Office of State Revenue
<b>Parent DOCA</b>	DOCA proposed by Austroid for Alita
<b>POD</b>	Proof of Debt
<b>PPSR</b>	Personal Property and Securities Register
<b>Previous Administration</b>	Voluntary Administration conducted by Richard Tucker and John Bumbak of KordaMentha from 28 August 2019 to 17 December 2019
<b>Previous DOCA</b>	Deed of Company Arrangement proposed by CHEL and entered into on 17 December 2019 and fully effectuated on 3 December 2020
<b>P&amp;E</b>	Plant and equipment
<b>P&amp;L</b>	Profit and Loss
<b>ROCAP</b>	Report on Company Activities and Property
<b>Receivers</b>	Richard Tucker and John Bumbak of KordaMentha in their capacity as Receivers and Managers of the Group appointed on 4 December 2020
<b>Relation Back Period</b>	Six months from the appointment of the Administrators, being 4 May 2020
<b>Report</b>	This report, prepared in accordance with Section 75-225 of the IPR
<b>Second Meeting</b>	Second Meeting of Creditors to be held on 23 December 2020 pursuant to section s439A of the Act
<b>SGX</b>	Singapore Stock Exchange
<b>SRK</b>	SRK Consulting (Australasia) Pty Ltd
<b>Subsidiary DOCA</b>	DOCA proposed by Austroid for Tawana and Lithco
<b>SPA</b>	Sale and Purchase Agreement
<b>Tawana</b>	Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
<b>Tribeca</b>	Consortium of secured lenders led by Tribeca from whom Galaxy acquired the senior secured loan facility pursuant to a SPA and a Transfer Certificate dated 27 August 2019
<b>Turner Share Sale</b>	Disposal of 500,000 shares for \$81,250 by Mark Turner's spouse, Joanne Turner on 14 June 2019
<b>USD</b>	United States Dollars
<b>VA</b>	Voluntary administration

<b>Term</b>	<b>Definition</b>
<b>WA</b>	Western Australia
<b>WDV</b>	Written down value
<b>WST</b>	Western Australia Standard Time
<b>YoY</b>	Year on Year
<b>YTD</b>	Year to date

## Contents

1	Executive Summary .....	7
1.1	Appointment of Receivers .....	7
1.2	Appointment of Administrators .....	7
1.3	Previous insolvency appointments .....	7
1.4	Object of administration .....	7
1.5	Purpose of report .....	7
1.6	First Meeting .....	8
1.7	Second Meeting .....	8
1.8	Committee of Inspection .....	8
1.9	Assets .....	8
1.10	Claims .....	9
1.11	Recapitalisation by way of DOCA proposals .....	9
1.12	Investigations undertaken .....	9
1.13	Recommendation .....	11
2	Declaration of Independence, Relevant Relationships and Indemnities .....	12
2.1	Independence .....	12
2.2	Indemnities and up-front payments .....	12
2.3	Ongoing assessment .....	12
3	Background .....	13
3.1	History .....	13
3.1.1	Development of Bald Hill Mine .....	13
3.1.2	Offtake Agreements .....	13
3.1.3	Operational difficulties .....	13
3.1.4	Appointment of the Former Administrators and Former Receivers .....	14
3.1.5	Events leading up to our appointment .....	14
3.2	Structure and overview .....	15
3.3	Company details .....	16
3.4	Office holders .....	16
3.5	Security interests .....	17
3.6	Books and records .....	17
4	Financial performance and position .....	19
4.1	Historical financial performance .....	19
4.2	Historical financial position .....	20
4.3	Cash flow .....	21
4.4	Report on company activities and property .....	21
4.4.1	Assets .....	21
4.4.2	Bald Hill Mine .....	21
4.4.3	Other assets .....	22
4.4.4	Liabilities .....	23
4.4.5	Austroid .....	23
4.4.6	Other creditors .....	23
5	Recapitalisation process .....	24

5.1	Deed of Company Arrangement.....	24
5.2	DOCA Proposals.....	24
5.2.1	Key terms of the Parent DOCA.....	24
5.2.2	Key terms of the Subsidiary DOCA.....	26
5.2.3	Key events.....	27
5.3	Estimated return to creditors.....	28
6	Offences, insolvent trading and voidable transactions.....	29
6.1	Offences.....	29
6.2	Summary of matters investigated and the Administrators' preliminary view.....	29
6.3	Insolvency analysis.....	30
6.3.1	Indicators of insolvency.....	32
6.3.2	Profit and loss analysis.....	32
6.3.3	Net asset position analysis.....	32
6.3.4	Working capital and ratio analysis.....	33
6.3.5	Cash flow forecasts.....	34
6.3.6	Trade creditor analysis.....	36
6.3.7	Statutory liabilities review.....	36
6.3.8	Other contributing factors.....	36
6.3.9	Date of insolvency.....	37
6.4	Insolvent trading.....	37
6.4.1	Likely respondent.....	38
6.4.2	Quantum of claim.....	38
6.4.3	Safe harbour.....	38
6.4.4	Defences.....	38
6.4.5	Other factors.....	39
6.4.6	Financial capacity of likely respondents.....	40
6.4.7	Directors and officers policy.....	40
6.4.8	Impact of prior insolvency appointments.....	40
6.4.9	Conclusion on Insolvent Trading.....	41
6.5	Voidable transactions.....	41
6.5.1	Unfair preference payments.....	42
6.5.2	Uncommercial transactions.....	43
6.6	Funding to pursue insolvent trading, voidable transactions or company officers.....	43
6.7	Breach of Directors' duties.....	43
7	Estimated return to creditors.....	44
7.1	Liquidation scenario.....	45
7.2	DOCA scenario.....	46
7.3	Conclusion.....	46
8	Alternative courses of action and the Administrators' recommendations.....	47
8.1	Administration to end.....	47
8.2	DOCA.....	47
8.3	Group be wound up or companies be wound up independently of each other.....	47
8.4	Adjournment of Second Meeting.....	47
9	Remuneration.....	47

## **1 Executive Summary**

### **1.1 Appointment of Receivers**

On 4 December 2020, the secured creditor, Austroid, enforced its security and appointed the Receivers to the Group.

The Receivers entered into control of the Group and subsequently advised that they were considering options regarding a sale process for the Group's assets.

### **1.2 Appointment of Administrators**

Shortly after the appointment of the Receivers on 4 December 2020, Austroid appointed Rob Kirman and Rob Brauer of McGrathNicol as joint and several Voluntary Administrators, pursuant to section 436C of the Act.

### **1.3 Previous insolvency appointments**

The Administrators' and Receivers' appointment to the Group on 4 December 2020 was preceded by the following insolvency appointments:

- the Former Administrators to the Group on 28 August 2019;
- the Former Receivers on 29 August 2019 by Galaxy, the secured creditor of the Group at the time (Galaxy acquired Tribeca's debt on or around 25 August 2019); and
- the Former Deed Administrators on 17 December 2019 (following approval by creditors to execute the Previous DOCA proposed by CHEL).

### **1.4 Object of administration**

Voluntary administrators are empowered by the Act to assume control of insolvent companies (or those likely to become insolvent), superseding the power of the directors and officers, to manage the company's affairs and deal with their assets in the interest of creditors and members (if applicable).

The intention of voluntary administration is to maximise the prospects of an insolvent company continuing in existence, or if that is not possible, to achieve a better return to creditors and members (if relevant) than would be achieved in a liquidation.

During voluntary administration there is a moratorium in respect of most pre-administration creditor claims, and the administrators are required to investigate the company's affairs and report to the creditors on the possible outcomes. Ultimately, the outcome of administration is determined by the creditors of the insolvent company at a second meeting of creditors.

### **1.5 Purpose of report**

Section 75-225 of the IPR requires an administrator to provide a report to all creditors ahead of the second meeting of creditors in an administration, containing:

- information about the business, property, affairs and financial circumstances of the Group; and
- a statement setting out the Administrators' opinion, supported by their reasons, about each of the following matters:
  - whether it would be in creditors' interest for the administration to end;
  - whether it would be in creditors' interest to execute a DOCA and, if a DOCA is proposed, a statement setting out details of the proposed DOCA; and
  - whether it would be in creditors' interest for the Group to be wound up.

Creditors are able to vote on the above at the Second Meeting, which will determine the future of the Group. A DOCA may only be voted on if a proposal is submitted to the Administrators. Alternatively, the Second Meeting may be adjourned for up to 45 business days, or extended by the Court.

The purpose of this report is to inform creditors about the Administrators' investigations into the Group's business, property, affairs and financial circumstances so that they may make an informed decision regarding the future of the Group at the Second Meeting.

## 1.6 First Meeting

Section 436E of the Act requires the Administrators to conduct the First Meeting within eight business days of their appointment. The only business capable of being conducted by creditors at the First Meeting is to appoint alternative administrators (if relevant) and/or a COI.

The First Meetings of Creditors for each company in the Group were held concurrently on 16 December 2020.

No nominations for alternative Administrators were received and no COI was formed.

The minutes of the First Meeting were lodged with ASIC on 16 December 2020. Creditors may obtain a copy from ASIC or by contacting this office.

## 1.7 Second Meeting

The Court has approved orders for the convening period for the Second Meeting to be varied so that it may be convened at the earliest convenient date determined by the Administrators.

The Second Meeting for the Group has been convened for 23 December 2020. Important information regarding the Second Meeting is set out below.

### Particulars of Second Meeting

Date	Wednesday, 23 December 2020
Time	3:00pm (AWST)
Place of meeting	Level 19, 2 The Esplanade, Perth WA 6000
Deadline for return of meeting documents	5:00pm (AWST) Tuesday, 22 December 2020
Electronic facilities available	Yes
Meeting enquiries	Sam Saker (08) 6363 7634

A Form 529A 'Notice of Second Meeting of Creditors' is attached to this report, together with Form 535 'Formal Proof of Claim' and Form 532 'Appointment of Proxy'. Creditors wishing to attend and participate in voting at the Second Meeting are required to complete and return Form 535 and Form 532 to this office no later than 5.00pm (AWST) on Tuesday, 22 December 2020. Creditors who have already lodged a proof of debt do not need to complete a new proof.

Electronic facilities will be available for creditors who cannot attend the Second Meeting in person. Creditors wishing to utilise these facilities should contact Sam Saker on (08) 6363 7634 to obtain particulars (noting that a completed Form 535 and Form 532 will still be required for creditors attending via telephone).

A person, or the proxy or attorney of a person who participates in the meeting by telephone, must pay any costs incurred by them in participating and is not entitled to be reimbursed for those costs from the assets of the Group.

## 1.8 Committee of Inspection

In the event creditors resolve that the Group be wound up, then the Act provides that a COI may be formed.

A COI may be useful to provide the liquidators with a sounding board as to likely creditor views, and in approving any matters which require authorisation by the COI, creditors or the Court.

At the Second Meeting, creditors will be invited to consider whether a COI should be formed, and if so, to nominate and appoint the members.

## 1.9 Assets

The key asset of the Group is the Bald Hill lithium and tantalum mine (including associated tenements, permits and licences) located in the Eastern Goldfields, WA.

The Bald Hill Mine was placed into care and maintenance by the Former Receivers. The Bald Hill Mine remains on care and maintenance under the control of the Receivers who intend to maintain it in this status during their appointment.



SRK prepared a valuation of the Bald Hill Mine for the Former Administrators in January 2020.

In an updated addendum to their previous valuation prepared at the request of the Administrators, SRK estimated the total value of the Bald Hill Mine at \$23.4m, \$32.8m and \$42.4m in a low, preferred and high scenario respectively, which the Administrators have incorporated into their ERV. Accounting for other nominal assets, the Administrators have determined the total ERV of the Group's assets to be between \$23.9m (low) and \$43.3m (high), excluding potential Liquidators' recovery actions.

## 1.10 Claims

On the appointment of the Former Administrators, Galaxy was the primary secured creditor of the Group, via provision of a \$50m loan facility. The Galaxy secured debt was refinanced in November 2019 by CHEL, the proponent of the Previous DOCA.

Under the terms of the Previous DOCA, creditor claims against the Group (excluding secured debt) were extinguished in full on effectuation.

In December 2020, Austroid purchased CHEL's \$70m debt under the LFA, thereby becoming the Group's secured creditor.

The Receivers are in control of the assets and operations of the Group with all liabilities incurred from 4 December 2020 being a personal liability of the Receivers.

Based on the above, the Administrators' investigations indicate Austroid is the only creditor of the Group.

## 1.11 Recapitalisation by way of DOCA proposals

The Administrators have received two separate DOCA proposals from Austroid in respect of the Group, each of which are interdependent.

The key commercial terms of the draft Austroid DOCA Proposals are set out in the documents at Appendix 4 and summarised in section 5. We expect these documents will be finalised and agreed ahead of the Second Meeting.

The Austroid DOCA proposals are summarised as follows:

- Parent DOCA relating to Alita - subject to the terms of the DOCA, would result in the transfer of 100% of the issued shares in Alita to the proponent via a debt for equity swap; and
- Subsidiary DOCA relating to Tawana and Lithco – subject to the terms of the DOCA, would result in the:
  - execution of a deed of release (attached at Appendix 4) under which (among other things) Tawana and Lithco are released from obligations in relation to circa \$28m of Austroid's existing facilities, with Tawana and Lithco to remain indebted to Austroid for \$20m on an unsecured basis;
  - provision of a new \$40m secured loan to Tawana and Lithco post-effectuation of the Subsidiary DOCA, to provide funding for ongoing expenditure; and
  - immediate resumption of mining operations at the Bald Hill Mine on effectuation.

Based on the investigations detailed in this report, the Administrators have formed the view that the Austroid DOCA Proposals are expected to provide a better outcome than a liquidation scenario and results in the business of the Group continuing in existence. Accordingly, the Administrators recommend that the Austroid DOCA Proposals be accepted by creditors.

## 1.12 Investigations undertaken

The Administrators have undertaken detailed, but preliminary, investigations into the affairs of the Group with a view to understanding its history, financial performance and position, and any possible recoveries that may be available for creditors' benefit in liquidation.

Potential recoveries from liquidator actions could increase the funds available to maximise the return to creditors. Recoveries available to a liquidator may include preferential payments to creditors, an insolvent trading claim against the directors, uncommercial transactions and the recovery of unreasonable related party transactions.

Given the Group was in Voluntary Administration and Deed Administration from 29 August 2019 up to the 24 hour period before our appointment, the period leading up to the appointment of the Former Administrators is critical to our review.

The key findings from the Administrators' preliminary investigations are summarised below.

- Due to the Previous DOCA effectuating the day prior to our appointment, there is unlikely to be an insolvent trading claim against the two Directors appointed on 26 November 2020.
- Starting late May 2019, the Group faced significant financial challenges across profitability, working capital and liquidity, particularly as a result of the position with JBJ, while the final cash flow forecast prepared by the Group in June 2019 indicated the Group would have exhausted all cash by December 2019.
- The Group appears to have been insolvent from 1 June 2019.
- Our preliminary analysis indicates the potential insolvent trading claim the Liquidators may pursue is circa \$20m (before directly attributable costs of realisation) which is after adjusting the claim for dividends received by creditors under the Previous DOCA.
- The Previous DOCA could potentially impact any claim a Liquidator may be able to bring against the Former Directors, noting:
  - any insolvent trading claim is reduced by any dividend to creditors from the Previous DOCA; and
  - the Former Directors may seek to raise the Previous DOCA as a defence to any claim for insolvent trading taken by the Liquidators.
- While the Former Directors would unlikely be able to rely on Safe Harbour relief for potential insolvent trading under section 558GA of the Act, the Administrators expect the Former Directors would raise a number of defences and mitigating factors in defending any insolvent trading claim against them.
- The financial capacity of the Former Directors to meet a successful judgement is limited absent a response from the Directors and Officers insurance policy.
- The litigation risks and costs associated with pursuing an insolvent trading claim against the Former Directors are high and would require appropriate funding, both of which would have an erosive effect on the net return.
- Given the risks identified, we have assumed a nil recovery in our low scenario and a recovery of \$10m in our high scenario, reflecting the maximum limit of the Directors and Officers insurance policy. The estimated value ascribed in our ERV is nil.
- No potential preference payments have been identified (before directly attributable costs of realisation).
- No uncommercial transactions have been identified (before directly attributable costs of realisation).
- We have identified two possible instances where the actions or inactions of the Former Directors may have resulted in a breach of director duties under the Act and/or general law, however our investigations to date have not identified any compensable loss to the Group arising from the breaches.

Should the Group be placed into liquidation at the Second Meeting, then the Liquidators will undertake further detailed investigations and pursue recovery action where appropriate and commercially viable to do so.

The Administrators have assessed the estimated shortfall to the creditors of Alita against the likely outcome in a DOCA scenario. The Administrators' "preferred" outcome in a liquidation scenario results in a shortfall to Austroid of circa \$16m.

Rather than seeking a cents in the dollar return through liquidation, the Austroid DOCA Proposals intend to convert up to \$48m of Austroid's debt into a 100% equity position in Alita and assume ownership of the Group in a restructured capacity. The restructure will provide the Group with the platform and financial strength to re-commence production and return to business.

The Administrators consider that the DOCA Proposals provide a more certain and timely process to enable the Group to continue operations following a successful restructure in comparison to the net deficiency to the secured creditor's debt resulting from the liquidation of the Group.

### 1.13 Recommendation

At the Second Meeting convened for 3:00pm (AWST) on 23 December 2020, creditors will be asked to determine the future of the Group by voting on the options available, namely:

- whether the Second Meeting should be adjourned for up to 45 business days;
- whether the Group be placed into liquidation; or
- whether the Group enter into DOCA.

**The Administrators recommend accepting the Austroid DOCA Proposals noting:**

- the Group's only creditor is unlikely to be repaid in full in a liquidation scenario;
- the Group's only creditor has proposed the DOCA and is likely to be the only impacted party;
- the Group's only creditor is converting a significant portion of its debt to equity in exchange for assuming control of the Group; and
- it will result in the business of the Group continuing in existence.

## 2 Declaration of Independence, Relevant Relationships and Indemnities

In accordance with Section 436DA of the Act and the Australian Restructuring, Insolvency and Turnaround Association (ARITA) Code of Professional Practice, a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) for each of the Companies was enclosed with the Administrators' first communication to creditors and tabled at the First Meetings of Creditors.

The DIRRI, which is enclosed at Appendix 1 disclosed information regarding the Administrators' independence, prior personal or professional relationships with the Group or related parties and indemnities received in relation to this appointment.

Under the Act and the ARITA Code of Professional Practice, if circumstances change or new information is identified, the Administrators are required to update the DIRRI and provide a copy to creditors with their next communication, as well as table a copy of the replacement DIRRI at the next meeting of creditors.

### 2.1 Independence

We, Rob Kirman and Rob Brauer of the firm McGrathNicol, have undertaken a proper assessment of the risks to our independence prior to accepting the appointments as Administrators of the Group in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that should have prevented us from accepting or continuing this appointment.

### 2.2 Indemnities and up-front payments

As set out in the DIRRI dated 9 December 2020, the Administrators entered into a LFA with Austroid on 7 December 2020 to provide funding of up to \$5.0 million to the Administrators, primarily for the payment of the Administrators' costs and expenses including legal fees and Administrators' remuneration while a recapitalisation process is conducted and requisite statutory matters are attended to.

Key conditions of the LFA include that the funding (i) be unsecured, (ii) be limited recourse to the assets of the Alita Group only, (iii) be drawn down in accordance with required notice provisions and for the approved purpose, and (iv) specifically excludes the following purposes (noting the appointment of the Receivers):

- running an advertising campaign in respect of the Group or any of the Group assets;
- running a public sale process in respect of the Group or any of the Group assets;
- negotiating or discussing any alternative proposals for a recapitalisation process or restructure of the Group with third parties; and/or
- obtaining any reports (for example valuations) for the Group or its assets without prior consent. Note the Administrators sought and obtained consent from Austroid to obtain an updated report from SRK.

The Administrators obtained approval from the Court in relation to the limited recourse aspect of the funding.

Notwithstanding the availability of funds to pay the remuneration of the Administrators, no Administrators remuneration will be paid without first obtaining the approval of creditors as required by the Corporations Act 2001.

### 2.3 Ongoing assessment

Since the Appointment Date, the Administrators have continued to assess whether any potential conflict of interest matters have developed.

At the date of this Report, the Administrators' opinion has not varied from the information provided in the DIRRI, as enclosed.

The Administrators remain of the view that their prior professional relationships, as outlined in the DIRRI, do not create or give rise to any conflict of interest.

## 3 Background

### 3.1 History

#### 3.1.1 Development of Bald Hill Mine

The Group's primary asset is the Bald Hill Mine, a lithium and tantalum mine located in the Eastern Goldfields WA. Alita is currently listed on the SGX and was delisted from the ASX on 1 October 2020.

Alita (formerly Alliance Minerals Assets Pty Ltd) and Tawana developed the Bald Hill Mine via a joint venture and commenced commercial production in July 2018. Shortly after, Alita acquired 100% of the shares in Tawana via a Scheme of Arrangement which completed in December 2018.

The Bald Hill Mine produces (i) premium coarse lithium concentrate with very low levels of Fe, K, Mica and H<sub>2</sub>O, and (ii) high quality tantalum concentrates.

#### 3.1.2 Offtake Agreements

Prior to the Former Administrators' appointment, the Group had entered into two offtake agreements with JBJ (a joint venture between Burwill and Jiangxi), comprising:

- the Bald Hill Project Long-term Exclusive Concentrate Offtake Contract originally signed with the Companies, Burwill and Burwill Holdings dated 20 April 2017 and most recently amended and restated on 14 January 2019; and
- the Bald Hill Project Long-term Exclusive Concentrate Offtake Contract originally signed with Lithco, Tawana, Burwill and Burwill Holdings dated 20 April 2017 and most recently amended and restated on 14 January 2019.

We also understand:

- Jiangxi had a conversion facility in China for the production of lithium carbonate; and
- the Offtake Agreements with JBJ generated most of the Group's revenue and provided for supply in 2019 at market-linked prices of between USD680/tonne and USD1,080/tonne, as well as further supply from 2020 to 2022.

#### 3.1.3 Operational difficulties

On 23 May 2019 JBJ notified the Group of a force majeure event and requested delay of any impending shipments in accordance with the Offtake Agreements. We understand the Group:

- disputed the classification of the event as a force majeure event;
- advised JBJ that the temporary shutdown of JBJ's plant did not prevent JBJ from fulfilling its obligations under the Offtake Agreements;
- insisted shipments continue to occur as planned; and
- notified Tribeca of the position with JBJ on or around 5 June 2019.

Negotiations continued with JBJ thereafter between early June and mid July 2019. During these negotiations, we understand JBJ accepted a proposal by the Group made on or around 17 June 2019 for the resumption of shipping, though JBJ later reneged on the proposal in mid July 2020 citing amongst other matters, deteriorating market prices.

Around this time, the Group was also in negotiations with (i) various potential alternate parties for the supply of product, and (ii) JBJ to restructure the Offtake Agreements.

These negotiations were ultimately unsuccessful and the position with JBJ deteriorated from late July 2019, noting:

- some shipments were significantly delayed and subject to a reduced price and/or deferred payment of the purchase price (with JBJ issuing various letters of credit against completed shipments);
- formal shipment request notices for shipments in August 2019 and September 2019 appeared to go unanswered by JBJ; and
- on 21 August 2019 Burwill announced that it had defaulted under its LFA with its respective lender and its business operations had been mostly suspended.

### 3.1.4 Appointment of the Former Administrators and Former Receivers

The shipment delays and issues with JBJ caused significant strain on the Group's financial position, impacting its key source of revenue.

In addition we note:

- the Group had entered into a number of long-term contracts for mining services prior to the Former Administrators' appointment, essentially imposing a fixed operating cost structure with circa \$20m of monthly expenses on the Group;
- a number of these contracts included significant termination provisions, penalties and demobilisation costs;
- the spot market for lithium concentrate had deteriorated, impacting both potential revenue and the value of the Group's inventory; and
- the Group was subject to complex and costly listing requirements.

Facing significant financial difficulties, the Group sought to secure alternative finance and negotiate with the Group's existing lender, Tribeca. We understand various proposals were explored with credible parties, and despite some notable progress, these attempts were ultimately unsuccessful, resulting in:

- the board of the Group forming the view that the Group was, or likely to become insolvent, and appointing the Former Administrators to the Group on 28 August 2019;
- the Former Administrators being appointed to three dormant shell companies (the non-administration entities), where it was determined the companies were solvent and control of these entities was returned to one of the Former Directors in early October 2019; and
- on 29 August 2019, the appointment of the Former Receivers to the Group by Galaxy (who purchased Tribeca's debt on or around 25 August 2019).

### 3.1.5 Events leading up to our appointment

A summary of the key events between the appointment of the Former Administrators and our appointment on 4 December 2020 is set out below:

- Following their respective appointments, the Former Receivers and Former Administrators secured the assets and undertakings of the Group and commenced a sale and recapitalisation program;
- On or around 28 November 2019, Galaxy's debt was repaid in full by CHEL who entered into a circa \$70m LFA with Alita to assist Alita's restructuring efforts, thereby becoming secured creditor of the Group;
- After Galaxy was repaid, the Former Receivers retired on 29 November 2019;
- On 9 December 2019, the Previous DOCA was recommended to creditors by the Former Administrators;
- Key features of the Previous DOCA included:
  - establishment of two creditors' trusts, being what the Former Administrators referred to as the Cash Trust and the Stockpile Trust;
  - establishment and payment of funds into the Cash Trust;
  - establishment of the Stockpile Trust, conditional upon (i) receipt of approval from FIRB, and (ii) approval of a section 444GA application for the transfer of 100% of Alita's shares to the proponent; and
  - upon establishment of each trust, creditor claims against the Group were extinguished, instead having an equivalent claim against their relevant trust as beneficiary;
- On 17 December 2019, creditors of the Group voted in favour of the Previous DOCA. On its execution, the Former Administrators became the Former Deed Administrators;
- On 6 March 2020, the Former Deed Administrators' section 444GA application for the transfer of Alita's shares was approved by the Court. This had the effect of approving a transfer of the shares of Alita from the existing shareholders to CHEL as proponent of the Previous DOCA (subject to FIRB approval);
- We have been advised that the proponent for the Previous DOCA made relevant applications to FIRB in December 2019, however the application was withdrawn in April 2020 following feedback from the Federal Treasurer;

- On 14 October 2020, the Companies defaulted on the repayment terms of the CHEL LFA;
- On 6 November 2020, CHEL advised the Former Deed Administrators that it was no longer prepared to forebear from enforcing its rights under its security;
- On 24 November 2020, CHEL as proponent of the Previous DOCA, made a successful application to the Court for orders varying the terms of the Previous DOCA such that the transfer of shares contemplated under the terms of the Stockpile Trust were not required prior to completion;
- On 26 November 2020, the Directors were appointed to each of the Companies;
- On 2 December 2020, CHEL wrote to the Directors regarding new finance arrangements for the Group noting its facilities at the time were in default;
- On 2 December 2020, Austroid purchased CHEL's \$70m debt, becoming the Group's secured creditor;
- On 3 December 2020, the Previous DOCA effectuated, extinguishing all claims and bringing about the retirement of the Deed Administrators;
- On 4 December 2020, the Directors rejected CHEL's previous offer of finance (which had been assigned to Austroid) to enter into the proposed new finance arrangements on the basis they could not foresee any reasonable prospect that the Companies would be able to repay the amounts should they enter into a new LFA; and
- On 4 December 2020, the secured creditor, Austroid, enforced its security and appointed the Receivers to the Group and shortly after appointed the Administrators.

### 3.2 Structure and overview

Alita is the direct parent company of Tawana through its 100% shareholding and is also the 100% shareholder of Alliance Mineral Assets Exploration Pty Ltd, which is understood to be a dormant corporate shell with no realisable value.

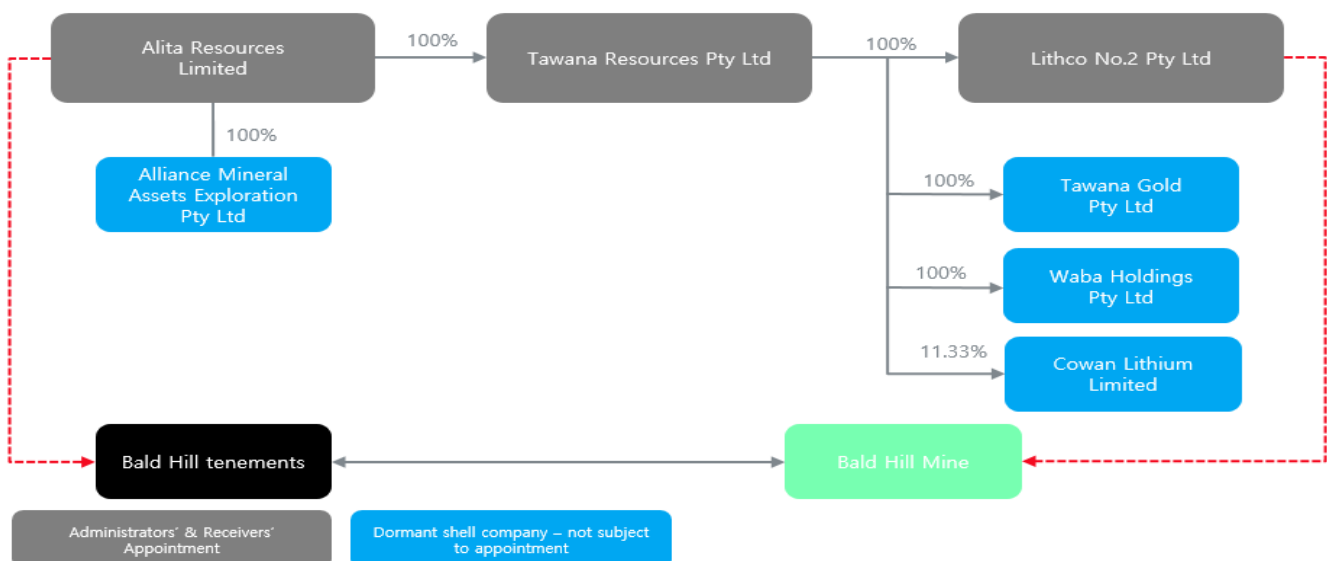
Alita is an indirect parent company of:

- Lithco which is 100% owned by Tawana; and
- Tawana Gold Pty Ltd and Waba Holdings Pty Ltd, both of which are understood to be dormant corporate shells and are not subject to our appointment. These entities are also 100% owned by Tawana.

Alita does not trade but is understood to hold of a number of mining tenements, as detailed at Appendix 2.

Tawana does not trade and its primary asset is its 100% shareholding in Lithco, which is the operator of the mining assets and is also understood to be party to the lease for the Alita Group's corporate head office. Tawana also owns a circa 11% interest in Cowan Lithium, which previously held but has recently divested the Cowan Lithium Project (refer section 4.4.3).

The organisational structure of the Group as at the date of our appointment is set out below.



### 3.3 Company details

The key particulars of the Companies based on ASIC searches as at the date of our appointment are as follows:

Company details			
Details	Alita	Lithco	Tawana
Former name(s)	Alliance Mineral Assets Ltd HRM Resources Australia Ltd	n/a -	Tawana Resources NL -
Company type	Australian Public Company	Australian Proprietary Company	Australian Proprietary Company
ACN	147 393 735	612 726 922	085 166 721
ABN	56 147 393 735	48 612 726 922	69 085 166 721
Incorporation date	6-Dec-10	31-May-16	16-Nov-98
Share capital	\$126,156,258.00 (fully paid)	\$96 (fully paid)	\$137,111,177.81 (fully paid)

The registered office for each company was listed as Level 10, 40 St George Terrace Perth WA 6000 (being the Receivers' address), while the principal places of business was listed as Level 3, 20 Parkland Road, Osborne Park WA 6017.

### 3.4 Office holders

The office holders of the Group for the circa two year period prior to the Administrators' appointment are set out below:

Current and former Directors				
Name	Alita	Lithco	Tawana	Cease date
	Appointment date	Appointment date	Appointment date	
<b>Current Directors*</b>				
David John Pile	26-Nov-20	26-Nov-20	26-Nov-20	n/a
Fergus Jockel	26-Nov-20	26-Nov-20	26-Nov-20	n/a
<b>Former Directors</b>				
Mark Andrew Calderwood <sup>1</sup>	14-Dec-18	31-May-16	21-Oct-16	25-Sep-19
Mark Barlow Turner <sup>1</sup>	14-Dec-18	31-Jan-16	1-Aug-17	25-Sep-19
Robert Scott Vassie	14-Dec-18		1-Aug-17	17-Dec-19
Wei Xie	14-Dec-18		21-Nov-17	17-Dec-19
Robert Benussi			4-Dec-15	14-Dec-19
Geoffrey William McNamara	14-Dec-18			17-Dec-19
Kian Guan Ong	20-Jun-14			17-Dec-19
Ming Fai Chan	14-Dec-18			11-Jul-19

*\*Appointed by the Former Deed Administrators under the New Directors' powers provided for in the Previous DOCA.*

Former Secretaries*				
Name	Alita	Lithco	Tawana	Cease date
	Appointment date	Appointment date	Appointment date	
Alexei Fedotov	14-Dec-18	22-May-18	6-Mar-18	17-Mar-20
Beverley Jane Nichols	20-Jun-19	20-Jun-19	20-Jun-19	3-Sep-19
Joanna Christina Kiernan	14-Dec-18		1-Aug-18	28-Mar-19
Craig Hasson		1-Nov-17		11-Sep-19

*\*As at the date of our appointment, the Companies had not appointed a Secretary.*



### 3.5 Security interests

PPSR searches conducted on the date of the Administrators' appointment disclose 383 security interests registered against the Group:

Summary of PPSR registrations as at 4 December 2020				
Collateral Class	Alita	Lithco	Tawana	Total
AllPAAP	1	1	1	3
<b>Non-AllPAAP registrations:</b>				
Chattel Paper	-	1	1	2
Motor Vehicle	133	186	17	336
Other Goods	5	30	7	42
	138	217	25	380
<b>Total</b>	<b>139</b>	<b>218</b>	<b>26</b>	<b>383</b>

As at the date of our appointment, the three ALLPAAP PPSR registrations were held by CHEL and have since been re-registered in Austroid's name, noting Austroid as the Group's secured creditor.

In relation to the 380 non-ALLPAAP registrations on the PPSR, we note:

- these registrations predominately relate to (i) contractors registering interest in relation to equipment previously onsite and on-hire, and/or (ii) creditors that proved for debt in the Previous DOCA, which have been extinguished in full under the terms of the Previous DOCA (as discussed at section 3.1.5); and
- we do not consider these non-ALLPAPP PPSR interests represent creditors of the Group. The Administrators wrote to all of these parties requesting that they (i) discharge these registrations on the PPSR, and (ii) confirm they are not creditors of the Group. While as at 15 December 2020 there has been no change to the number of PPS registrations still registered against the Group, the Administrators remain of the view these parties are not creditors of the Group and Austroid is the sole creditor of the Group (refer section 4.4.4).

### 3.6 Books and records

The Administrators are required to provide an opinion as to whether the Group's books and records were maintained in accordance with section 286 of the Act, which requires companies maintain financial records that:

- correctly record and explain their transactions and financial position and performance; and
- would enable true and fair financial statements to be prepared and audited.

Failure to maintain books and records in accordance with section 286 of the Act is a rebuttable presumption of insolvency, which can be relied upon by a liquidator in an application for compensation for insolvent trading or recovery of other insolvent transactions. Accordingly, the state of the books and records of the Group is material to creditors' decisions concerning the future of Group (if a DOCA is proposed).

Given the unique nature of events leading up to our appointment, most of the books and records we have obtained have been sourced from Former Administrators. Overall, the Administrators consider that the Group complied with section 286 and other requirements of the Act, based on the key factors set out overleaf:

Books and records	Administrators' comments
Accounting files and associated working papers	The Group prepared accounts using Pronto. Pronto was maintained by the Group's accounts team and reconciled on a weekly basis.  We have obtained copy of the forensic image of all electronic records obtained by the Former Administrators.

Books and records	Administrators' comments
Financial statements	<p>The Group prepared quarterly cash-flow reports, while financial statements were prepared annually and subject to external audit by Ernst &amp; Young. At the time of the Former administrators' appointment, externally prepared financial Statements for the Group were prepared up to 31 March 2019.</p> <p>Monthly management accounts were prepared thereafter. The final management accounts that were finalised were prepared to 31 May 2019. The 30 June 2019 management accounts as at the date of the Former Administrators' appointment were in draft and incomplete.</p>
Banking records including account statements, cheque and deposit books	<p>Banking records (including bank statements and reconciliations) were maintained by the Group's accounts team.</p> <p>Payments to suppliers/creditors were predominantly made online via EFT at the end of the month.</p>
Copies of all creditor and debtor invoices	<p>As the Group has been subject to the appointment of the Former Administrator and Former Deed Administrators for some time prior to our appointment and all debts other than Austroid have been extinguished by the Previous DOCA, we have not obtained such records, nor consider them integral to our appointment. Should this view change, we will request from the Former Administrators.</p>
Lease contracts/agreements	<p>Leasing records were kept on electronic file. The Administrators were provided with access to the records maintained, which adequately explained the Group's leasing arrangements.</p>
Finance contracts/agreements	<p>Financing records were maintained on electronic file. The Administrators were provided with access to the records maintained which adequately explained the Group's financing arrangements.</p>
Employee records, including payroll and superannuation information	<p>As the Group has been subject to the appointment of the Former Administrators and Former Deed Administrators for some time prior to our appointment and all employee claims have been extinguished by the Previous DOCA, we have not obtained such records, nor consider them integral to our appointment. Should this view change, we will request from the Former Administrators.</p>
Asset registers	<p>Depreciation schedules and fixed asset registers were maintained by the Group which we have obtained in detail from the Former Administrators, and adequately explains the Group's assets.</p>

## 4 Financial performance and position

The Administrators have not carried out an audit, or verified the financial statements, management accounts or trial balances in preparation of the summarised profit and loss and balance sheet of the Group set out in this Report. Accordingly, no warranty of accuracy or reliability is provided by the Administrators in respect of the Group's historical financial information.

The Administrators note that the Group had not prepared audited financial statements for the financial year ended 30 June 2019, being the latest financial year end before the appointment of the Former Administrators on 28 August 2019. Since 28 August 2019, the Former Administrators and Former Deed Administrators relied upon financial reporting relief granted by ASIC to defer the financial reporting obligations of the Group during their appointment. Accordingly, the Administrators have only reported on audited financial statements to FY18 and relied on draft management accounts available for FY19.

### 4.1 Historical financial performance

The Group's financial performance during the period 1 July 2016 to 30 June 2019 is summarised below:

Alita Group - Historical financial performance			
\$'000	FY17	FY18	FY19
Revenue	-	-	92,658
Cost of sales	-	-	(102,130)
Gross profit / (loss)	-	-	(9,472)
Interest income	35	176	272
Other income	321	-	49
Corporate and other expenditure	(5,159)	(1,310)	(61,147)
EBIT	(4,804)	(1,134)	(70,297)
Income tax	-	-	4,889
<b>Net profit / (loss)</b>	<b>(4,804)</b>	<b>(1,134)</b>	<b>(65,407)</b>

*Source: FY17 & FY18 audited financial statements and draft FY19 management accounts*

We make the following comments regarding the historical financial performance:

- the Group did not generate revenue prior to FY19, as commercial production of lithium at the Bald Hill Mine did not commence until July 2018;
- corporate and other expenditure reduced to circa \$1.3m during FY18 due to a material impairment reversal totalling circa \$5.2m;
- the gross loss experienced by the Group in FY19 is likely attributable to production inefficiencies typically experienced during the first year of commercial production; and
- the Group's material increase in corporate and other expenditure in FY19 is primarily attributable to:
  - financing costs totalling circa \$9.1m;
  - acquisition costs incurred in relation to the merger with Tawana in December 2018 totalling circa \$17.1m; and
  - material losses on disposal of assets and asset impairments totalling circa \$25.6m.

## 4.2 Historical financial position

The Group's financial position as at 30 June 2017, 30 June 2018 and 30 June 2019 is summarised below. To provide context and to demonstrate the outcome of the Previous DOCA, the financial position as at the date of the Administrators' appointment is set out, as provided in the Directors' ROCAPs.

Alita Group - Historical financial position				
Source \$'000	AFS 30-Jun-17	AFS 30-Jun-18	DMA 30-Jun-19	ROCAP 4-Dec-20
<b>Current assets</b>				
Cash and cash equivalents	2,857	18,841	20,052	-
Receivables	148	2,151	2,631	-
Other current assets	3,790	586	1,595	-
Inventory	-	842	38,632	567
<b>Total current assets</b>	<b>6,795</b>	<b>22,421</b>	<b>62,910</b>	<b>567</b>
<b>Non current assets</b>				
Bald Hill Mine	15,800	66,965	225,253	32,800
Investment in Cowan Lithium Ltd	-	-	634	200
Goodwill and other assets	-	-	22,730	-
Reimbursement asset - rehabilitation obligation	-	2,821	6,520	-
<b>Total non current assets</b>	<b>15,800</b>	<b>69,786</b>	<b>255,136</b>	<b>33,000</b>
<b>Total assets</b>	<b>22,595</b>	<b>92,207</b>	<b>318,046</b>	<b>33,567</b>
<b>Current liabilities</b>				
Trade and other payables	(3,299)	(8,327)	(18,535)	-
Deferred revenue	(3,702)	(7,343)	-	-
Employee benefit liabilities	(45)	(210)	(26,248)	-
Provisions	-	-	(546)	-
Interest bearing loan and borrowings	(25)	(658)	(41,628)	(46,946)
<b>Total current liabilities</b>	<b>(7,071)</b>	<b>(16,538)</b>	<b>(86,958)</b>	<b>(46,946)</b>
<b>Non current liabilities</b>				
Provision for rehabilitation	(1,079)	(5,642)	(7,916)	-
Proceeds received in advance	-	-	(11,437)	-
Deferred tax liabilities	-	-	(4,311)	-
Interest bearing loans and borrowings	(17)	(10,337)	(204)	-
<b>Total non current liabilities</b>	<b>(1,096)</b>	<b>(15,978)</b>	<b>(23,868)</b>	<b>-</b>
<b>Total liabilities</b>	<b>(8,168)</b>	<b>(32,516)</b>	<b>(110,826)</b>	<b>(46,946)</b>
<b>Net assets / (liabilities)</b>	<b>14,428</b>	<b>59,691</b>	<b>207,220</b>	<b>(13,379)</b>

Source: FY17 & FY18 audited financial statements, draft FY19 management accounts and Directors' ROCAP

We make the following comments regarding the Group's historic financial position:

- the Group reported an increasing net asset position from FY17 to FY19, despite the year-on-year losses, largely resulting from successful capital raising activities over the period;
- management accounts reported interest bearing loans and borrowings totalling circa \$41.8m as at 30 June 2019 primarily comprised of a facility provided by a consortium of lenders led by Tribeca. This facility was acquired by Galaxy on 27 August 2019 prior to the appointment of the Former Administrators; and

- the Group’s managements accounts reported material non-current assets which have limited attributable realisation value in an liquidation scenario, including:
  - capitalised mine development expenditure totalling circa \$98.7m;
  - capitalised exploration and evaluation expenditure totalling circa \$73m; and
  - goodwill resulting from the merger with Tawana totalling circa \$22.4m.

### 4.3 Cash flow

The Administrators understand the Group maintained a short-term cash flow budget which was circulated to management and the Former Directors prior to the Former Administrators appointment.

Whilst this cash flow had operational use, it does not integrate with the Group’s consolidated profit and loss statement or balance sheet.

### 4.4 Report on company activities and property

This section of the Report sets out the information provided by the Directors on their view of the financial position of the Group and the Administrators’ comments on the reasonableness of that information.

The Directors’ ROCAPs set out their assessment of the Group’s assets and liabilities as at the Administrators’ appointment, together with their opinion as to the estimated realisable value of the assets.

The Administrators note all Directors completed a ROCAP individually, however the values reported were identical in each.

For the ease of reference, the Administrators have reported the Directors’ ROCAPs and the Administrators’ ERV on a consolidated basis for the Group for each asset and liability class.

Set out below is a summary of the Directors’ ROCAPs and the Administrators’ ERV in a high and low case scenario.

#### 4.4.1 Assets

The assets of the Group primarily comprise (i) the Bald Hill Mine, (ii) inventory of consumables, and (iii) shares.

#### 4.4.2 Bald Hill Mine

The Group’s primary asset is the wholly owned lithium mine, Bald Hill Mine, located 50km south-east of Kambalda in the Eastern Goldfields region of Western Australia. The Bald Hill Mine commenced commercial production of lithium in July 2018.

The following table summarises the ERV attributed to the Bald Hill Mine by the Directors and the Administrators:

Bald Hill Mine					
\$'000	Note	Directors' ROCAP ERV	Administrators' ERV		
			Low	Preferred	High
Bald Hill Mine project	4.4.2.1	29,900	22,300	29,900	37,600
Exploration assets	4.4.2.2	2,900	1,100	2,900	4,800
<b>Total</b>		<b>32,800</b>	<b>23,400</b>	<b>32,800</b>	<b>42,400</b>

The Directors have advised that the ROCAP ERV attributed to the Bald Hill Mine was based on the valuation reports conducted by Deloitte and SRK for the benefit of the Former Administrators in November 2019.

The Administrators have reviewed valuation reports conducted by both Deloitte and SRK for the benefit of the Former Deed Administrators. The Administrators obtained an updated addendum to SRK’s valuation of the Bald Hill Mine to determine the current ERV of the Bald Hill Mine.

SRK’s updated addendum to its valuation has considered two aspects of the Bald Hill Mine, being the:

- project considered by SRK to be in “pre-development” stage; and
- exploration assets considered by SRK to be in “advanced exploration” stage.

#### 4.4.2.1 Bald Hill Mine project

The Bald Hill Mine project includes the following assets:

- resources and reserves at the Bald Hill Mine;
- residual resources and reserves at the Bald Hill Mine (excluded from the Group's resource model);
- Bald Hill Mine site;
- plant and equipment
- underground water licence;
- clearing permit;
- mining tenements;
- annual environmental report;
- motor vehicles; and
- regional standard heritage agreement with the Ngadju People.

SRK utilised the market comparable analysis method to value the Bald Hill Mine project as the Group's cash flow model was outdated and their mine plan was not considered reasonable for valuation purposes.

SRK's updated addendum to its valuation concluded the valuation of the Bald Hill Mine to be as follows:

Bald Hill Mine Project - SRK Valuation			
\$'000	Low	Preferred	High
Bald Hill Project	11,200	15,000	18,900
Residual Resources	11,100	14,900	18,700
<b>Total</b>	<b>22,300</b>	<b>29,900</b>	<b>37,600</b>

#### 4.4.2.2 Bald Hill Mine exploration assets

The Bald Hill Mine exploration assets include the capitalised expenses incurred for exploration of the tenements surrounding the Bald Hill Mine project.

The Administrators' ERV is based on the updated commentary provided by SRK, which valued the Bald Hill Mine exploration assets using the comparable market transaction method at \$1.1m, \$2.9m and \$4.8m in the low, preferred and high scenarios, respectively.

#### 4.4.3 Other assets

Other assets held by the Group on the Administrators' appointment are detailed below:

Other assets					
\$'000	Note	Directors' ROCAP ERV	Administrators' ERV		
			Low	Preferred	High
Cash at bank	1	-	-	-	-
Inventory - consumables	2	567	283	425	567
Interest in Cowan Lithium	3	200	200	275	350
<b>Total</b>		<b>767</b>	<b>483</b>	<b>700</b>	<b>917</b>

Notes:

1. Prior to the Administrators' appointment, the Former Deed Administrators distributed the majority of the retained cash at bank to the Group's secured creditor. The surplus funds retained by the Former Deed Administrators will be utilised to meet accrued costs and trading liabilities of the Former Deed Administrators. Accordingly, there is no surplus cash available to creditors of the Group.

2. The Directors' ROCAPs include an ERV for stores and general consumables stored at the Bald Hill Mine based on the value prescribed in the Deloitte Valuation. The Administrators have assigned an ERV for these consumables in line with the Directors' ROCAPs in the high scenario and discounted the ERV by 50% in the low scenario. The Administrators' preferred ERV is \$425k, being the mid-point between the low and high scenarios.
3. Tawana holds an 11.33% interest in Cowan Lithium as a result of a demerger of various exploration assets in July 2018. The Deloitte Valuation assigned a value of circa \$200k to these shares in December 2019. A corporate update released by Cowan Lithium in October 2020 confirmed the divestment of the various exploration assets held by Cowan Lithium for \$3m (excluding GST). Based on the accounts released by Cowan Lithium for the year ending 30 June 2020 and the value obtained for the divestment of Cowan Lithium's various exploration assets, the Administrators have assigned an ERV for Tawana's shares in Cowan Lithium as follows:
  - \$200k in the low scenario based on the Deloitte Valuation;
  - \$350k in the high scenario based on estimated equity value; and
  - \$275k preferred value as a mid-point between the low and high scenarios.

#### **4.4.4 Liabilities**

Following the effectuation of the Former DOCA, the liabilities of the Group comprise solely of secured loan facilities with Austroid.

#### **4.4.5 Austroid**

As detailed in section 3.5, Austroid is the secured creditor of the Group following the assignment of the \$70m loan facility from CHEL on 2 December 2020.

Austroid has submitted a proof of debt in the administration totalling \$48m which is secured against all of the assets of the Group pursuant to the General Security Deed executed on 28 November 2019 and novated to Austroid on 2 December 2020. The Administrators consider Austroid's security interest is valid and enforceable.

#### **4.4.6 Other creditors**

As discussed in section 3.1.4, the Previous DOCA effectuated on 3 December 2020 (prior to the Administrators' appointment). On effectuation, all creditor claims which existed on the appointment of the Former Administrators are no longer a claim against the Group. These claims were transferred to the creditors' trusts pursuant to the terms of the Previous DOCA to be satisfied from the trust assets.

Liabilities incurred by the Group up to effectuation of the DOCA were a liability of the Former Deed Administrators. The Former Deed Administrators has provided confirmation that they will pay all liabilities incurred during the period and confirms sufficient cash is has been retained to pay these liabilities.

Noting the Receivers are in control of the assets and operations of the Group, liabilities incurred from 4 December 2020 are a personal liability of the Receivers.

Accordingly, the Administrators consider Austroid to be the Group's only creditor.

## 5 Recapitalisation process

### 5.1 Deed of Company Arrangement

On appointment, the Administrators received correspondence from Austroid detailing their intention to submit two DOCA proposals with the objective of restructuring the Group and securing control of 100% of the shares of Alita.

The DOCA process is discussed below, which details the key terms of the Austroid DOCA Proposals.

### 5.2 DOCA Proposals

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. A DOCA is one of the three outcomes available to creditors at the end of the Voluntary Administration process, provided a DOCA has been proposed and forms part of the Administrators' report to creditors. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up. A DOCA binds all unsecured creditors, even if they voted against the proposal.

If creditors vote in favour of a proposal that a company enters into a DOCA, the company must sign the DOCA within 15 business days of the creditors' meeting, unless the court allows a longer time. If this does not happen, the company will automatically enter into liquidation, with the Administrators becoming the Liquidators.

The Administrators have received a proposal from Austroid which provides for two separate DOCAs in respect of the Group, each of which are contingent on each other and summarised as follows:

- Parent DOCA relating to Alita - which, subject to the terms of the DOCA, would result in (i) the transfer of the mining tenements from Alita to Lithco, and (ii) the transfer of 100% of the issued shares in Alita to the proponent via conversion of up to \$48.0m of Austroid's debt to equity; and
- Subsidiary DOCA relating to Tawana and Lithco – which, subject to the terms of the DOCA, would result in the:
  - execution of a deed of release (attached at Appendix 4) under which (among other things) Tawana and Lithco are released from obligations in relation to circa \$28m of Austroid's existing facilities, with Tawana and Lithco to remain indebted to Austroid for \$20.0m on an unsecured basis;
  - provision of a new \$40m secured loan to Tawana and Lithco post-effectuation of the Subsidiary DOCA, to provide funding for ongoing expenditure; and
  - immediate resumption of mining operations at the Bald Hill Mine on effectuation.

(collectively the **Austroid DOCA Proposals**).

The key commercial terms of the draft Austroid DOCA Proposals are set out in the documents at Appendix 4 and summarised in section 5. We expect these documents will be finalised and agreed ahead of the Second Meeting.

The key terms of the Austroid DOCA Proposals are summarised below.

#### 5.2.1 Key terms of the Parent DOCA

A summary of the key terms of the proposal for the Parent DOCA (in respect of for Alita) is set out below:

Key term	Description
<b>Company</b>	Alita Resources Limited (ACN 147 393 735) (Receivers and Managers Appointed) (Administrators Appointed)
<b>Proponent</b>	Austroid Corporation
<b>Deed Funder</b>	Austroid Corporation
<b>Deed Administrators</b>	Rob Kirman and Rob Brauer of McGrathNicol



Key term	Description
<b>Conditions precedent</b>	<ul style="list-style-type: none"> <li>▪ Conditions precedents as follows: <ul style="list-style-type: none"> <li>– execution of a deed of release (attached at Appendix 4) under which (among other things) Tawana and Lithco are released from obligations in relation to circa \$28.0m of Austroid’s existing facilities, with Tawana and Lithco to remain indebted to Austroid for \$20.0m on an unsecured basis;</li> <li>– execution of a transfer agreement pursuant to which Alita will transfer all assets used or applied exclusively in the operation of the Bald Hill lithium and tantalum project, including the Tenements, to Lithco;</li> <li>– effectuation of the Subsidiary DOCA;</li> <li>– confirmation from ASIC that it has granted relief for the purposes of section 606 of the Corporations Act;</li> <li>– either: <ul style="list-style-type: none"> <li>&gt; the Securities Industry Council of Singapore (or such other relevant regulatory authority or body in Singapore) granting such waivers or relief from the Singapore Code as are necessary or convenient in connection with transfer of the issued shares of Alita to the proponent pursuant to the leave of the Court under section 444GA of the Corporations Act; or</li> <li>&gt; the parties being satisfied (acting reasonably) that the Singapore Code does not apply to Alita, or the Singapore Code ceasing to apply to Alita, including by reason of Alita and its shares being de-listed from the sponsor-supervised board of the securities market operated by Singapore Exchange Securities Trading Limited known as “Catalist”.</li> </ul> </li> <li>– obtaining leave of the Court pursuant to section 444GA of the Corporations Act to transfer all issued shares of Alita to the proponent (or its nominee or as it directs) in consideration for conversion of up to \$48m of the secured debt; and</li> <li>– FIRB approval for the acquisition of all the issued shares of Alita by the proponent.</li> </ul> </li> <li>▪ The parties must use all reasonable endeavours to ensure that the conditions precedent are satisfied.</li> </ul> <p>A condition precedent can only be waived (wholly or partly) by agreement between the Deed Administrators and the proponent.</p>
<b>Powers and obligations of the Deed Administrators</b>	<ul style="list-style-type: none"> <li>▪ The Deed Administrators will have broad powers pursuant to the terms of the DOCA and clause 2 of Schedule 8A of the Corporations Regulations, however will not have the power to (absent consent from Austroid): <ul style="list-style-type: none"> <li>– sell, assign, transfer or otherwise dispose or part with possession of any of the issued shares of Alita or Alita’s shares in Tawana; and/or</li> <li>– raise or borrow funds in Alita’s name or in their own name on behalf of Alita.</li> </ul> </li> </ul>
<b>Deed Administrators’ fees</b>	<ul style="list-style-type: none"> <li>▪ The Deed Administrators are entitled to pay their remuneration and other costs from the assets of Alita, as determined and approved by creditors and the Court in accordance with the Act, Corporations regulations and the IPS and IPR and in any event capped at a maximum amount of \$400,000 (excluding GST).</li> <li>▪ To the extent there are insufficient assets available to meet the Deed Administrators’ remuneration and other costs, these will be paid by the Proponent.</li> </ul>
<b>Return to ordinary unsecured creditors</b>	<ul style="list-style-type: none"> <li>▪ No money or other property of Alita is available for distribution to the creditors under the DOCA.</li> </ul>

Key term	Description
<b>Finalisation of DOCA</b>	<ul style="list-style-type: none"> <li>▪ The DOCA will effectuate on the date that is five business days after the date on which each of the conditions' precedent have been satisfied (or waived).</li> <li>▪ On effectuation: <ul style="list-style-type: none"> <li>– the Deed Administrators must transfer all issued shares of Alita to the proponent (or its nominee or as it directs) in accordance with the orders of the Court;</li> <li>– the DOCA will terminate;</li> <li>– all creditors' claims (except Austroid's secured debt) will be discharged, satisfied, released and extinguished;</li> <li>– control of Alita will revert to the directors and the Deed Administrators will not have any obligation or responsibility for the affairs of Alita;</li> <li>– the proponent will fully release and discharge the Deed Administrators from all claims, debt and liability in relation to the Administrators' Loan Agreement;</li> <li>– the DOCA will be terminated and all parties fully released and discharged from all claims, debt and liability in relation to the DOCA; or</li> <li>– the Deed Administrators will lodge written notice with ASIC.</li> </ul> </li> </ul> <p>Alternatively, the DOCA will terminate upon the earliest of any of the following:</p> <ul style="list-style-type: none"> <li>▪ the passing of a resolution under section 445E of the Act by Alita's creditors to terminate the DOCA at a meeting convened for that purpose; and</li> <li>▪ the making of an order by the Court under section 445D of the Act terminating the DOCA.</li> </ul>

### 5.2.2 Key terms of the Subsidiary DOCA

A summary of the key terms of the DOCA proposal received for Tawana and Lithco is set out below:

Key term	Description
<b>Company</b>	Tawana Resources Pty Ltd (ACN 085 166 721) (Receivers and Managers Appointed) (Administrators Appointed) Lithco No.2 Pty Ltd (ACN 612 726 922) (Receivers and Managers Appointed) (Administrators Appointed)
<b>Proponent</b>	Austroid Corporation
<b>Deed Funder</b>	Austroid Corporation
<b>Deed Administrators</b>	Rob Kirman and Rob Brauer of McGrathNicol
<b>Conditions precedent</b>	<ul style="list-style-type: none"> <li>▪ Conditions precedent as follows: <ul style="list-style-type: none"> <li>– the Deed Administrators providing FIRB with notice of the Subsidiary DOCA and the transactions contemplated by the Subsidiary DOCA;</li> <li>– execution of a transfer agreement pursuant to which pursuant to which Alita will transfer all assets used or applied exclusively in the operation of the Bald Hill lithium and tantalum project, including the Tenements, to Lithco;</li> <li>– execution of a deed of release under which (among other things) result in the release of Tawana and Lithco's obligations in relation to circa \$28m of Austroid's existing facilities with Tawana and Lithco to remain indebted to Austroid for \$20m on an unsecured basis; and</li> <li>– the appointment of: <ul style="list-style-type: none"> <li>&gt; one director to the board of directors of Lithco and Tawana to be nominated by the proponent; and</li> <li>&gt; two independent directors to the board of directors of Lithco and Tawana to be appointed by the Deed Administrators.</li> </ul> </li> </ul> </li> <li>▪ The parties must use all reasonable endeavours to ensure that the conditions precedent are satisfied; and</li> <li>▪ A condition precedent can only be waived (wholly or partly) by agreement between the Deed Administrators and the proponent.</li> </ul>

Key term	Description
<b>Powers and obligations of the Deed Administrators</b>	<ul style="list-style-type: none"> <li>The Deed Administrators will have broad powers pursuant to the terms of the DOCA and clause 2 of Schedule 8A of the Corporations Regulations.</li> </ul>
<b>Deed Administrators' fees</b>	<ul style="list-style-type: none"> <li>The Deed Administrators are entitled to pay their remuneration and other costs from the assets of Lithco and Tawana, as determined and approved by creditor and the Court in accordance with the Act, Corporations regulations and the IPS and IPR and in any event capped at a maximum amount of \$400,000 (excluding GST).</li> <li>To the extent there are insufficient assets available to meet the Deed Administrators' remuneration and other costs, these will be paid by the Proponent.</li> </ul>
<b>Return to ordinary unsecured creditors</b>	<ul style="list-style-type: none"> <li>No money or other property of Lithco or Tawana is available for distribution to the creditors under the DOCA.</li> </ul>
<b>Finalisation of DOCA</b>	<ul style="list-style-type: none"> <li>The DOCA will effectuate on the date that is five business days after the date on which each of the conditions precedents have been satisfied (or waived).</li> <li>On effectuation: <ul style="list-style-type: none"> <li>the DOCA will terminate;</li> <li>all creditors' claims (except Austroid's \$20.0m unsecured debt) will be discharged, satisfied, released and extinguished;</li> <li>control of Lithco and Tawana will revert to the directors and the Deed Administrators will not have any obligation or responsibility for the affairs of Lithco and Tawana;</li> <li>the proponent will fully release and discharge the Deed Administrators from all claims, debt and liability in relation to the Administrators' Loan Agreement;</li> <li>the Deed Administrators will lodge written notice with ASIC;</li> <li>the DOCG will be terminated and all parties fully released and discharged from all claims, debt and liability in relation to the DOCG; and</li> <li>the newly appointed directors execute a new loan agreement with Austroid to provide further funding to Lithco and Tawana up to a limit of \$40m.</li> </ul> </li> </ul> <p>Alternatively, the DOCA will terminate upon the earliest of any of the following:</p> <ul style="list-style-type: none"> <li>the passing of a resolution under section 445E of the Act by Alita's creditors to terminate the DOCA at a meeting convened for that purpose; and</li> <li>the making of an order by the Court under section 445D of the Act terminating the DOCA.</li> </ul>

### 5.2.3 Key events

The key events in execution and implementation of the Austroid DOCA Proposals are as follows:

- Approval by creditors – The Austroid DOCA Proposals will be presented to creditors at the Second Meeting. In order for the Austroid DOCA Proposals to be approved, a majority of creditors, in both number and value, must vote in favour of the Austroid DOCA Proposals. Once approved, the Austroid DOCA Proposals will be binding on all creditors (regardless of how they voted), except for secured creditors, who are only bound by the DOCA if they vote in favour of it.
- Execution of the Austroid DOCA Proposals and appointment of Deed Administrators – Should creditors approve the Austroid DOCA Proposals, the Administrators intend to execute the DOCAs as soon as possible following the Second Meeting. Once the DOCAs are executed the Administrations will cease and Rob Kirman and Rob Brauer will be appointed Deed Administrators of the respective DOCAs.
- Progressing conditions precedent of Subsidiary DOCA – The proponent and the Deed Administrators will take all steps necessary to progress and complete the various conditions precedents of the Subsidiary DOCA including:
  - the Deed Administrators providing FIRB with notice of the Subsidiary DOCA and the transactions contemplated by the Subsidiary DOCA;
  - execution of a transfer agreement pursuant to which Alita will transfer all of its rights title and interest in any mining tenements and plant and equipment to Lithco;

- execution of a deed of release under which (among other things) result in the release of Tawana and Lithco's obligations in relation to circa \$28m of Austroid's existing facilities with Tawana and Lithco to remain indebted to Austroid for \$20m on an unsecured basis; and
- the appointment of:
  - > one director to the board of directors of Lithco and Tawana to be nominated by the proponent; and
  - > two independent directors to the board of directors of Lithco and Tawana to be appointed by the Deed Administrators.
- Immediately on execution, of the Austroid DOCA's, Alita, Lithco and Tawana are fully released and discharged from all claims, debt and liability in relation to and in any way connected with the Alita Deed of Cross Guarantee.
- Effectuation and termination of Subsidiary DOCA – The Deed Administrators attend to completion, effectuation and termination of the Subsidiary DOCA following completion of the conditions precedents. The newly appointed directors execute a new loan agreement with Austroid to provide further funding to Lithco and Tawana up to a limit of \$40m.
- Progressing conditions precedents of Parent DOCA – The proponent and the Deed Administrators will take all steps necessary to progress and complete the remaining conditions precedents of the Parent DOCA including:
  - confirmation from ASIC that it has granted relief for the purposes of section 606 of the Act;
  - either:
    - > the Securities Industry Council of Singapore (or such other relevant regulatory authority or body in Singapore) granting such waivers or relief from the Singapore Code as are necessary or convenient in connection with transfer of the issued shares of Alita to the proponent pursuant to the leave of the Court under section 444GA of the Corporations Act; or
    - > the parties being satisfied (acting reasonably) that the Singapore Code does not apply to Alita, or the Singapore Code ceasing to apply to Alita, including by reason of Alita and its shares being de-listed from the sponsor-supervised board of the securities market operated by Singapore Exchange Securities Trading Limited known as "Catalist".
  - obtaining leave of the Court pursuant to section 444GA of the Corporations Act to transfer all issued shares of Alita to the proponent (or its nominee or as it directs) via a debt for equity conversion; and
  - FIRB approval for the acquisition of all the issued shares of Alita by the proponent.
- Effectuation and termination of Parent DOCA – The Deed Administrators attend to completion, effectuation and termination of the Subsidiary DOCA following completion of the conditions precedents including arranging the transfer of all issued shares of Alita to the proponent.

### 5.3 Estimated return to creditors

The Administrators consider that the Austroid DOCA Proposals are likely to provide a more certain and timely process to enable the Group to continue operations following a successful restructure.

## 6 Offences, insolvent trading and voidable transactions

A key role of the Administrators is to investigate the Group's affairs and determine whether any offences under the Act, or other relevant legislation, may have transpired and to determine if any recovery from insolvent or voidable transactions could be pursued by the Liquidators (if appointed) for the benefit of creditors.

These investigations are important to creditors as they:

- provide context to the Group's financial position and explain the conduct leading up to the Administrators' appointment;
- inform the likely return to creditors from a liquidation of the Group (which may be enhanced by successful liquidator recovery actions), should creditors resolve to place the Group into liquidation at the Second Meeting; and
- allow creditors to fully assess any DOCA proposal (if applicable), as the acceptance of such a proposal will avoid liquidation and forgo the prospects of any liquidator recovery actions for the benefit creditors.

### 6.1 Offences

ARITA has issued an "Offences, Recoverable transactions and Insolvent trading" information sheet providing general information for creditors about insolvent trading and voidable transactions. This information sheet is available from the ARITA website (<http://www.arita.com.au>). If you are unable to access this website, please contact Sam Saker on (08) 6363 7634 to obtain a copy.

Under the Act, the Administrators are obliged to investigate the Group's business, property, affairs and financial circumstances. These investigations are to be performed as soon as practicable after the administration begins in order to enable the Administrators to provide sufficient information to creditors so that they may make a fully informed decision on the Group's future.

Accordingly, the Administrators have conducted preliminary investigations in order to understand the events leading to their appointment and to identify any potential recovery actions which may increase funds available to the creditors of the Group in liquidation.

The findings from the Administrators' preliminary investigations are detailed in the following sections. Other than as noted in this section, the Administrators have not identified any offences that are materially relevant to creditors' decision regarding the future of the Group. Should the Group be placed into liquidation then further detailed investigations will be undertaken by the Liquidators.

### 6.2 Summary of matters investigated and the Administrators' preliminary view

The primary focus of the Administrators' preliminary investigations has been to ascertain whether there are actions which would be available to the Liquidators (if the companies of the Group were to be placed into liquidation). As noted earlier, these investigations are important not only for creditors' understanding of the likely return from liquidation, but also assessing the Austroid DOCA Proposals.

In the time available since their appointment on 4 December 2020, the Administrators have undertaken the following investigations to prepare this report and formulate an opinion on the future of the Group:

- issued a ROCAP to the Directors and considered their response;
- reviewed the available financial records of the Group, including financial reports, management accounts and other accounting documents;
- reviewed available books and records of the Group, including statutory documents and correspondence;
- held discussions with key stakeholders regarding the Group's affairs;
- reviewed the Former Administrators' analysis and investigations into the affairs of the Group;
- undertaken a detailed analysis of the likely date the Group became insolvent, and the quantification of the potential insolvent trading claim in the event liquidators are appointed;
- carried out other investigations into the affairs of the Group and considered any other claims that may be pursued by the Liquidators; and

- conducted searches of publicly available information such as ASIC, the PPSR, Landgate and DoT, as well as ATO and Court records.

Given the Group was in Voluntary Administration and Deed Administration from 29 August 2019 up to the 24 hour period before our appointment, the period leading up to the appointment of the Former Administrators (being 1 June 2019 through to 28 August 2019) is critical to our review.

As set out below (and in detail throughout section 6), the Administrators' preliminary investigations indicate that due to the Previous DOCA effectuating the day prior to our appointment, there is unlikely to be an insolvent trading claim against the two Directors appointed on 26 November 2020. Regarding the conduct of the Former Directors during the period prior to the Former Administrators' appointment, we note:

- the Group appears to have been insolvent from 1 June 2019;
- our preliminary analysis indicates the potential insolvent trading claim the Liquidators may pursue against the Former Directors is circa \$20m, before directly attributable costs of realisation, but after adjusting the claim for dividends received by creditors under the Previous DOCA;
- our preliminary view is that it is unlikely the Former Directors would be able to rely on Safe Harbour relief for potential insolvent trading as provided for under section 558GA of the Act. However, we expect the Former Directors would raise a number of defences and mitigating factors in defending an insolvent trading claim against them;
- the effect of the Previous DOCA may impact any claim a liquidator may be able to bring against the Former Directors as:
  - the insolvent trading claim is reduced by any dividend to creditors from the Previous DOCA; and
  - the Former Directors may seek to use the Previous DOCA as a defence to any claim for insolvent trading taken by the Liquidators;
- the litigation risks and costs associated with pursuing an insolvent trading claim against the Former Directors are high, and pursuing any litigation would require appropriate funding, which would have an erosive effect on the net return;
- the financial capacity of the Former Directors to meet a successful judgement is likely to be limited, absent a response from the Directors and Officers insurance policy;
- given the risks identified in relation to an insolvent trading claim against the Former Directors we have assumed a nil amount is recovered in the low scenario, and \$10m is recovered in the high scenario consistent with the maximum limit of the Directors & Officers Policy;
- no potential preference payments have been identified (before directly attributable costs of realisation);
- no uncommercial transactions have been identified (before directly attributable costs of realisation);
- we have identified two possible instances where the actions or inactions of the Former Directors may have resulted in a breach of directors duties under the Act and/or general law, however our investigations to date have not identified any compensable loss to the Group arising from the breaches; and
- should the Group be placed into liquidation, further detailed investigation of the above claims should be considered by the Liquidators including an assessment of statutory and other defences available to counterparties, the commerciality of incurring costs to recover (including pursuing litigation should that become necessary) and the financial capacity of counterparties to meet any successful claim.

The Administrators have reviewed the available information and note that further investigations would be required in a winding up. In the Administrators' opinion, sufficient, meaningful information is available in this report to assist creditors in making a fully informed decision regarding the Group's future and to allow the Administrators to form a recommendation on which of the outcomes available is in creditors' best interest.

### 6.3 Insolvency analysis

The Act specifies that a company is solvent if, and only if, it is able to pay all of its debts as and when they fall due. A company that is not solvent is insolvent.

At the time of the Administrators' appointment, the Group was insolvent in that it had insufficient cash resources available to meet its existing and ongoing debts. The Austroid facility was in default and the Group did not have access to funds to repay the facility.

The Administrators have undertaken a preliminary review of the available books and records of the Group to determine the point in time at which the Group is considered likely to have become insolvent. This is an important factor for the Administrators and creditors to understand, as the likely date of insolvency will directly influence whether:

- the offence of insolvent trading has been committed by the Directors or Former Directors;
- a claim for insolvent trading against the Directors or Former Directors could be pursued by the Liquidators (if appointed) and the likely quantum of such a claim;
- other potential insolvent or voidable transactions could be pursued by the Liquidators (if appointed); and
- the prospects of potential liquidator claims that will be forgone should the Group execute a DOCA and avoid liquidation scenario.

It is the Administrators' preliminary view that the Group is likely to have been insolvent from 1 June 2019, based on the following key factors.

### Profitability

- The Group reported increasing gross operating losses since FY17, culminating in a net loss after tax of \$65m in FY19.
- With the exception of April 2019, the Group incurred monthly consolidated losses between December 2018 and June 2019.
- The Group's primary source of revenue was severely impacted and compromised from late May 2019 after the JBJ force majeure notice was issued on the company in late May 2019. Subsequent negotiations failed to deliver an outcome by which the Group could continue to pay its debts as and when due.

### Asset position

- In June 2019, the Group reported a net loss of \$12.4m for the month which represents a significant increase on the average monthly losses incurred between January 2019 and May 2019 of circa \$2.5m.
- The Group maintained a net asset position in late FY19 of circa \$200m, however this appears to be sustained by capital raisings and inventory stockpiling due to the decrease in shipments.
- The Group's consolidated financial statements reported a net current liability position in June 2019, with the Group reporting a working capital deficiency of circa \$24m.

### Liquidity

- The Group's quick ratio was below 1.0 in each month since December 2018, which suggests it may not have been able to meet its debts as they became due and payable.
- The books and records of the Group indicate trade creditors were typically paid within trade terms (up to 60 days), with the majority of debts as at the date of the Former Administrators comprising debts incurred or invoiced after 1 June 2019.
- Prior to the appointment of the Former Administrators, apart from a Stamp Duty liability generated from the merger of Alita and Tawana in December 2018 (and which was not due and payable until November 2019), the Group generally met their ongoing statutory obligations as and when they fell due.
- The Group was able to raise capital of circa \$22m in May 2019 which assisted with maintaining its net asset position. The funds raised were insufficient in context of declining revenues and as demonstrated by the cash flow forecast prepared.
- Until a review event in June 2019, the Group's financial covenants with Tribeca were generally adhered to.



### 6.3.1 Indicators of insolvency

Solvency is a matter of law to be determined in light of all of the relevant facts and circumstances. Definitively determining a date of insolvency is complex and is often based on a number of factors, each of which may themselves be complex and require comprehensive consideration.

Precisely determining the date on which the Group became insolvent will require detailed investigations and enquires which cannot reasonably be undertaken by the Administrators in the time available. Accordingly, the Administrators have undertaken financial analysis and considered various indicators of insolvency to determine the likely date (or period) in which the Group became insolvent.

### 6.3.2 Profit and loss analysis

The Group reported increasing gross operating losses since FY17, culminating in a net loss after tax of \$65m in FY19 as shown in the table below:

Consolidated historical financial performance			
\$'000	FY17	FY18	FY19
Revenue	-	-	92,658
Cost of sales	-	-	(102,130)
Gross profit / (loss)	-	-	(9,472)
Interest income	35	176	272
Other income	321	-	49
Corporate and other expenditure	(5,159)	(1,310)	(61,147)
EBIT	(4,804)	(1,134)	(70.3)
Income tax	-	-	4,889
<b>Net profit / (loss)</b>	<b>(4,804)</b>	<b>(1,134)</b>	<b>(65,407)</b>

With the exception of April 2019, the Group incurred sustained consolidated losses in the months preceding the Former Administrators' appointment, as detailed in the following table:

Consolidated monthly financial performance (P&L)							
\$'000	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Revenue	-	(323)	25,955	22,203	8,316	11,961	(170)
Cost of sales	1,821	1,028	(27,184)	(25,426)	(6,084)	(12,123)	(7,287)
Gross profit / (loss)	1,821	705	(1,228)	(3,222)	2,231	(162)	(7,457)
Interest income	16	7	19	16	18	6	19
Other income	(26)	0	3	15	(0)	-	(0)
Corporate and other expenditure	(35,934)	(1,158)	(993)	(5,030)	(1,433)	(2,227)	(4,966)
EBIT	(34.1)	(0.4)	(2.2)	(8.2)	0.8	(2.4)	(12.4)
Income tax	4,939	-	-	(50)	-	-	-
<b>Net profit / (loss)</b>	<b>(29,184)</b>	<b>(445)</b>	<b>(2,200)</b>	<b>(8,271)</b>	<b>817</b>	<b>(2,384)</b>	<b>(12,404)</b>

Source: Monthly management accounts

The net loss in June 2019 of \$12.4m represents a significant increase on the average losses between January 2019 and May 2019 of circa \$2.5m.

The losses shown in the table above also highlight the Group's weak gross margin in the same period.

### 6.3.3 Net asset position analysis

As shown in the tables overleaf, the Group reported a net asset surplus since June 2017 and in the six months preceding the Former Administrators' appointment, the net asset surplus position held relatively consistent at circa \$200m.



### Consolidated historical annual balance sheet

\$'000	FY17	FY18	FY19
Current assets	6,795	22,421	62,910
Non-current assets	15,800	69,786	255,136
Total assets	22,595	92,207	318,046
Current liabilities	(7,071)	(16,538)	(86,958)
Non-current liabilities	(1,096)	(15,978)	(23,868)
Total liabilities	(8,168)	(32,516)	(110,826)
<b>Net assets</b>	<b>14,428</b>	<b>59,691</b>	<b>207,220</b>

### Consolidated monthly balance sheet

\$'000	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19
Current assets	53,973	58,241	49,032	50,778	48,430	68,459	62,910
Non-current assets	244,459	246,481	248,172	249,329	251,851	256,179	255,136
Total assets	298,432	304,722	297,204	300,107	300,280	324,638	318,046
Current liabilities	(64,021)	(72,078)	(66,499)	(37,392)	(36,872)	(40,870)	(86,958)
Non-current liabilities	(25,353)	(24,191)	(24,296)	(64,575)	(64,460)	(65,299)	(23,868)
Total liabilities	(89,374)	(96,269)	(90,794)	(101,967)	(101,332)	(106,169)	(110,826)
<b>Net assets</b>	<b>209,058</b>	<b>208,453</b>	<b>206,410</b>	<b>198,140</b>	<b>198,949</b>	<b>218,468</b>	<b>207,220</b>

Source: FY17 & FY18 audited financial statements and FY19 management accounts

Based on a review of management accounts, we make the following comments in relation to the FY19 net asset position:

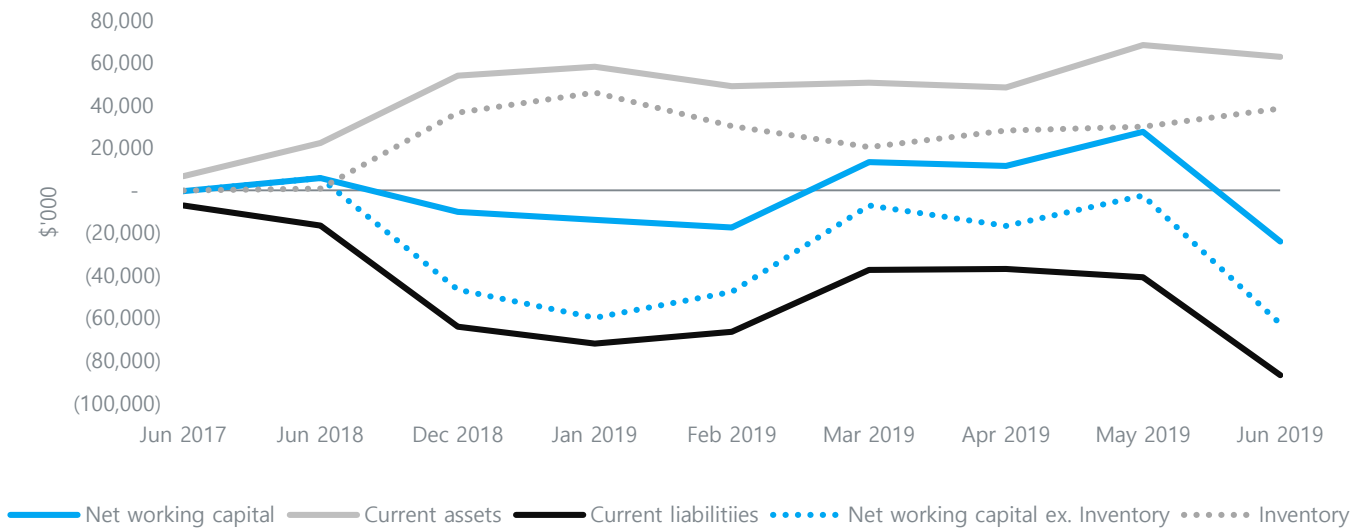
- We understand the June 2019 management accounts had not yet been finalised, nor tested for impairment. Subsequent valuations obtained by the Former Administrators indicate the Group's mining assets were materially overstated in June 2019;
- The Group was generating trading losses over this period and the consistent net asset position appears to be sustained by capital raisings and inventory stockpiling (due to the decrease and delay in shipments); and
- Non-current assets comprise circa \$73m in exploration and evaluation expenditure and \$23m in goodwill, neither of which are considered realisable.

#### 6.3.4 Working capital and ratio analysis

Other than between March 2019 and May 2019, the Group had a working capital deficiency from December 2018 to June 2019 (by which time it was \$24m).

As shown in the graph overleaf, the Group's working capital position is materially impacted by its ability to convert inventory to revenue in a timely manner as evidenced by inventory build ups in January 2019 and again in June 2019. The Group's inability to quickly convert inventory to revenue from June 2019 drives a significant deterioration in the Group's working capital position.

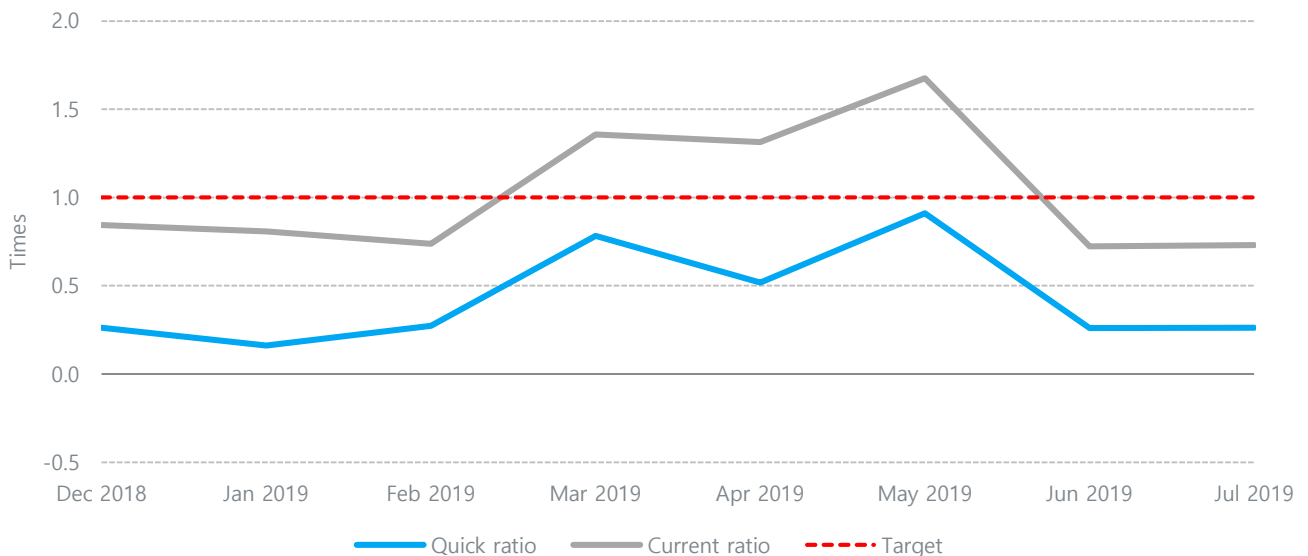
### Working capital position



Source: Management accounts

As shown in the graph below, ratio analysis conducted on the Group's monthly consolidated balance sheets shows the Group's (i) quick ratio (i.e. current asset excluding inventory) was below 1.0 in each month since December 2018 and 0.26 at June 2019, and (ii) current ratio fluctuated between 0.7 and 1.7, reaching its lowest of 0.7 in June 2019. This (i) highlights the impact of the issues with JBJ and Tribeca (where a review event resulted in the Tribeca LFA being reclassified from a non-current liability to a current liability) on the Group's liquidity, and (ii) suggests the Group did not have enough assets to pay short-term liabilities and was unlikely to be able to meet its debts as and when due.

### Ratio analysis



Source: Management accounts

### 6.3.5 Cash flow forecasts

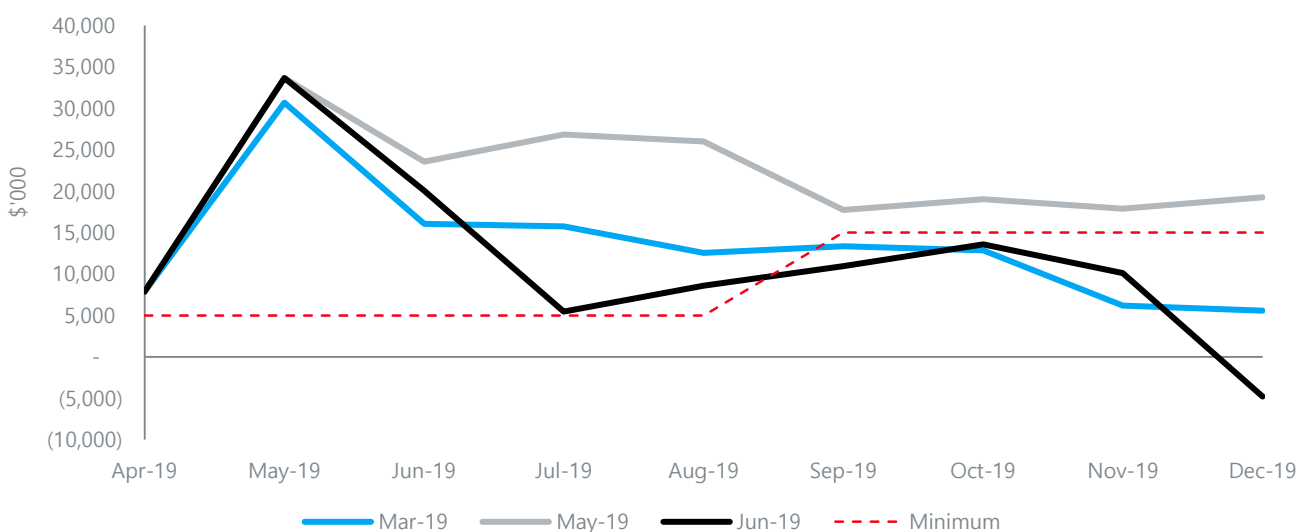
Prior to the appointment of the Former Administrators, we understand internal cash flow forecasts were prepared and provided to the board on a monthly basis, with the last cash flow forecast prepared by the Group in June 2019. As shown in the graph overleaf, there are significant differences between the March 2019 and June 2019 forecasts prepared by the Group, with the June 2019 forecast highlighting:

- the swift impact of the JBJ issues and shipment delays on cash and liquidity;

- absent support from major stakeholders, the Group would breach Tribeca’s minimum cash balance covenant of between \$5m and \$15m (from 1 October 2019);
- an equity raising for \$10m to be completed in July 2019 (refer section 6.3.8);
- significant deterioration in the September 2019 quarter;
- significant increase in net cash outflows over the period; and
- the Group would likely exhaust all cash by December 2019.

Forecast closing cash balances based on statements prepared by the Group for each month between March 2019 and June 2019, as reflected in the graph below, highlight the dependence on proceeds from the shipment of product to JBJ and the pressure caused by delayed shipments on the Group’s cash flow (i.e. the difference between May 2019 and June 2019 is material).

**Forecast closing cash**



Source: Management accounts and books and records of the Companies

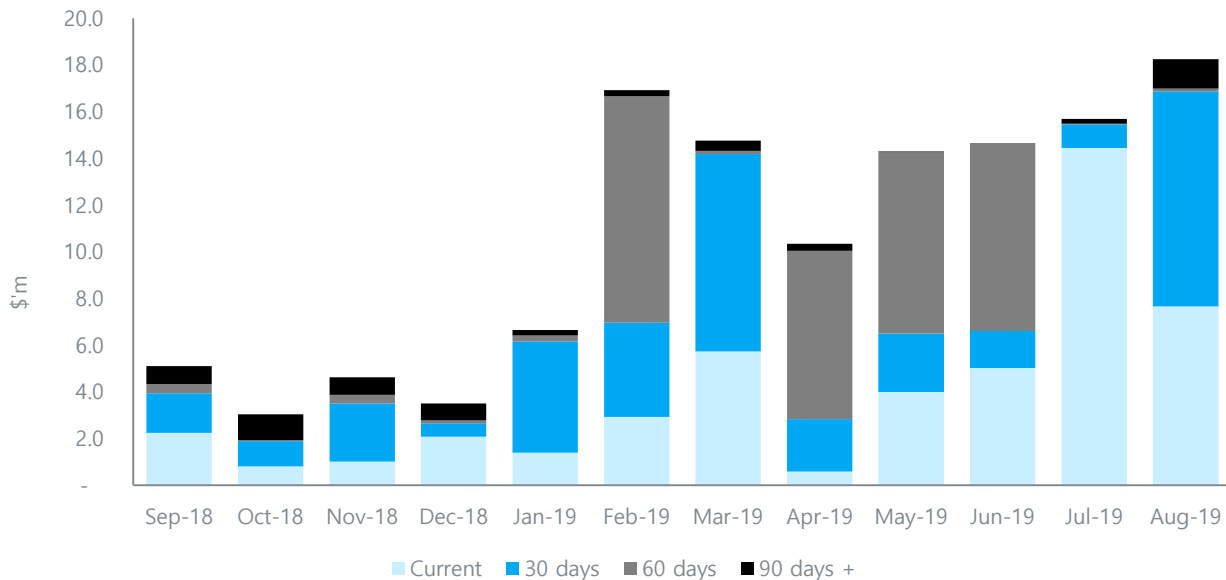
As discussed in section 6.4.4, we understand the board and Former Directors used the June 2019 cash flow as a basis for key decision making, including pursuing negotiations with JBJ for the recommencement of shipping, exploring alternate revenue streams with potential new customers and discussing and negotiating its facilities with Tribeca.

We understand that as the impacts of the delayed shipments with JBJ became apparent and the Group attempted to negotiate its facilities with Tribeca, by August 2019 the cash flow forecasts were being prepared daily at the request of Tribeca.

### 6.3.6 Trade creditor analysis

As detailed below, the books and records of the Group indicate trade creditors were typically paid within trade terms (up to 60 days), with the majority of debts as at the date of the Former Administrators comprising debts incurred or invoiced after 1 June 2019:

#### Trade creditor aging analysis



Source: extracts from books and records

### 6.3.7 Statutory liabilities review

To date, a response from the ATO to the Administrators' freedom of information request remains outstanding. However, a review of the detailed information provided by the Former Administrators indicated that prior to their appointment, the Group had generally met their ongoing ATO statutory obligations as and when they fell due.

At the date of the appointment of the Former Administrators, we understand that the Group had a potential stamp duty liability of circa \$9.0m relating to the Alita and Tawana merger in December 2018. These discussions were still in progress between each party and the amount was not yet due and payable.

### 6.3.8 Other contributing factors

In addition to the financial analysis above, the following contributing factors have been considered by the Administrators in forming a preliminary view of the Group's insolvency date.

Factor	Administrators' comments
Ability to raise capital	The Group completed a placement to (i) Galaxy on 31 May 2019 for gross proceeds of \$22.5m, and (ii) Weier Antriebe und Energietechnik GmbH on 25 July 2019 for gross proceeds of \$10m. The expected receipt of funds from Weier Antriebe und Energietechnik GmbH were reflected in the Group's June 2019 cash flow forecast.

Factor	Administrators' comments
Ability to secure funding	<p>Alita secured funding of \$40m from a consortium of lenders led by Tribeca in October 2018, with a repayment date of 1 July 2020. As noted below, in June 2019 a review event triggered various discussions regarding the restructuring of existing facilities while standstill agreements were issued in the interim, with the final agreement ultimately expiring on 29 August 2019.</p> <p>Galaxy acquired the senior secured LFA from Tribeca on 27 August 2019. Galaxy advised it did not intend to extend the standstill once it acquired the debt.</p>
Breach of covenants	<p>Other than the review event occurring in December 2018 after the Group missed production targets (which Tribeca later issued a waiver for), the Group had generally maintained its covenants, until June 2019 when underperformance of various mining KPIs further breached the Group's covenants.</p> <p>While a waiver letter was later issued by Tribeca, the breach appears to have triggered (i) an increase in the minimum cash requirement from \$5m to \$15m from 1 October 2019, (ii) a review event resulting in the Tribeca LFA being reclassified to a current liability (as reflected in the working capital analysis at section 6.3.4), (iii) various discussions with Tribeca around a solvent recapitalisation, and (iv) a number of standstill agreements with the Group obtaining relief until to 29 August 2019.</p>
Creditor demands	<p>Other than a statutory demand issued on the Group by Cape Crushing Services for circa \$1.9m in August 2019, we are not of any other demands received by the Group prior to the appointment of the Former Administrators.</p>

### 6.3.9 Date of insolvency

Having regard to the various indicators of insolvency outlined above, the Administrators consider the Group was likely insolvent from 1 June 2019.

We also highlight that this view is preliminary, and if litigation were to be pursued in respect of insolvent trading or the recovery of other insolvent transactions, further detailed investigations may be required to establish with more certainty the date on which the Group became insolvent.

## 6.4 Insolvent trading

Other than in cases of fraud, a director may only be pursued for insolvent trading if the Group is placed into liquidation at the Second Meeting.

Accordingly, the potential recovery from insolvent trading is important if creditors are being asked to choose between a DOCA and liquidation. As such, creditors have to assess the advantages to them of a DOCA (which excludes the proceeds from insolvent trading actions) compared to the likely return to them in liquidation (which could potentially include the proceeds of any successful insolvent trading action).

A liquidation also preserves the possibility of individual creditors taking action in their own right if the Liquidators do not commence an action (subject to the Liquidators' consent or the leave of the Court).

Before a Court will order that a person pay compensation in respect of insolvent trading, a liquidator must establish that:

- the person was a director of the company at the time the company incurred the debts that are the subject of the claim;
- the company was insolvent at that time the debts were incurred or became insolvent by incurring the debt;
- at that time, there were reasonable grounds for suspecting that the company was insolvent or would become insolvent by incurring the debt; and

- the debt subject of the claim was wholly or partly unsecured and the creditors to whom the debts are owed have suffered loss and damage.

#### **6.4.1 Likely respondent**

The Administrators have not identified an insolvent trading claim against the Directors appointed on 26 November 2020. The Administrators have reached this conclusion noting the short duration of their appointment (26 November 2020 to 4 December 2020) and the effectuation of the Previous DOCA in the 24 hours prior to our appointment.

Notwithstanding the above, the Administrators' preliminary investigations indicates that the Group was likely insolvent between 1 June 2019 and 28 August 2019. The respondents to any potential insolvent trading claim for this period would be limited to the Former Directors as shown in section 3.4. Other than Ming Fai Chang who ceased to be a Director of Alita on 11 July 2019, any insolvent trading claim is likely to apply to each of the Former Directors equally.

#### **6.4.2 Quantum of claim**

Quantification of an insolvent trading claim is a highly complex matter that is dependent on a number of factors. Should an insolvent trading claim be pursued by the Liquidators (if appointed), detailed investigations would be required to precisely quantify any insolvent trading claim.

The Administrators have undertaken preliminary investigations into the possible quantum of an insolvent trading claim, based on a date of insolvency of 1 June 2019 up to the appointment of the Former Administrators. Our comments at section by 6.4.8, highlight the challenges a Liquidator would likely face pursuing an insolvent trading claim. Notwithstanding this, our preliminary analysis calculates the potential insolvent trading claim the Liquidators may pursue at circa \$20m (before directly attributable costs of realisation) but after adjusting the claim for dividends received by creditors under the Previous DOCA.

We further note:

- there is a risk the Previous DOCA may impact the ability of the Liquidators to pursue an insolvent trading claim against the Former Directors, as the Former Directors may seek to raise the Previous DOCA as a defence to any claim from insolvent trading pursued by the Liquidators; and
- actual recoveries from an insolvent trading claim (if successful) may be materially lower noting the defences available to the Former Directors.

We note this preliminary calculation differs to the calculation by the Former Administrators, however additional detailed investigations are required to further substantiate this claim, including consideration of (i) whether any defences are available to the Former Directors, and (ii) the financial capacity of the Former Directors to respond to any insolvent trading claim that may be pursued by the Liquidators.

#### **6.4.3 Safe harbour**

In addition to statutory defences, safe harbour provisions under section 588GA of the Act provide additional protection for directors against insolvent trading claims. This legislation was introduced to encourage directors, in circumstances where their company's solvency is in question, to formulate and take courses of action that expects to result in a better outcome than the immediate appointment of an administrator or liquidator.

The protection is available in circumstances where, as soon as the director suspects the company was or could become insolvent, they engaged in activities that were reasonably likely to lead to a "better outcome" for the company, and any new debts from that time were incurred directly or indirectly in relation to those activities.

The Administrators have considered the actions taken by the Former Directors prior to the Previous Administration and formed a preliminary view that it is unlikely the Former Directors would be able rely on exceptions to potential insolvent trading liability under section 588GA of the Act.

#### **6.4.4 Defences**

There are various defences available to a director in relation to an insolvent trading claim. In summary they are:

- the director had reasonable grounds to suspect that the company was solvent;
- the director had reasonable grounds to believe or did believe that a competent reliable person was responsible for providing adequate information on the company's solvency and that person fulfilled the responsibility and the

director believed that at the time the debt was incurred, and considering the other debts existing at that time, the company was solvent and remained solvent;

- the director was ill (and therefore did not take part in management of the company) at the time the debt was incurred; and
- the directors took reasonable steps to prevent the debt being incurred.

Based on the Administrators' preliminary review of the affairs of the Group to date, the Former Directors may be able to rely on various defences available under the Act, as well as put forward various mitigating factors to reduce the quantum of any liability. Such defences and/or mitigating factors could include:

- from late May 2019 to early August 2019, negotiations with JBJ were on foot and there was a reasonable prospect that an outcome would be reached in the short term and would quickly result in the resumption of shipping and resolve cash flow concerns;
- from June 2019 to August 2019, the Former Directors actively sought alternative customers and revenue sources and there was a reasonable prospect that the Group might succeed, which may have generated the requisite revenue for operations to continue;
- on this basis it could be argued that placing the Group in administration before having sought to negotiate an outcome with JBJ or alternative offtake partner would have been premature;
- parallel to negotiations with JBJ and other potential new customers, the Group was in discussions with Tribeca regarding the restructuring of its existing facilities. Although these were ultimately unsuccessful, the prospects appeared reasonable and would have resulted in increased working capital and improved the classification of its material liabilities;
- the Group's financial statements suggest that operations could have continued on the resumption of shipments to JBJ (or another party) combined with a reasonable sized capital injection. While the Group did manage to raise funds in July 2019 (suggesting other parties identified with the Group continuing as a going concern), the funds were ultimately insufficient in the absence of an alternative customer and revenue stream;
- the Group did not appear to favour one creditor over another, rather the large majority of creditors that participated in the Previous DOCA had claims for services rendered or invoiced after 1 June 2019; and
- the long term contracts entered into by the Group for mining and mining services meant the Group was exposed to (i) the accrual of material debts in a relatively short term, and (ii) material claims for damages should operations be shut-down, either on a temporary or permanent basis. Accordingly, it appears the Former Directors were conscious of incurring damages claims unnecessarily and prematurely jeopardising the future of the Group.

#### 6.4.5 Other factors

Prior to commencing any proceedings should a claim be identified in liquidation, further investigations would need to be undertaken in relation to the matters referred to above. Those investigations will incur significant costs and the costs of any proceedings would also be material.

Any potential insolvent trading claim must be considered in light of:

- the financial capacity of the defendants to meet any successful judgement (discussed further at section 6.4.6);
- the impact of the Previous DOCA on the quantum and strength of an insolvent trading claim (refer section 6.4.8);
- the availability of funding to pursue the litigation. Should funding not be available then litigation funding would be necessary, which would likely erode the net return from litigation. In the absence of appropriate funding (whether litigation funding or otherwise), even the strongest claim could not be successfully prosecuted;
- the costs of litigation, which in respect of insolvent trading actions, can be significant and erosive to the net return;
- general litigation risk, whereby any matter heard by the Court is subject to a level of risk that the claim will not be established or that a defence will be sustained; and
- the time taken to further investigate and prosecute the action, which if defended would likely exceed 12 months.

#### 6.4.6 Financial capacity of likely respondents

Preliminary investigations and review of publicly available information indicates the Former Directors have some assets to meet any insolvent trading claim, including the following property holdings:

Former Directors' land holdings			
Title	Street and suburb	Proprietor	Mortgagee
Lot 25 on DP 37458	Talia Dr, Stirling WA	Mark Andrew Calderwood	nab
Lot 3 on SP 62246	Thor St, Innaloo WA	Mark Andrew Calderwood	nab
Lot 194 on DP 70347	Morell Rd, Fairbridge WA	Mark Andrew Calderwood	None
Lot 764 on Plan 16770	Fairway Cir, Connolly WA	Mark Barlow Turner	CBA
Lot 16 on Plan 22675	Jarrah Knoll Pl, Quindalup WA	Mark Barlow Turner	CBA
Lot 15 on DP 91884	Wisteria Dr, Quindalup WA	Mark Barlow Turner	None
Lot 9 on RP 95633	Deerhurst Rd, Brookfield QLD	Robert Scott Vassie	None

We note:

- the estimated realisable value of the above properties is likely inadequate to meet the identified claim, particularly noting the mortgages registered against the properties;
- have undertaken director and company searches and identified that two of the Former Directors have shareholdings in two separate private companies, however these are not believed to be of material value;
- three of the Former Directors have been identified as overseas residents and the Administrators have not identified material assets for the remaining Former Directors; and
- our investigations are preliminary and would require further analysis should the Group be placed in liquidation.

#### 6.4.7 Directors and officers policy

Our preliminary review indicates that the Group had a Directors and Officers' insurance policy in place prior to the Former Administrators' appointment covering the period from 4 December 2018 to 30 November 2019. Our initial review suggests that the limit of liability under the policy is aggregated and capped at \$10m for all claims made under the policy, including those potential claims discussed at section 6.7.

We understand that before the policy expired, the Former Administrator notified the relevant insurer of a potential claim made under the policy on two occasions between September 2019 and November 2019.

While further investigations would be required and insurance matters of this nature are complex, we have formed the preliminary view that the Directors' and Officers' policy would likely respond to any successful claim for insolvent trading up to a maximum amount of \$10m.

#### 6.4.8 Impact of prior insolvency appointments

We have considered the impact of the previous insolvency appointments on a Liquidators ability to pursue an insolvent trading claim against the Former Directors. In particular, the Administrators have considered whether Liquidators of the Group would be able to commence an insolvent trading claim against the Former Directors noting the effectuation of the Former DOCA immediately before the Administrators' appointment.

As mentioned at section 6.4.2, our preliminary analysis indicates the Previous DOCA may impact the claim a Liquidators may be able to bring, noting:

- the insolvent trading claim would be reduced by any dividend to creditors from the Previous DOCA; and
- the Former Directors may seek to raise the Previous DOCA as a defence to any claim for insolvent trading pursued by the Liquidators.

It is widely accepted that where a DOCA proposal is accepted and later effectuated (and the company returns to the control of its directors, who recommence operations), creditors waive any entitlement to recoveries which a liquidator would pursue if the company had been placed in liquidation.

Notwithstanding the above, the Administrators have considered whether a liquidator could pursue an insolvent trading claim against the Former Directors if it is resolved to wind up the Group at the Second Meeting. While there is uncertainty,



for the following reasons, the Administrators consider there is the potential for a liquidator to pursue an insolvent trading claim against the Former Directors:

- A claim for insolvent trading is a Group claim against the Former Directors, which can be brought by the liquidator.
- Any monies recovered from the Former Directors from an insolvent trading claim is payable as a debt due to the Group. The nature of the compensation is that it represents the loss suffered by the creditors by reason of the insolvent trading, but it is not a recovery of the creditors' debts.
- The Previous DOCA compromised and released the creditors' claims as at the relevant date against the Group. Following this release, the creditors no longer have any claim or entitlement to payment from the Group, and as such no basis to prove for or share in any monies subsequently received by the Group in liquidation as a compensation payment by the Former Directors (i.e. creditors whose claims were compromised by the Previous DOCA would not have any right to prove in a scenario where a liquidator successfully pursued an insolvent trading claim).
- The Previous DOCA did not release the Group's statutory right to sue in liquidation for insolvent trading against the Former Directors.
- Should compensation be received by the Group in relation to the insolvent trading claim, it would be available for the benefit of the Group's current creditors (not the creditors who claimed under the Previous DOCA). Noting the claims of Austroid were not released under the Previous DOCA and Austroid is the Group's only creditor, any recoveries from the Liquidators insolvent trading claim would be available to repay Austroid's debt.

Notwithstanding the comments above, the Administrators consider a liquidator could face significant challenges in pursuing a successful insolvent trading claim, as:

- The terms of the Previous DOCA have been fully performed, with all creditors converted to beneficiaries of the creditors trusts and paid their distributions and the Previous DOCA certified as fully effectuated.
- The Former Directors may seek to raise the Previous DOCA as a defence to any claim for insolvent trading taken by the Liquidator.

#### **6.4.9 Conclusion on Insolvent Trading**

While the quantum of insolvent trading claim against the Former Directors identified in our preliminary analysis is material, we note:

- the Former Directors may be able to rely on various defences available under the Act, as well as contend various mitigating factors;
- our preliminary analysis suggests the financial capacity of the Former Directors to meet a successful judgement is limited absent a response from the Directors and Officers insurance policy;
- there is a risk the Previous DOCA may impact the ability of the Liquidators to pursue an insolvent trading claim against the Former Directors;
- further compounding the litigation risk, the potential costs of litigation are likely to be significant and would require appropriate funding, both of which would have an erosive effect on the net return; and
- having regard to the factors above, we have assumed a nil recovery in our low scenario and a recovery of \$10m in our high scenario, reflecting the limit of the Directors and Officers insurance policy. The preferred value ascribed in our ERV is nil.

### **6.5 Voidable transactions**

In the event that the Group is placed into liquidation at the Second Meeting, certain transactions that occurred at a time when the Group was insolvent (or caused the Group to become insolvent) and/or where the property of the Group was disposed of or dealt with inappropriately, may be recovered by the Liquidators under Part 5.7B of the Act.

This may result in, among other things, a requirement for a third party to return property to the Group and thereby increase the assets available to the Liquidators and creditors. These are known as voidable transactions.

Corporations Regulation 5.3A.02 requires the Administrators to specify whether there are any transactions that appear to the Administrators to be potentially voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

As with insolvent trading, this is a relevant consideration for creditors considering a DOCA as voidable transactions are only recoverable in liquidation. Accordingly, creditors must assess the advantages to them of a DOCA (which does not include recoveries from voidable transactions) compared to the likely return to them in a liquidation (which could include recoveries from voidable transactions).

Voidable transactions may include:

- Unfair preference claims: transactions between the Group and its creditors, resulting in an unsecured creditor receiving a greater amount than it would have received in a winding up. These transactions must have occurred when the Group was insolvent or have caused the Group to become insolvent and occurred within six months prior to the appointment (or Relation Back Period), being 4 June 2020;
- Uncommercial transactions: being transactions which a reasonable person in the place of the Group would not have entered into, taking into account the benefits and the detriment to the Group, the respective benefits to the other parties involved and any other related matters. These transactions must have occurred when the Group was insolvent or have caused the Group to become insolvent;
- Unfair loans: being a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Group at any time prior to the Administrators' appointment may potentially be overturned by the Liquidators, whether or not the Group was insolvent when the loan was entered into (or any time thereafter); and
- Unreasonable director-related transactions: being transactions made to or on behalf or for the benefit of a director, or a close associate, which a reasonable person in the place of the Group would not have entered into, taking into account the benefits and the detriment to the Group, the respective benefits to the other parties involved and any other related matters and whether or not the Group was insolvent when the transaction was entered into (or subsequently became insolvent).

To the extent that information has been available, the Administrators have conducted preliminary investigations and have not identified any potentially voidable transactions, which may increase the funds available to creditors of the Group in the event of liquidation.

### 6.5.1 Unfair preference payments

Pursuant to section 588FE of the Act a transaction constitutes an unfair preference if:

- an entity in the Group and the creditor are parties to the transaction;
- the transaction results in the creditor receiving from the Group, in respect of an unsecured debt, more than the creditor would receive if the transaction were set aside and the creditor were to prove for the debt in a winding up;
- the payment was made within six months prior to the Administrators' appointment to the Group (**Relation Back Period**), on 4 December 2020;
- the transaction resulted in the creditor receiving, more than the creditor would have received in a winding up; and
- the transaction is an insolvent transaction, having occurred at a time when the Group was insolvent or caused the Group to become insolvent.

The Relation Back Period is determined by the date of the Administrators' appointment (not the Former Administrators appointment). Accordingly, the Administrators have only considered transactions incurred during the period 4 June 2020 to 4 December 2020. During this period, the Former Deed Administrators were appointed to the Group.

The Former Deed Administrators were liable for debts incurred during the period of their appointment. Payment of these liabilities do not constitute potential unfair preference payments.

The Former Deed Administrator confirmed no payments were made to creditors relating to balances outstanding on the appointment of the Former Administrators, excluding dividends to creditors via the creditors trusts.

Accordingly, the Administrators consider there are no potential unfair preference payments which may increase the funds available to creditors of the Group in the event of liquidation.

### **6.5.2 Uncommercial transactions**

Pursuant to section 588FB of the Act a transaction constitutes an uncommercial transaction if the Group entered into a transaction which it may be expected that a reasonable person in the Group's circumstances would not have entered into.

Our preliminary investigations have only identified one potentially uncommercial transaction being the execution of the DOCG on 27 June 2019. The Administrators understand that the Directors executed the DOCG to reduce the ongoing financial reporting obligations of Alita's subsidiaries, however the Administrators note that the effect of the DOCG (being to hold all entities within the Group collectively liable for all debts incurred by the Group) may have prejudiced some or all of the creditors of the Group.

In the ordinary course, the Administrators would undertake to quantify the potential loss to creditors of each respective company within the Group resulting from the execution of the DOCG. In the event a loss to creditors was identified and the Liquidators were satisfied the execution of the DOCG constituted an uncommercial transaction, the Liquidators could seek to have the transaction set aside.

However and as outlined in section 6.4.4, the effectuation of the Previous DOCA transferred the majority of creditors' claims existing on the appointment of the Former Administrator to the creditors trusts, thereby extinguishing their claim against the Group. As a result, the Administrators do not expect there would be any effect on the outcome to the remaining creditors of the Group if a liquidator sought to set aside the execution of the DOCG. Accordingly, the Administrators have not attributed any realisable value to this transaction in a liquidation scenario.

## **6.6 Funding to pursue insolvent trading, voidable transactions or company officers**

Any creditor with an interest in funding ongoing investigations and potential litigation in the liquidation of the Group should contact the Administrators/Liquidators at the earliest opportunity.

## **6.7 Breach of Directors' duties**

Sections 180 to 184 of the Act sets out the duties, obligations and responsibilities imposed on directors, which are designed to promote good governance and ensure that directors act in the interests of a company. These duties include:

- duty of care and diligence;
- duty of good faith;
- duty not to make improper use of position; and
- duty not to make improper use of information.

The Administrators' preliminary investigations have identified two possible instances whereby the actions of the Former Directors may have resulted in a breach of directors duties, being:

- failure to comply with continuous disclosure obligations following inadequate disclosure of the material issues with the Group's offtake agreement with JBJ and the resulting impact on revenue and working capital of the Group; and
- potential inappropriate use of position and information following Mr Turner's sale of shares (announced on 19 June 2019) following the Group receiving notice of the material issues with the offtake agreement with JBJ.

The Administrators have considered the ability of a Liquidator to pursue a claim against the Former Directors for the breaches of directors' duties. In order to pursue a claim, a Liquidator would be required to demonstrate the loss suffered by the Group arising from the breach.

Based on the Administrators' investigations to date, we have not identified any loss to the Group arising from the breach. The Administrators further consider that if it was argued the loss was the additional credit advanced to the Group during the non-disclosure period, this would be representative of the insolvent trading claim discussed in section 6.4.2. The Administrators note that although a Liquidator would have an ability to take a claim against the Former Directors for both the insolvent trading claim and the breach of duties, the Liquidators could only claim financial compensation once for the same loss. Furthermore, where a Liquidator sought compensation from the Directors and Officers policy, noting the aggregate policy limit of \$10m would be consumed by the insolvent trading claim, we have ascribed no value to this breach in our ERV.

## 7 Estimated return to creditors

Set out in this section is the Administrators' comparative analysis of the estimated net surplus/deficiency to creditors in a liquidation scenario compared to the estimated outcome to the Group post effectuation of the Austroid DOCA Proposals. The Administrators have presented the estimated net surplus/deficiency in a liquidation scenario to creditors on a consolidated basis noting:

- Austroid is the only identified creditor of the Group, as outlined in section 4.4.4;
- Austroid's debt is secured against all of the assets of the Group pursuant to the General Security Deed executed on 28 November 2019; and
- both the Parent DOCA and the Subsidiary DOCA are interdependent.

## 7.1 Liquidation scenario

Set out in the table below is the Administrators' estimate of the estimated outcome in a liquidation scenario.

Liquidation estimated outcome statement				
\$'000	Section	Administrators' ERV		
		Low	Preferred	High
<b>Asset subject to Receivers' appointment</b>				
Bald Hill Mine	4.4.1.1	23,400	32,800	42,400
Inventory - consumables	4.4.1.2	283	425	567
Interest in Cowan Lithium	4.4.1.2	200	275	350
<b>Total asset subject to Receivers' appointment</b>		<b>23,883</b>	<b>33,500</b>	<b>43,317</b>
<b>Less: forecast costs of realisation</b>				
Receivers' fees, disbursements and legal costs (estimate)		(750)	(1,000)	(1,250)
Receivers' realisation costs (estimate)		(400)	(650)	(1,000)
Estimated surplus available to secured creditor from Receivers' realisations (A)		22,733	31,850	41,067
<b>Assets subject to Liquidators' appointment</b>				
Cash on hand from secured creditor funding		385	-	385
Insolvent trading claim	6.4.6	-	-	10,000
Uncommercial transactions	6.5.2	-	-	-
<b>Total assets subject to Liquidators' appointment</b>		<b>385</b>	<b>-</b>	<b>10,385</b>
<b>Less costs of realisation</b>				
Administrators' fees, disbursements and legal costs		(344)	(344)	(344)
Liquidators' fees, disbursements and legal costs		(500)	(750)	(1,500)
Estimated surplus/(deficit) available to secured creditor from Liquidators' realisations (B)		(459)	(1,094)	8,541
<b>Estimated distributions to secured creditor (A+B)</b>		<b>22,733</b>	<b>31,850</b>	<b>49,608</b>
<b>Less: secured creditor debt</b>				
Estimated secured debt at appointment		(47,893)	(47,893)	(47,893)
Secured creditor loan to Administrators'		(385)	-	(385)
<b>Estimated surplus/(deficit) to secured creditor debt</b>		<b>(25,545)</b>	<b>(16,043)</b>	<b>1,330</b>

The Administrators make the following comments regarding the estimated outcome for creditors in liquidation:

- Estimated realisations for the Bald Hill Mine are uncertain. The asset has not produced for more than 12 months and although SRK ascribed a value range of between \$23.4m and \$42.4m in the low and high scenarios, actual recoveries may be substantially less.
- The sale of the mining assets in a liquidation scenario and removal of the assets from site may incur significant rehabilitation costs which would likely erode the value realised.
- The time required to realise the mining assets is unknown and a long realisation process may result in additional uncertainty (and associated costs) to creditors.
- The Receivers' fees and realisation costs have been estimated by the Administrators and may vary significantly to the estimated amounts noting the range of external selling agents and contractors which would be required to realise and safely remove the assets from site (or achieve a sale in-situ via a sale process).

- The estimated realisable value from Liquidators recoveries are nil in the low scenario and unknown in the high scenario. For illustrative purposes, the Administrators have ascribed a value of \$10m to the insolvent trading claim in the high scenario representing the limit to which the Directors and Officers insurance policy can respond. Noting a Liquidator would be unfunded to pursue this claim, the Liquidator would be required to explore litigation funding which is likely to be challenging noting the defences available to the Former Directors (detailed in section 6.4.4). If litigation funding was secured, the estimated costs (including the success fee payable to any funder) to pursue the claim would be material and may erode the small estimated surplus in the high scenario in full.
- The estimated secured debt in the ERV is stated at 4 December 2020. The LFA is in default and is accordingly subject to an annual interest rate of 7%. If asset realisations were delayed and recoveries from an insolvent trading claim defended, monthly interest of circa \$280k would accrue, further eroding the estimated return.
- On balance and notwithstanding the estimated surplus of \$1.3m after repayment of Austroid's debt in the high scenario, the Administrators consider it unlikely Austroid will be repaid in full in any liquidation scenario.
- **The Administrators do not recommend the Group be placed in liquidation at the Second Meeting** noting:
  - the Administrators consider it unlikely Austroid will be repaid in full in a liquidation scenario; and
  - Austroid is the Group's only creditor and the proponent of the DOCA.

## 7.2 DOCA scenario

The Administrators have assessed the estimated shortfall to the creditors of Alita against the likely outcome in a DOCA scenario. The Administrators' preferred outcome in a liquidation scenario results in a shortfall to Austroid of circa \$16.0m.

Rather than seeking a cents in the dollar return via liquidation, the Austroid DOCA Proposals intend to convert Austroid's debt into an equity position in the Group and assume ownership of the Group in a restructured capacity. The restructure will provide the Group with the platform and future funding to re-commence operations.

The Administrators recommend accepting the Austroid DOCA Proposals noting:

- the Group's only creditor is unlikely to be repaid in full in a liquidation scenario;
- the Group's only creditor has proposed the DOCA and is likely to be the only impacted party;
- the Group's only creditor is converting a significant portion of its debt to equity in exchange for assuming control of the Group;
- funding is being provided to re-commence operations; and
- it achieves the objectives of the voluntary administration process via saving the business of the Group.

## 7.3 Conclusion

The Administrators consider the DOCA Proposals provide more certain and timely process to enable the Group to continue operations following a successful restructure in comparison to the net deficiency to the secured creditor's debt resulting from the liquidation of the Group.

## 8 Alternative courses of action and the Administrators' recommendations

The Administrators are required to provide creditors with a statement of their opinion about each of the courses of action in respect of which creditors are entitled to vote at the Second Meeting.

The matters requiring the Administrators' opinion are:

- whether it would be in the creditors' interest for the Group to execute a DOCA (should one be proposed); or
- whether it would be in the creditors' interest for the administration to end with control of the Group reverting to the Directors; or
- whether it would be in the creditors' interests for the Group to be wound up.

In addition, creditors may resolve to adjourn the Second Meeting for up to 45 business days, however this is a temporary postponement only and not an ultimate outcome from Administration.

For the reasons that follow, the Administrators recommend that creditors of the Group accept the Austroid DOCA Proposals.

### 8.1 Administration to end

Creditors may consider ending the administration and returning the control of the Group to the Directors. Generally, such an outcome is only appropriate if the Group is found to be solvent or is otherwise restructured and returned to solvency whilst in Administration.

**The Administrators do not recommend that the Administration end and control be returned to the Directors noting the Group is expected to remain insolvent.**

### 8.2 DOCA

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up. A DOCA binds all unsecured creditors, even if they voted against the proposal.

The Austroid DOCA Proposals are viable and the creditor of the Group will need to separately consider and, if deemed appropriate, approve both the Parent DOCA and the Subsidiary DOCA for them to become effective.

The key commercial terms of the draft Austroid DOCA Proposals are set out in the documents at Appendix 4 and summarised in section 5. We expect these documents will be finalised and agreed ahead of the Second Meeting.

**In considering the key benefits and disadvantages of the Austroid DOCA Proposals as against liquidation which are set out at section 7.2, the Administrators recommend that the creditors of the Group accept the Austroid DOCA Proposals, and the relevant DOCA's be executed as soon as practical noting this outcome provides a better outcome to creditors and achieves the objectives of the Administration regime.**

### 8.3 Group be wound up or companies be wound up independently of each other

Liquidation is generally recommended when no DOCA proposal has been received or where a DOCA proposal received does not provide for a better return to creditors, or is subject to unacceptable risks.

The advantages and disadvantages of liquidation for the creditor of the Group is outlined at section 7.1.

**The Administrators do not recommend that either the Group or the Companies should be wound up.**

### 8.4 Adjournment of Second Meeting

Although not an ultimate outcome that can be recommended, the Administrators do not consider that there is any benefit or utility in creditors adjourning the Second Meeting for an additional period as significant work to explore all possible outcomes has already been undertaken and all possibilities exhausted and doing so is only likely to increase costs.

## 9 Remuneration

We enclose a detailed report of our remuneration, called a Remuneration Report.

The remuneration of the Administrators will be considered at the meeting of creditors convened for 23 December 2020.



Information on the creditors meeting and proposed remuneration is enclosed.

Dated: 16 December 2020



Rob Kirman  
*Administrator*

*Appendix 1: Administrators' DIRRI*

*Appendix 2: Tenement searches*

*Appendix 3: Directors' ROCAP*

*Appendix 4: Austroid draft DOCA Proposals and related documents*



Appendix 1 – Administrators’ DIRRI



## **Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 147 393 735

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 612 726 922

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 085 166 721

**(collectively "Alita Group" or "the Companies")**

The purpose of this document is to assist creditors with understanding any relationships that the Administrators have and any indemnities or upfront payments that have been provided to the Administrators. None of the relationships disclosed in this document are such that the independence of the Administrators is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in our independence and, if not, can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our partners, the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

### **A. Independence**

We, Robert Kirman and Robert Brauer, of the firm McGrathNicol have undertaken an assessment of the risks to our independence prior to accepting the appointment as Administrators of the Alita Group in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

### **B. Declaration of Relationships**

#### **B1. Circumstances of appointment**

This appointment was referred to us by Lavan, solicitors acting for Austroid Corporation (**Austroid**), the Alita Group's secured creditor from 2 December 2020, and China Hydrogen Energy Limited (**CHEL**), the Alita Group's secured creditor up to 2 December 2020 when the debt was assigned to Austroid. Lavan provides legal advice from time to time to assist McGrathNicol's restructuring and advisory projects and Lavan periodically refer engagements to McGrathNicol. We believe this referral does not result in a conflict of interest or duty because:

- the referral is unconditional;
- these engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders;
- McGrathNicol has not undertaken any previous work or had prior involvement with the Alita Group either on referral from Lavan or otherwise;
- each professional engagement referred by Lavan in relation to a particular entity is conducted on an entirely separate bases which has no bearing on this appointment; and
- referrals from lawyers, accountants and other professional advisers are commonplace and don't impact our independence in carrying out our duties as Administrators.



On 18 November 2020, Robert Kirman received a phone call from Lavan, acting as solicitors for CHEL, to discuss the Alita Group's ongoing Deed of Company Arrangement (**DOCA**) and the potential options for the Companies. Later that day, Robert Kirman attended a meeting with representatives from Lavan and Liatam Mining Pty Ltd (**Liatam Mining**), both acting as advisors to CHEL, to discuss:

- the current status of the DOCA for the Alita Group;
- the potential need for plan B voluntary administrators following the effectuation of the DOCA; and
- generally discussing the Alita Group's financial position.

On 19 November 2020, Robert Kirman attended a meeting with representatives from Lavan, Liatam Mining and PCF Capital, all acting as advisors to CHEL to discuss similar matters as at the meeting on 18 November 2020.

On 2 December 2020, Robert Kirman and a senior staff member at McGrathNicol, attended a meeting with representatives from Liatam Mining and PCF Capital, acting as advisors for Austroid, to discuss similar matters as at the meeting on 18 November 2020.

On 4 December 2020, Austroid appointed Rob Kirman and Rob Brauer as Administrators of the Alita Group.

These meetings did not involve any consideration of the effectiveness or validity of the security held by Austroid and we understand they have separate legal representation in relation to this issue.

We received no remuneration for attending these meetings or for the advice provided.

In our opinion, these meetings do not affect our independence for the following reasons:

- It is recognised by the Courts and Australian Restructuring, Insolvency and Turnaround Association's (**ARITA**)'s CoPP that advice on the insolvency process and available options is necessary and does not amount to an impediment to accepting an appointment;
- It is recognised by the Courts that developing an evolving contingency plan for the potential voluntary administration is appropriate and does not represent a threat to the independence of the potential appointees should the appointment proceed; and
- The nature of the advice provided was such that it would not be subject to review and challenge during the course of the Administration. Nor would the advice influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administration in an objective and impartial manner.

We have provided no other information or advice to the Alita Group, CHEL, Austroid and its advisors prior to our appointment beyond that outlined in this DIRRI.

## **B2. *Prior professional services to the Insolvent***

Neither we, nor our firm, have provided any professional services to, or in relation to, the Alita Group in the previous 24 months.



**B3. Relevant Relationships (excluding professional services to the Insolvent)**

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
KPMG	<p>Andrew Smith, Martin Jones and Matthew Woods, partners at KPMG, were appointed Receivers and Managers of the Alita Group for the period from 29 August 2019 to 29 November 2019.</p> <p>KPMG undertakes accounting and taxation advisory services from time to time on instructions from McGrathNicol.</p>	<p>We believe this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none"> <li>▪ Each professional engagement undertaken by KPMG in relation to a particular entity or group of entities for McGrathNicol insolvency appointments is conducted on an entirely separate basis which has no bearing on this appointment.</li> <li>▪ These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.</li> </ul> <p>Given these factors, our independence in acting as voluntary administrator of the Alita Group has not been affected.</p>

**B4. Group appointments**

As specified on page one of this Declaration, the Administrators have been appointed as Administrators of three companies within the Alita Group.

The Administrators are of the view that the appointment to the group of companies will have significant benefits to the conduct of the administration, including cost-savings and enabling an as accurate as possible view to be obtained of the activities and financial position of the companies as a whole. The Administrators understand that the inter-company loans between the entities within the Alita Group were extinguished on effectuation of a Deed of Company Arrangement prior to our appointment. To the extent the inter-company loans are continuing or are expected to continue in the future, the Administrators are not aware of any potential conflicts of interest arising from the appointments over the various group members. However, to the extent it becomes apparent that pre-appointment dealings between companies in the group may give rise to a conflict which may impact the outcome for creditors of a particular company, then the Administrators undertake to disclose any such conflicts to the creditors and, as appropriate, seek Court directions regarding how to resolve the potential conflict.

**B5. No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Alita Group, an associate of the Alita Group, a former insolvency practitioner appointed to the Alita Group or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of the Alita Group's property that should be disclosed.



**C. Indemnities and up-front payments**

We have been provided with the following loan facility agreement for remuneration and expenses incurred in the conduct of this administration:

Name	Relationship with the Alita Group	Nature of indemnity or payment
Austroid	Secured creditor of the Alita Group	<p>The Administrators executed a Loan Facility Agreement with Austroid on 7 December 2020 to provide funding up to \$5.0 million to the Administrators primarily for the payment of the Administrators' costs, expenses including legal fees and remuneration.</p> <p>Conditions of the funding being (i) the funding be unsecured, (ii) funding be limited recourse to the assets of the Alita Group only, and (iii) funding be drawn down in accordance with required notice provisions and approved purpose.</p> <p>The Administrators have obtained approval from the Court in relation to the limited recourse aspect of the funding.</p> <p>To the extent they are available for this purpose, a request for funds under the Loan Facility Agreement will not be made to meet our remuneration until such time that it is approved as required by the Corporations Act 2001.</p>

This does not include statutory indemnities. We have not received any other indemnities or up-front payments that should be disclosed.

Dated: 9 December 2020

.....  
**Robert Kirman**

.....  
**Robert Brauer**

Note:

If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors. For Creditors' Voluntary Liquidations and Voluntary Administrations, this document and any updated versions of this document are required to be lodged with ASIC.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.

## Appendix 2 – Tenements

Key tenements				
Tenement type	Alita	Lithco	Tawana	Total
Exploration	12	-	-	12
Mining	6	-	-	6
Prospecting	7	-	-	7
General	1	-	-	1
Miscellaneous	3	1	-	4
Retention	1	-	-	1
<b>Total</b>	<b>30</b>	<b>1</b>	<b>-</b>	<b>31</b>

*Source: Department of Mines, Industry Regulation and Safety*

Appendix 3 – Directors’ ROCAP



**ASIC**  
Australian Securities &  
Investments Commission

Office only box

Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download **INSTRUCTIONS Part A (Form 507) and Part B***

*[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)*

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



# External Administrator use only

## External Administrator (lodging party)

McGrathNicol

Organisation

336852

ASIC Registered Liquidator number (if applicable)

Rob Kirman

Name of External Administrator

Contact person

Sam Saker

Phone number during business hours

(08) 6363 7634

Address

Street number and name

GPO Box 9986

Suburb/City

Perth

State/Territory

WA

Postcode

Please tick appropriate box.

Receiver and Manager

507G

Appointment date

/ /

Managing Controller of property

507H

Date person took control

/ /

Controller

507F

Date received Report

/ /

Liquidator/Provisional Liquidator appointed by the court

507C

Date received Report

/ /

Liquidator – creditors' voluntary winding up

507D

Date received Report

/ /

Voluntary Administrator

507K

Date received Report

11 / 12 / 2020

## Make up the Report as at the following dates

### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

### CONTROLLER – S429(2)

The control day.

### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

## Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

- a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or  
 b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

#### END OF EXTERNAL ADMINISTRATOR SECTION

## Director to complete

for Director(s), Secretary, Managing Controller or other relevant person

- A1** Return this Report to the External Administrator by the date the Administrator has shown below.  
 (Not applicable to managing controllers)

11 December/2020 /

- A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

- Yes The **INSTRUCTIONS** explain:
- why you received this Report
  - your role in completing it
  - how to complete it.

- A3** Name of the Company under external administration  
 Alita Resources Limited

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 147 393 735

Street number and name

Level 3, 20 Parkland Rd

Suburb/City

Osborne Park

State/Territory

WA

Postcode

6017

Registered office

Street number and name

As above

Suburb/City

State/Territory

Postcode

Principal place of business

Street number and name

As above

Suburb/City

State/Territory

Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City

State/Territory

Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

- No Go to Question **A5**
- Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

- No Go to Question **A6**
- Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

- No Go to Question **A7**
- Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

Bank accounts

- No
- Yes

Motor vehicles

- No
- Yes

Plant and equipment

- No
- Yes

Inventory

- No
- Yes

Real property

- No
- Yes

Other assets

- No
- Yes

Does the Company hold property on trust?

- No
- Yes

Is the Company a trustee of a superannuation fund?

- No
- Yes

If you ticked NO to all the items, explain why the Company has no assets.

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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

- No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

- Yes Go to Question **A9**



## A9 Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.

**READ INSTRUCTION A9.** It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3**.

The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

❖ I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name

David Pile

Position

Director

Signature



Date

11 December 2020

## A10 Declaration by Managing Controller



In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name

Signature

Date

/ /



## Statement verifying Report under s475(1)

Related forms:

- 507 Report on Company Activities and Property
- 911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name  
**ALITA RESOURCES LIMITED**

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ACN/ABN  
**147 393 735**

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)  
**11 DECEMBER 2020**

Name  
**DAVID PILE**

Capacity  
**DIRECTOR**

Signature 

Date signed  
**11 DECEMBER 2020**

### LODGMET

Send completed and signed forms to:  
Australian Securities and Investments Commission  
PO BOX 4000, Gippsland Mail Centre VIC 3841  
Or lodge the form online by visiting the ASIC Website [www.asic.gov.au/](http://www.asic.gov.au/)  
For more information  
Web [www.asic.gov.au/](http://www.asic.gov.au/)  
Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)  
Telephone 1300 300 630

## SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY

ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922

Schedule of Assets and Liabilities					
Company	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
Assets					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
Total assets	16,683,483	16,683,483	200,000	33,566,965	
Liabilities				-	
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
Total liabilities	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	
Net assets	(30,262,353)	(30,262,353)	(46,745,835)	(13,378,870)	

The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

11 December 2020

Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised interest A\$	Aggregate capitalised interest	Closing total balance A\$
28/11/2019	Opening				-						
28/11/2019	Drawdown	1	(32,266,999)	0.71	(45,446,477)	(45,446,477)	-	-			
28/11/2019	Other costs	2			(422,069)	(45,868,547)	-	-			
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19				-			-			
10/12/2019	Funds transferred for FIRB application	3			-			30,000			
17/12/2019	Accrued interest to 17/12/19				-			-			
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
13/02/2020	Accrued interest to 13/2/20 - Repayment	4			-		-	-			
26/02/2020	Repayment - paid to Liatam				-			75,931			
28/02/2020	Repayment - paid to Lavan	5			-			282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheveralls				-			104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam				-			315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam				-			99,338			
22/05/2020	Repayment - paid to Liatam				-			326,000			
29/05/2020	Repayment - paid to Lavan				-			214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
31/08/2020	End of month balance					(46,481,377)	(285,256)	-	(285,256)		(46,766,633)
11/09/2020	Repayment - paid to Liatam				-			73,770			
30/09/2020	Repayment - paid to Liatam				-			196,230			
30/09/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
31/10/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
30/11/2020	End of month balance					(47,061,727)	(279,792)	-	(279,792)		(47,341,518)
3/12/2020	Repayment - paid to Liatam				-			132,000			
3/12/2020	Repayment - paid to Lavan				-			300,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	432,000	395,683		(46,945,835)
<b>Closing balances</b>					<b>(45,868,547)</b>	<b>-</b>	<b>(3,190,626)</b>	<b>1,717,655</b>	<b>(1,472,972)</b>		<b>(46,945,835)</b>



**ASIC**  
Australian Securities &  
Investments Commission

Office only box

Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download INSTRUCTIONS Part A (Form 507) and Part B*

*[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)*

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



# External Administrator use only

## External Administrator (lodging party)

McGrathNicol

Organisation

336852

ASIC Registered Liquidator number (if applicable)

Rob Kirman

Name of External Administrator

Contact person

Sam Saker

Phone number during business hours

(08) 6363 7634

Address

Street number and name

GPO Box 9986

Suburb/City

Perth

State/Territory

WA

Postcode

Please tick appropriate box.

Receiver and Manager

507G

Appointment date

 /  / 


Managing Controller of property

507H

Date person took control

 /  / 


Controller

507F

Date received Report

 /  / 


Liquidator/Provisional Liquidator appointed by the court

507C

Date received Report

 /  / 


Liquidator – creditors' voluntary winding up

507D

Date received Report

 /  / 


Voluntary Administrator

507K

Date received Report

11 / 12 / 2020

## Make up the Report as at the following dates

### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

### CONTROLLER – S429(2)

The control day.

### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

## Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

- a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or  
 b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

#### END OF EXTERNAL ADMINISTRATOR SECTION

**Director to complete** for Director(s), Secretary, Managing Controller or other relevant person

- A1** Return this Report to the External Administrator by the date the Administrator has shown below. (Not applicable to managing controllers)

11 December 2020 /

- A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

- Yes The **INSTRUCTIONS** explain:
- why you received this Report
  - your role in completing it
  - how to complete it.

- A3** Name of the Company under external administration  
 Lithco No. 2 Pty Ltd

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 612 726 922

Street number and name

Level 3, 20 Parkland Rd

Suburb/City

Osborne Park

State/Territory

WA

Postcode

6017

Registered office

Street number and name

As above

Suburb/City

State/Territory

Postcode

Principal place of business

Street number and name

As above

Suburb/City

State/Territory

Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City

State/Territory

Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

- No Go to Question **A5**
- Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

- No Go to Question **A6**
- Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

- No Go to Question **A7**
- Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

Bank accounts

- No
- Yes

Motor vehicles

- No
- Yes

Plant and equipment

- No
- Yes

Inventory

- No
- Yes

Real property

- No
- Yes

Other assets

- No
- Yes

Does the Company hold property on trust?

- No
- Yes

Is the Company a trustee of a superannuation fund?

- No
- Yes

If you ticked NO to all the items, explain why the Company has no assets.

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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

- No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

- Yes Go to Question **A9**



**A9** Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.

**READ INSTRUCTION A9.** It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3**.

The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

❖ I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name  
David Pile

Position  
Director

Signature 

Date  
11 December 2020

**A10** Declaration by Managing Controller

❖ In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name  
\_\_\_\_\_

Signature  
\_\_\_\_\_

Date  
/ /



## Statement verifying Report under s475(1)

Related forms:

507 Report on Company Activities and Property

911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name

LITHCO No. 2 PTY LTD

ACN/ABN

612 726 922

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)

11 DECEMBER 2020

Name

DAVID PILE

Capacity

DIRECTOR

Signature

Date signed

11 DECEMBER 2020

### LODGMET

Send completed and signed forms to:

Australian Securities and Investments Commission  
PO BOX 4000, Gippsland Mail Centre VIC 3841

Or lodge the form online by visiting the ASIC  
Website [www.asic.gov.au/](http://www.asic.gov.au/)

For more information

Web [www.asic.gov.au/](http://www.asic.gov.au/)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

## SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY

ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922

Schedule of Assets and Liabilities					
Company	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
<b>Assets</b>					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
<b>Total assets</b>	<b>16,683,483</b>	<b>16,683,483</b>	<b>200,000</b>	<b>33,566,965</b>	
<b>Liabilities</b>					
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
<b>Total liabilities</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	
<b>Net assets</b>	<b>(30,262,353)</b>	<b>(30,262,353)</b>	<b>(46,745,835)</b>	<b>(13,378,870)</b>	

The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

11 December 2020

Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised interest A\$	Aggregate capitalised interest	Closing total balance A\$
28/11/2019	Opening				-						
28/11/2019	Drawdown	1	(32,266,999)	0.71	(45,446,477)	(45,446,477)	-	-			
28/11/2019	Other costs	2			(422,069)	(45,868,547)	-	-			
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19				-			-			
10/12/2019	Funds transferred for FIRB application	3			-			30,000			
17/12/2019	Accrued interest to 17/12/19				-			-			
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
13/02/2020	Accrued interest to 13/2/20 - Repayment	4			-		-	-			
26/02/2020	Repayment - paid to Liatam				-			75,931			
28/02/2020	Repayment - paid to Lavan	5			-			282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheveralls				-			104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam				-			315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam				-			99,338			
22/05/2020	Repayment - paid to Liatam				-			326,000			
29/05/2020	Repayment - paid to Lavan				-			214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
31/08/2020	End of month balance					(46,481,377)	(285,256)	-	(285,256)		(46,766,633)
11/09/2020	Repayment - paid to Liatam				-			73,770			
30/09/2020	Repayment - paid to Liatam				-			196,230			
30/09/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
31/10/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
30/11/2020	End of month balance					(47,061,727)	(279,792)	-	(279,792)		(47,341,518)
3/12/2020	Repayment - paid to Liatam				-			132,000			
3/12/2020	Repayment - paid to Lavan				-			300,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	432,000	395,683		(46,945,835)
<b>Closing balances</b>					<b>(45,868,547)</b>	<b>-</b>	<b>(3,190,626)</b>	<b>1,717,655</b>	<b>(1,472,972)</b>		<b>(46,945,835)</b>



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Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download **INSTRUCTIONS Part A (Form 507) and Part B***

*[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)*

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



# External Administrator use only

## External Administrator (lodging party)

McGrathNicol

Organisation

336852

ASIC Registered Liquidator number (if applicable)

Rob Kirman

Name of External Administrator

Contact person

Sam Saker

Phone number during business hours

(08) 6363 7634

Address

Street number and name

GPO Box 9986

Suburb/City

Perth

State/Territory

WA

Postcode

Please tick appropriate box.

Receiver and Manager 507G

Appointment date

Managing Controller of property 507H

Date person took control

Controller 507F

Date received Report

Liquidator/Provisional Liquidator appointed by the court 507C

Date received Report

Liquidator – creditors' voluntary winding up 507D

Date received Report

Voluntary Administrator 507K

Date received Report

11 / 12 / 2020

## Make up the Report as at the following dates

### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

### CONTROLLER – S429(2)

The control day.

### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

## Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or

b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

## END OF EXTERNAL ADMINISTRATOR SECTION

## Director to complete

for Director(s), Secretary, Managing Controller or other relevant person

**A1** Return this Report to the External Administrator by the date the Administrator has shown below. (Not applicable to managing controllers)

11 December/2020 /

**A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

Yes The **INSTRUCTIONS** explain:

- why you received this Report
- your role in completing it
- how to complete it.

**A3** Name of the Company under external administration  
Tawana Resources Pty Ltd

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 085 166 721

Street number and name

Level 3, 20 Parkland Rd

Suburb/City

Osborne Park

State/Territory

WA

Postcode

6017

Registered office

Street number and name

As above

Suburb/City

State/Territory

Postcode

Principal place of business

Street number and name

As above

Suburb/City

State/Territory

Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City

State/Territory

Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

No Go to Question **A5**

Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

No Go to Question **A6**

Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

No Go to Question **A7**

Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

Bank accounts

No

Yes

Motor vehicles

No

Yes

Plant and equipment

No

Yes

Inventory

No

Yes

Real property

No

Yes

Other assets

No

Yes

Does the Company hold property on trust?

No

Yes

Is the Company a trustee of a superannuation fund?

No

Yes

If you ticked NO to all the items, explain why the Company has no assets.

---



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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

Yes Go to Question **A9**

**A9** Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.


**READ INSTRUCTION A9.** It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3.**

The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

 I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name

David Pile

Position

Director


Signature



Date

11 December 2020

**A10** Declaration by Managing Controller

 In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name

Signature

Date





## Statement verifying Report under s475(1)

Related forms:

507 Report on Company Activities and Property

911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name

TAWANA RESOURCE PTY LTD

ACN/ABN

085 166 721

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)

11 DECEMBER 2020

Name

DAVID PILE

Capacity

DIRECTOR

Signature

Date signed

11 DECEMBER 2020

### LODGMET

Send completed and signed forms to:

Australian Securities and Investments Commission  
PO BOX 4000, Gippsland Mail Centre VIC 3841

Or lodge the form online by visiting the ASIC  
Website [www.asic.gov.au/](http://www.asic.gov.au/)

For more information

Web [www.asic.gov.au/](http://www.asic.gov.au/)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

## SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY

ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922

Schedule of Assets and Liabilities					
Company	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
<b>Assets</b>					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
<b>Total assets</b>	<b>16,683,483</b>	<b>16,683,483</b>	<b>200,000</b>	<b>33,566,965</b>	
<b>Liabilities</b>					
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
<b>Total liabilities</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	
<b>Net assets</b>	<b>(30,262,353)</b>	<b>(30,262,353)</b>	<b>(46,745,835)</b>	<b>(13,378,870)</b>	

The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

11 December 2020

Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised interest A\$	Aggregate capitalised interest	Closing total balance A\$
28/11/2019	Opening				-						
28/11/2019	Drawdown	1	(32,266,999)	0.71	(45,446,477)	(45,446,477)	-	-			
28/11/2019	Other costs	2			(422,069)	(45,868,547)	-	-			
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19				-			-			
10/12/2019	Funds transferred for FIRB application	3			-			30,000			
17/12/2019	Accrued interest to 17/12/19				-			-			
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
13/02/2020	Accrued interest to 13/2/20 - Repayment	4			-		-	-			
26/02/2020	Repayment - paid to Liatam				-			75,931			
28/02/2020	Repayment - paid to Lavan	5			-			282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheveralls				-			104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam				-			315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam				-			99,338			
22/05/2020	Repayment - paid to Liatam				-			326,000			
29/05/2020	Repayment - paid to Lavan				-			214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
31/08/2020	End of month balance					(46,481,377)	(285,256)	-	(285,256)		(46,766,633)
11/09/2020	Repayment - paid to Liatam				-			73,770			
30/09/2020	Repayment - paid to Liatam				-			196,230			
30/09/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
31/10/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
30/11/2020	End of month balance					(47,061,727)	(279,792)	-	(279,792)		(47,341,518)
3/12/2020	Repayment - paid to Liatam				-			132,000			
3/12/2020	Repayment - paid to Lavan				-			300,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	432,000	395,683		(46,945,835)
<b>Closing balances</b>					<b>(45,868,547)</b>	<b>-</b>	<b>(3,190,626)</b>	<b>1,717,655</b>	<b>(1,472,972)</b>		<b>(46,945,835)</b>



**ASIC**  
Australian Securities &  
Investments Commission

Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download INSTRUCTIONS Part A (Form 507) and Part B*

*[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)*

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



## External Administrator use only

### External Administrator (lodging party)

**Organisation**  
**McGrathNicol**

**ASIC Registered Liquidator number (if applicable)**  
**336852**

**Name of External Administrator**  
**Rob Kirman**

**Contact person**  
**Sam Saker**

**Phone number during business hours**  
**+61 8 6363 7600**

**Address**

**Street number and name**  
**GPO Box 9986**

**Suburb/City**                      **State/Territory**      **Postcode**  
**Perth**                                      **WA**

Please tick appropriate box.

Receiver and Manager                      507G  
**Appointment date**

Managing Controller of property                      507H  
**Date person took control**

Controller                      507F  
**Date received Report**

Liquidator/Provisional Liquidator appointed by the court                      507C  
**Date received Report**

Liquidator – creditors' voluntary winding up                      507D  
**Date received Report**

Voluntary Administrator                      507K  
**Date received Report**  
**14 / 12 / 2020**

### Make up the Report as at the following dates

#### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

#### CONTROLLER – S429(2)

The control day.

#### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

#### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

### Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or

b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

**END OF EXTERNAL ADMINISTRATOR SECTION**

## Director to complete

for Director(s), Secretary, Managing Controller or other relevant person

**A1** Return this Report to the External Administrator by the date the Administrator has shown below. (Not applicable to managing controllers)

11 December 2020 /

**A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

Yes The **INSTRUCTIONS** explain:

- why you received this Report
- your role in completing it
- how to complete it.

**A3** Name of the Company under external administration  
Alita Resources Limited

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 147 393 735

Street number and name

Level 3, 20 Parkland Rd

Suburb/City	State/Territory	Postcode
Osborne Park	WA	6017

Registered office

Street number and name

As above

Suburb/City	State/Territory	Postcode

Principal place of business

Street number and name

As above

Suburb/City	State/Territory	Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City	State/Territory	Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

- No Go to Question **A5**
- Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

- No Go to Question **A6**
- Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

- No Go to Question **A7**
- Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

Bank accounts

- No
- Yes

Motor vehicles

- No
- Yes

Plant and equipment

- No
- Yes

Inventory

- No
- Yes

Real property

- No
- Yes

Other assets

- No
- Yes

Does the Company hold property on trust?

- No
- Yes

Is the Company a trustee of a superannuation fund?

- No
- Yes

If you ticked NO to all the items, explain why the Company has no assets.

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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

- No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

- Yes Go to Question **A9**

**A9** Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.

**READ INSTRUCTION A9.** It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3**.

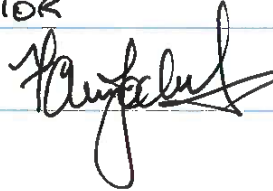
The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

❖ I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name  
FERGUS JOCKEL

Position  
DIRECTOR

Signature  


Date  
14/12/2020

**A10** Declaration by Managing Controller

❖ In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name  
\_\_\_\_\_

Signature  
\_\_\_\_\_

Date  
\_\_\_\_/\_\_\_\_/\_\_\_\_



**ASIC**  
 Australian Securities &  
 Investments Commission

Office only box

Form 507A Corporations Act 2001  
 s475(1)

## Statement verifying Report under s475(1)

Related forms:

507 Report on Company Activities and Property

911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name

ALITA RESOURCES LIMITED

ACN/ABN

147 393 735

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)

11/12/2020

Name

FERGUS JOCKEL

Capacity

DIRECTOR

Signature

*[Handwritten Signature]*

Date signed

14/12/2020.

### LODGMET

Send completed and signed forms to:

Australian Securities and Investments Commission  
 PO BOX 4000, Gippsland Mail Centre VIC 3841

Or lodge the form online by visiting the ASIC  
 Website [www.asic.gov.au/](http://www.asic.gov.au/)

For more information

Web [www.asic.gov.au/](http://www.asic.gov.au/)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

**SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY**

**ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922**

Schedule of Assets and Liabilities Company	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
<b>Assets</b>					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
<b>Total assets</b>	<b>16,683,483</b>	<b>16,683,483</b>	<b>200,000</b>	<b>33,566,965</b>	
<b>Liabilities</b>					
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
<b>Total liabilities</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	
<b>Net assets</b>	<b>(30,262,353)</b>	<b>(30,262,353)</b>	<b>(46,745,835)</b>	<b>(13,378,870)</b>	

The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report-.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

14/12/2020  




Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised Interest A\$	Aggregate capitalised Interest	Closing total balance A\$
28/11/2019	Opening										
28/11/2019	Drawdown	1	(32,266,999)	0.71	(45,446,477)	(45,446,477)	-	-	-	-	
28/11/2019	Other costs	2			(422,069)	(45,868,547)	-	-	-	-	
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19										
10/12/2019	Funds transferred for FIRB application	3						30,000			
17/12/2019	Accrued interest to 17/12/19										
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
19/02/2020	Accrued interest to 13/2/20 - Repayment	4									
26/02/2020	Repayment - paid to Liatam							75,931			
28/02/2020	Repayment - paid to Lavan	5						282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheverellis							104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam							315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam							99,338			
22/05/2020	Repayment - paid to Liatam							326,000			
29/05/2020	Repayment - paid to Lavan							214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
31/08/2020	End of month balance					(46,481,377)	(285,256)	-	(285,256)		(46,766,633)
11/09/2020	Repayment - paid to Liatam							73,770			
30/09/2020	Repayment - paid to Liatam							196,230			
30/09/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
31/10/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
30/11/2020	End of month balance					(47,061,727)	(279,792)	-	(279,792)		(47,341,518)
3/12/2020	Repayment - paid to Liatam							132,000			
3/12/2020	Repayment - paid to Lavan							300,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	432,000	395,683		(46,945,835)
Closing balances						(45,868,547)	(3,190,626)	1,717,655	(1,472,972)		(46,945,835)



**ASIC**  
Australian Securities &  
Investments Commission

Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download **INSTRUCTIONS Part A (Form 507) and Part B***

*[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)*

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



## External Administrator use only

### External Administrator (lodging party)

Organisation  
**McGrathNicol**

ASIC Registered Liquidator number (if applicable)  
**336852**

Name of External Administrator  
**Rob Kirman**

Contact person  
**Sam Saker**

Phone number during business hours  
**+61 8 6363 7600**

Address  
\_\_\_\_\_

Street number and name  
**GPO Box 9986**

Suburb/City                      State/Territory      Postcode  
**Perth                                  WA**

Please tick appropriate box.

Receiver and Manager                      507G

Appointment date  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Managing Controller of property                      507H

Date person took control  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Controller                      507F

Date received Report  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Liquidator/Provisional Liquidator appointed by the court                      507C

Date received Report  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Liquidator – creditors' voluntary winding up                      507D

Date received Report  
\_\_\_\_/\_\_\_\_/\_\_\_\_

Voluntary Administrator                      507K

Date received Report  
**14 / 12 / 2020**

### Make up the Report as at the following dates

#### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

#### CONTROLLER – S429(2)

The control day.

#### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

#### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

### Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or

b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

**END OF EXTERNAL ADMINISTRATOR SECTION**

**Director to complete** for Director(s), Secretary, Managing Controller or other relevant person

**A1** Return this Report to the External Administrator by the date the Administrator has shown below.  
(Not applicable to managing controllers)

11 December / 2020 /

**A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

Yes The **INSTRUCTIONS** explain:

- why you received this Report
- your role in completing it
- how to complete it.

**A3** Name of the Company under external administration  
Lithco No. 2 Pty Ltd

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 612 726 922

Street number and name

Level 3, 20 Parkland Rd

Suburb/City

Osborne Park

State/Territory

WA

Postcode

6017

Registered office

Street number and name

As above

Suburb/City

State/Territory

Postcode

Principal place of business

Street number and name

As above

Suburb/City

State/Territory

Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City

State/Territory

Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

- No Go to Question **A5**
- Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

- No Go to Question **A6**
- Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

- No Go to Question **A7**
- Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

Bank accounts

- No
- Yes

Motor vehicles

- No
- Yes

Plant and equipment

- No
- Yes

Inventory

- No
- Yes

Real property

- No
- Yes

Other assets

- No
- Yes

Does the Company hold property on trust?

- No
- Yes

Is the Company a trustee of a superannuation fund?

- No
- Yes

If you ticked NO to all the items, explain why the Company has no assets.

---



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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

- No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

- Yes Go to Question **A9**

**A9** Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.

READ INSTRUCTION **A9**. It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3**.

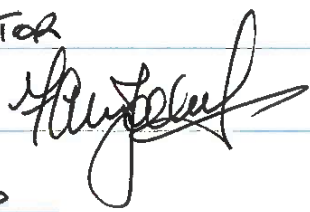
The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

❖ I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name  
FERGUS JOCKEL

Position  
DIRECTOR

Signature  


Date  
14/12/20

**A10** Declaration by Managing Controller

❖ In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name

Signature

Date  
 / /



**ASIC**  
 Australian Securities &  
 Investments Commission

Office only box

Form 507A Corporations Act 2001  
 s475(1)

## Statement verifying Report under s475(1)

Related forms:

507 Report on Company Activities and Property

911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name

ALITA RESOURCES LIMITED

ACN/ABN

147 393 735

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)

11/12/20

Name

FERGUS JOCKEL

Capacity

DIRECTOR

Signature

*[Handwritten Signature]*

Date signed

14/12/20

### LODGMET

Send completed and signed forms to:

Australian Securities and Investments Commission  
 PO BOX 4000, Gippsland Mail Centre VIC 3841

Or lodge the form online by visiting the ASIC  
 Website [www.asic.gov.au/](http://www.asic.gov.au/)

For more information

Web [www.asic.gov.au/](http://www.asic.gov.au/)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised interest A\$	Aggregate capitalised interest	Closing total balance A\$
28/11/2019	Opening										
28/11/2019	Drawdown	1	(32,266,999)	0.71	(45,446,477)	(45,446,477)	-	-	-	-	
28/11/2019	Other costs	2			(422,069)	(45,868,547)	-	-	-	-	
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19										
10/12/2019	Funds transferred for FIRB application	3						30,000			
17/12/2019	Accrued interest to 17/12/19										
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
13/02/2020	Accrued interest to 13/2/20 - Repayment	4									
26/02/2020	Repayment - paid to Liatam							75,931			
28/02/2020	Repayment - paid to Lavan	5						282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheveralls							104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam							315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam							99,338			
22/05/2020	Repayment - paid to Liatam							326,000			
29/05/2020	Repayment - paid to Lavan							214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
31/08/2020	End of month balance					(46,481,377)	(285,256)	-	(285,256)		(46,766,633)
11/09/2020	Repayment - paid to Liatam							73,770			
30/09/2020	Repayment - paid to Liatam							196,230			
30/09/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
31/10/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
30/11/2020	End of month balance					(47,061,727)	(279,792)	-	(279,792)		(47,341,518)
3/12/2020	Repayment - paid to Liatam							132,000			
3/12/2020	Repayment - paid to Lavan							300,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	432,000	395,683		(46,945,835)
<b>Closing balances</b>						<b>(45,868,547)</b>	<b>(3,190,626)</b>	<b>1,717,655</b>	<b>(1,472,972)</b>		<b>(46,945,835)</b>



**SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY**

**ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922**

Schedule of Assets and Liabilities	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
<b>Assets</b>					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
<b>Total assets</b>	<b>16,683,483</b>	<b>16,683,483</b>	<b>200,000</b>	<b>33,566,965</b>	
<b>Liabilities</b>					
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
<b>Total liabilities</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	
<b>Net assets</b>	<b>(30,262,353)</b>	<b>(30,262,353)</b>	<b>(46,745,835)</b>	<b>(13,378,870)</b>	

The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

14/12/20



**ASIC**  
Australian Securities &  
Investments Commission

TAWANA Res.

Form 507 Corporations Act 2001  
s421A(1) & (2)  
s429(2)(b) & (c)  
s475(1) & (7)  
s497(4) & (6)  
s438B(2A)

# REPORT ON Company Activities and Property Part A (Form 507)

*Before you start, download INSTRUCTIONS Part A (Form 507) and Part B*

[www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

The information you provide to ASIC in this Report may include personal information.

*Please see our privacy policy ([www.asic.gov.au/privacy](http://www.asic.gov.au/privacy)) for information on how we handle your personal information, your rights to seek access to and correct personal information, and how to complain about breaches of your privacy.*



# External Administrator use only

## External Administrator (lodging party)

Organisation  
**McGrathNicol**

ASIC Registered Liquidator number (if applicable)  
**336852**

Name of External Administrator  
**Rob Kirman**

Contact person  
**Sam Saker**

Phone number during business hours  
**+61 8 6363 7600**

Address

Street number and name  
**GPO Box 9986**

Suburb/City                      State/Territory      Postcode  
**Perth                                      WA**

Please tick appropriate box.

Receiver and Manager                      507G

Appointment date  
/ /

Managing Controller of property                      507H

Date person took control  
/ /

Controller                      507F

Date received Report  
/ /

Liquidator/Provisional Liquidator appointed by the court                      507C

Date received Report  
/ /

Liquidator – creditors' voluntary winding up                      507D

Date received Report  
/ /

Voluntary Administrator                      507K

Date received Report  
**14 / 12 / 2020**

## Make up the Report as at the following dates

### MANAGING CONTROLLER – S421A(1)

Your Report must include the business activities the Company had undertaken up to 30 days before you write your Report.

For example, if you write your Report on 31 August, it must include the Company's activities up to at least 31 July of that year, not earlier.

### CONTROLLER – S429(2)

The control day.

### LIQUIDATOR OR PROVISIONAL LIQUIDATOR – S475(1)

The date of the winding-up order or an earlier date, if specified by you.

### ADMINISTRATOR – S438B(2)

The date you become the Administrator, or an alternative date specified by you.

**Date the Director must send you the Report.** This applies to Directors, Secretary or other relevant person completing the report.

Put the date for return of the Report to you at the head of the next page, at **A1**.

## Lodge Part A

Using Form 911, you must verify a copy of Part A of the Report and lodge it with ASIC by the date specified below, or a late fee may be applied.

SECTION	LODGEMENT PERIOD
s421A(2)	2 months after control day
s429(2)(c)	1 month after receipt of Report
s438B(2A)	5 business days after receipt of Report
s475(7)	5 business days after receipt of Report
s497(6)	10 business days after receipt of Report

*Continued on next page*

Regulation 5.2.02 requires a copy of Part A of this Report that is lodged with ASIC to be certified in writing as a true copy of the original Report (Part A).

a) for a copy lodged for the purposes of s429(2)(c) - by the controller of property of the corporation; or

b) for a copy lodged for the purposes of s475(7) - by the liquidator/provisional liquidator of the company.

Form 911 is prescribed for this purpose.

For controllers (s429), under s429(2)(c)(i), a notice setting out any comments relating to Part A of this Report, or a statement that no comment is made, should accompany Part A of the Report. Form 911 Verification of a document should also be lodged.

**END OF EXTERNAL ADMINISTRATOR SECTION**

## Director to complete

for Director(s), Secretary, Managing Controller or other relevant person

**A1** Return this Report to the External Administrator by the date the Administrator has shown below. (Not applicable to managing controllers)

11 December 2020 /

**A2** Do you have the **INSTRUCTIONS** for completing this form?

No You must download a copy from [www.asic.gov.au/forms/507](http://www.asic.gov.au/forms/507)

Yes The **INSTRUCTIONS** explain:

- why you received this Report
- your role in completing it
- how to complete it.

**A3** Name of the Company under external administration  
Tawana Resources Pty Ltd

**READ INSTRUCTION A3.** It explains the information you should provide and how to attach it to this Report.

ACN/ABN

ACN 085 166 721

Street number and name

Level 3, 20 Parkland Rd

Suburb/City	State/Territory	Postcode
Osborne Park	WA	6017

Registered office

Street number and name

As above

Suburb/City	State/Territory	Postcode

Principal place of business

Street number and name

As above

Suburb/City	State/Territory	Postcode

Does the Company have other places of business?

No Go to Question **A4**

Yes Give details below

Street number and name

Suburb/City	State/Territory	Postcode

## What the Company owes and owns

**A4** Does the Company owe money to its employees?

- No Go to Question **A5**
- Yes **READ INSTRUCTION A4.** It explains the information you should provide and how to attach it to this Report.

**A5** Does the Company owe money, goods or services to others (other than to employees)?

- No Go to Question **A6**
- Yes **READ INSTRUCTION A5.** It explains the information you should provide and how to attach it to this Report.

**A6** Is the Company owed money?

- No Go to Question **A7**
- Yes **READ INSTRUCTION A6.** It explains the information you should provide and how to attach it to this Report.

**A7** Does the Company own any assets as listed below?

Tick boxes below as appropriate and provide information as an attachment.

**READ INSTRUCTION A7.** It explains the information you should provide and how to attach it to this Report.

### Bank accounts

- No
- Yes

### Motor vehicles

- No
- Yes

### Plant and equipment

- No
- Yes

### Inventory

- No
- Yes

### Real property

- No
- Yes

### Other assets

- No
- Yes

Does the Company hold property on trust?

- No
- Yes

Is the Company a trustee of a superannuation fund?

- No
- Yes

If you ticked NO to all the items, explain why the Company has no assets.

---



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**A8** Have you provided the full details asked for in Questions **A4, A5, A6, and A7**, including all attachments?

- No **PLEASE BE AWARE:** You must provide information in this Report to the best of your ability. You can be penalised for giving false information.

**READ INSTRUCTION A8.** It explains what can happen if you give false information.

- Yes Go to Question **A9**

**A9** Declaration by Director, Secretary, Managing Controller, or person nominated by the External Administrator

Part A (Form 507) of this Report is a legal document.

**READ INSTRUCTION A9.** It describes the Report's legal status.

It also explains the information you should provide and how to attach it to this Report.

Part A (Form 507) and, where relevant, Part B of this Report should be completed and delivered to the External Administrator by the date at **A1 page 3**.


The External Administrator will then lodge Part A with ASIC.

Part B does not form part of ASIC Form 507 and is not lodged with ASIC. But section 530A of the *Corporations Act 2001* requires Company Directors to help liquidators and provisional liquidators where they reasonably require. Failure to comply with such a request is a strict liability offence. Part B is not applicable for managing controllers.

❖ I declare that the answers to the questions contained in Part A of the Report and the contents of all attachments to Part A of the Report are true, correct and complete to the best of my knowledge and belief at the date of this declaration.

Name  
 \_\_\_\_\_ **FERGUS JOCKEL** \_\_\_\_\_

Position  
 \_\_\_\_\_ **MD DIRECTOR** \_\_\_\_\_

Signature  
 \_\_\_\_\_  \_\_\_\_\_

Date  
 \_\_\_\_\_ **14 / 12 / 20** \_\_\_\_\_

**A10** Declaration by Managing Controller

❖ In my capacity as the Managing Controller, I declare that where I have omitted information, I have done so in accordance with Section 421A(4) of the *Corporations Act 2001* and have included the notice required by s421A(5) with this Report.

Name  
 \_\_\_\_\_

Signature  
 \_\_\_\_\_

Date  
 \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_



**ASIC**  
 Australian Securities &  
 Investments Commission

Office only box

Form 507A Corporations Act 2001  
 s475(1)

## Statement verifying Report under s475(1)

Related forms:

507 Report on Company Activities and Property

911 Verification or certification of a document

Adding attachments to the Report

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

### COMPANY DETAILS

Company name

ALITA RESOURCES LIMITED

ACN/ABN

147 393 735

### STATEMENT

Where the Statement is made out for the purposes of subsection 475(1) the Report in Form 507 is to be submitted and verified by the following Statement made by a person referred to in that subsection.

The particulars contained in the Report under s475(1) dated as follows in the annexure marked "A" and signed by me are true to the best of my knowledge and belief.

Date of Report under s475(1)

13/11/20

Name

FERGUS JOCKEL

Capacity

DIRECTOR

Signature

Date signed

14/12/20

### LODGMET

Send completed and signed forms to:

Australian Securities and Investments Commission  
 PO BOX 4000, Gippsland Mail Centre VIC 3841

Or lodge the form online by visiting the ASIC  
 Website [www.asic.gov.au/](http://www.asic.gov.au/)

For more information

Web [www.asic.gov.au/](http://www.asic.gov.au/)

Need help? [www.asic.gov.au/question](http://www.asic.gov.au/question)

Telephone 1300 300 630

**SUMMARY OF INFORMATION IN RESPONSE TO QUESTIONS IN THE REPORT ON COMPANY ACTIVITIES AND PROPERTY**

**ALITA RESOURCES LIMITED (Alita) - ACN 147 393 735, TAWANA RESOURCES PTY LTD (Tawana) – ACN 085 166 721 and LITHCO No.2 (Lithco) – ACN 612 726 922**

Schedule of Assets and Liabilities	Alita (\$)	Lithco (\$)	Tawana (\$)	Total (\$)	Notes
<b>Assets</b>					
Bald Hill Project	14,950,000	14,950,000	-	29,900,000	50% owned by Alita, 50% owned by Lithco
Inventory - consumables	283,483	283,483	-	566,965	50% owned by Alita, 50% owned by Lithco
Bald Hill exploration assets	1,450,000	1,450,000	-	2,900,000	
Interest in Lithco No.2 Pty Ltd	N/A	N/A	-	-	Tawana owns 100% of the shares in Lithco, assume no value
Interest in Cowan Lithium	-	-	200,000	200,000	
<b>Total assets</b>	<b>16,683,483</b>	<b>16,683,483</b>	<b>200,000</b>	<b>33,566,965</b>	
<b>Liabilities</b>					
CHEL loan facility	(46,945,835)	(46,945,835)	(46,945,835)	(46,945,835)	Total value of CHEL loan facility, secured against the assets of all companies
<b>Total liabilities</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	<b>(46,945,835)</b>	
<b>Net assets</b>	<b>(30,262,353)</b>	<b>(30,262,353)</b>	<b>(46,745,835)</b>	<b>(13,378,870)</b>	

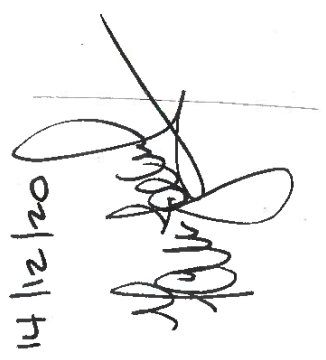
The answers to the questions contained in this form and attachments thereto are based on our discussions with KordaMentha, the Administrators, Receivers and Managers of Alita Resources Limited, Tawana Resources Pty Ltd and Lithco No.2 Pty :Ltd

The above summary was extracted from Deloitte / SRK report included in the SGX announcement <http://www.allianceminerals.com.au/wp-content/uploads/2020/01/Explanatory-Statement-and-Experts-Report.pdf> and are at the date of KordaMentha's appointment in 2019. These figures should be read together with all other announcements made by Alita to both the ASX and the SGX.

The figures however exclude cash at bank, debtors, stockpile (which was sold during KordaMentha's appointment as Administrators, Managers and Receivers) and potential liquidator recoveries from the total assets calculation in the valuation. Whilst the Companies have bank accounts, these accounts are managed by the Managers and Receivers of teh Companies and as such any cash included in them, has been excluded from the above table.

The liability figure is based on KordaMentha, (who are the receivers and managers of the Companies), calculation of the outstanding balance of the CHEL loan facility

Should any further information or detail be required on any of this information, it can be obtained from KordaMentha who remain as Managers and Receivers of Alita, Tawana and Lithco No. 2

14/12/20  




Transaction date	Description	Note	US\$	FX rate	Principal drawdown A\$	Opening capital balance A\$	Interest accrued in period A\$	Interest repayments A\$	Net capitalised interest A\$	Aggregate capitalised interest	Closing total balance A\$
28/11/2019	Opening										
28/11/2019	Drawdown		1	0.71	(45,446,477)	(45,446,477)	-	-	-	-	
28/11/2019	Other costs		2		(422,069)	(45,868,547)	-	-	-	-	
30/11/2019	End of month balance					(45,868,547)	(18,850)	-	(18,850)		(45,887,397)
10/12/2019	Accrued interest to 10/12/19							30,000			
10/12/2019	Funds transferred for FIRB application		3								
17/12/2019	Accrued interest to 17/12/19										
31/12/2019	End of month balance					(45,887,397)	(201,150)	30,000	(171,150)		(46,058,547)
31/01/2020	End of month balance					(46,058,547)	(201,900)	-	(201,900)		(46,260,447)
13/02/2020	Accrued interest to 13/2/20 - Repayment		4								
26/02/2020	Repayment - paid to Liatam							75,931			
28/02/2020	Repayment - paid to Lavan		5					282,731			
28/02/2020	End of month balance					(46,260,447)	(230,669)	358,662	127,994		(46,132,454)
6/03/2020	Repayment - paid to Douglas Cheveralls							104,000			
31/03/2020	End of month balance					(46,132,454)	(291,962)	104,000	(187,962)		(46,320,415)
2/04/2020	Repayment - paid to Liatam							315,279			
30/04/2020	End of month balance					(46,320,415)	(275,384)	315,279	39,895		(46,280,520)
4/05/2020	Repayment - paid to Liatam							99,338			
22/05/2020	Repayment - paid to Liatam							326,000			
29/05/2020	Repayment - paid to Lavan							214,376			
31/05/2020	End of month balance					(46,280,520)	(284,023)	639,714	355,691		(45,924,829)
30/06/2020	End of month balance					(45,924,829)	(273,033)	-	(273,033)		(46,197,862)
31/07/2020	End of month balance					(46,197,862)	(283,516)	-	(283,516)		(46,481,377)
11/08/2020	Repayment - paid to Liatam										
30/09/2020	Repayment - paid to Liatam							73,770			
30/09/2020	Repayment - paid to Liatam							196,230			
31/10/2020	End of month balance					(46,766,633)	(278,037)	269,999	(8,038)		(46,774,671)
30/11/2020	End of month balance					(46,774,671)	(287,056)	-	(287,056)		(47,061,727)
3/12/2020	Repayment - paid to Liatam										
3/12/2020	Repayment - paid to Lavan							132,000			
3/12/2020	Closing balance					(47,341,518)	(36,317)	300,000			(46,945,835)
Closing balances					(45,868,547)		(3,190,626)	1,717,655	(1,472,972)		(46,945,835)



**Appendix 4 – Austroid draft DOCA Proposals and related documents**



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120

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## Deed of Company Arrangement

**Alita Resources Limited (ACN 147 393 735) (Receivers and  
Managers Appointed) (Administrators Appointed)**

**Austroid Corporation**

December 2020



## Table of contents

<b>Parties</b>	<b>1</b>
<b>Recitals</b>	<b>1</b>
<b>1 Definitions</b>	<b>2</b>
<b>1 Interpretation</b>	<b>7</b>
<b>2 Objects of the DOCA</b>	<b>8</b>
<b>3 Term of this DOCA</b>	<b>8</b>
<b>4 Appointment and duration of the Deed Administrators</b>	<b>9</b>
<b>5 Moratorium</b>	<b>9</b>
<b>6 Conditions Precedent to Completion Date</b>	<b>10</b>
<b>7 Completion</b>	<b>11</b>
<b>8 Property available to distribute to Creditors and related matters</b>	<b>12</b>
<b>9 Release of Claims</b>	<b>12</b>
<b>10 Certain Claims not compromised</b>	<b>13</b>
<b>11 Deed of Cross Guarantee</b>	<b>13</b>
<b>12 Taxation liability</b>	<b>13</b>
<b>13 Reporting to Creditors</b>	<b>14</b>
<b>14 Powers and obligations of the Deed Administrators</b>	<b>14</b>
<b>15 Directors and Officers</b>	<b>16</b>
<b>16 Carrying on the Business of the Company</b>	<b>17</b>
<b>17 Termination of DOCA</b>	<b>17</b>
<b>18 Payment of Remuneration and costs</b>	<b>19</b>
<b>19 Deed Administrators' lien and indemnity</b>	<b>19</b>
<b>20 Resignation and removal of the Deed Administrators</b>	<b>21</b>
<b>21 Notice</b>	<b>22</b>
Form and delivery	22
Execution of emails	22
Receipt and effect	22
<b>22 General</b>	<b>23</b>
Stamp duty and GST	23
Accumulative rights	23
Variation	23
Waiver	23
Entire agreement	24
Severability	24
Further cooperation	24
Relationship of the parties	24

---



Governing Law and jurisdiction	24
Execution of separate documents	24
Costs and duty	25
Survival	25
<b>Execution</b>	<b>26</b>
<b>Schedule 1 – Deed Administrators’ fees</b>	<b>29</b>

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## Parties

<b>Deed Administrators</b>	Robert Michael Kirman and Robert Conry Brauer Address: c/- McGrathNicol, Level 19, 2 The Esplanade PERTH WA 6000 Email: <a href="mailto:rkirman@mcgrathnicol.com">rkirman@mcgrathnicol.com</a> <a href="mailto:shurst@mcgrathnicol.com">shurst@mcgrathnicol.com</a> Attention: Robert Kirman and Shane Hurst
<b>Proponent</b>	Austroid Corporation (a company incorporated in the State of Nevada, United States of America with business identification number NV20201866500) Address: 520 Bryant Street Palo Alto, CA, USA, 94301 Email: <a href="mailto:mike.que@austroidcorp.com">mike.que@austroidcorp.com</a> Attention: Mike F Que
<b>Company</b>	Alita Resources Limited (ACN 147 393 735) (Receivers and Managers Appointed) (Administrators Appointed) Address: c/- McGrathNicol, Level 19, 2 The Esplanade PERTH WA 6000 Email: <a href="mailto:rkirman@mcgrathnicol.com">rkirman@mcgrathnicol.com</a> <a href="mailto:shurst@mcgrathnicol.com">shurst@mcgrathnicol.com</a> Attention: Robert Kirman and Shane Hurst

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## Recitals

- A On 4 December 2020, the Administrators were appointed as joint and several voluntary administrators of the Alita Group of Companies pursuant to section 436C of the Corporations Act.
- B The Proponent proposed a deed of company arrangement in respect of (among others) the Company to the Administrators on the terms set out in this Deed.
- C On 24 December 2020, pursuant to section 439A of the Corporations Act, a meeting of the Creditors of (among others) the Company was held, at which the Creditors of the Company resolved that the Company should execute this Deed.



- D The Deed Administrators, the Proponent and the Company have agreed to execute this Deed to give effect to the resolution in Recital C above.
- E Subject to the terms of this Deed, this Deed binds all Creditors of the Company in accordance with section 444D of the Corporations Act, and also binds the Company and their Officers and Members in accordance with section 444G of the Corporations Act.
- 

## 1 Definitions

1.1 In this DOCA the following definitions apply:

<b>Administrators</b>	means Robert Michael Kirman and Robert Conry Brauer in their capacity as joint and several voluntary administrators of the Company.
<b>Admitted Claim</b>	means a Claim that is admitted by the Deed Administrators in accordance with the terms of this Deed.
<b>Alita Deed of Cross Guarantee</b>	means the deed of cross guarantee between the Alita Group of Companies dated on or about 27 June 2019.
<b>Alita Group of Companies</b>	means: (a) Alita; (b) Tawana; and (c) Lithco,  or any or all of them as the context requires.
<b>Assets</b>	means all of the assets and undertakings of the Company.
<b>ASX</b>	means ASX Limited and where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>Business</b>	means the business carried on by the Company as at the Relevant Date or Execution Date.
<b>Business Day</b>	means a day other than a Saturday, Sunday or public holiday in Western Australia.
<b>Claim</b>	means any action, demand, suit, proceeding, debt, claim, loss, damage or other liability (present or future, certain or contingent, ascertained or sounding only in damages) whatsoever and howsoever incurred, which arises directly or indirectly from any act



or omission by the Company or by any agreement, circumstance or event occurring on or before the Relevant Date.

<b>Completion Date</b>	has the meaning in clause 7.1.
<b>Conditions Precedent</b>	means the conditions precedent to the Completion Date set out in clause 6.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporation Regulations 2001</i> (Cth).
<b>Court</b>	means the Supreme Court of Western Australia and the Federal Court of Australia.
<b>Creditor</b>	means any person who has a Claim against the Company and who would have been entitled to prove in a winding up of the Company if the Company had been wound up and the winding up was taken to have commenced on the Relevant Date.
<b>Deed or DOCA</b>	means this deed, as amended, supplemented or varied from time to time.
<b>Deed Administrators</b>	means Robert Michael Kirman and Robert Conry Brauer in their capacity as joint and several deed administrators of this Deed.
<b>Deed of Assignment</b>	means the Deed of Assignment dated 2 December 2020 between the Proponent, CHEL and the Alita Group of Companies pursuant to which CHEL assigned all of its right, title and interest in (among other things) the Existing Facility Agreement and the Security (as that term is defined in the Deed of Assignment) to Austroid.
<b>Deed of Release</b>	means the document titled “Deed of Release” to be entered between the Proponent and the Alita Group of Companies, under which (among other things): <ul style="list-style-type: none"><li>(a) the Proponent will release Tawana and Lithco from their obligation to repay such amount of the Existing Debt, such that Tawana and Lithco remain indebted to the Proponent in the amount of AUD20,000,000 (jointly and severally);</li><li>(b) Tawana and Lithco will retire as borrowers under the Existing Facility Agreement; and</li><li>(c) the Proponent will release Tawana and Lithco from any and all liabilities, demands and claims arising out of, under or in relation to the Existing Facility Agreement, the Existing Security and the Guarantee and Indemnity.</li></ul>





<b>Directors</b>	means any person who is a director (as that term is defined by section 9 of the Corporations Act) of the Company.
<b>Effectuation Date</b>	has the meaning in clause 7.2.
<b>Excluded Claims</b>	means any Claims of the Proponent.
<b>Excluded Creditors</b>	means the Proponent.
<b>Execution Date</b>	means the date the parties execute this DOCA in accordance with section 444B(2) of the Corporations Act.
<b>Existing Facility</b>	means the loan facility with a facility limit of AUD70,000,000 provided to the Alita Group of Companies pursuant to the Existing Facility Agreement.
<b>Existing Facility Agreement</b>	means the document titled “Loan Facility Agreement” dated 28 November 2019 (as varied, restated or amended from time to time, including by way of the Deed of Assignment).
<b>Existing Security</b>	means the ‘Security’ as defined in the Existing Facility Agreement.
<b>FATA</b>	means the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Regulation 2015 (Cth) (as the context requires).
<b>Finance Documents</b>	has the meaning given to it in the Existing Facility Agreement.
<b>FIRB Approval</b>	means the Treasurer of the Commonwealth of Australia (or his or her delegate), either: <ul style="list-style-type: none"><li>(a) providing written notice that there are no objections under the FATA to the acquisition of the Shares by the Proponent in accordance with this DOCA, and that notice is not subject to any condition or is subject only to:<ul style="list-style-type: none"><li>(i) tax-related conditions which are in the form, or substantially in the form, of those set out in Attachment B of FIRB’s Guidance Note 47 on ‘Tax Conditions’ (in the form released on 13 August 2018); and</li><li>(ii) any conditions that the Proponent reasonably considers to be acceptable; or</li></ul></li><li>(b) becoming precluded by the passage of time from making any orders or decision under Part 3 of the FATA in respect of the acquisition of the Shares by the Proponent in accordance with this DOCA.</li></ul>



<b>FIRB</b>	means the Australian Government's Foreign Investment Review Board.
<b>GST</b>	means a Goods and Services tax imposed under the GST Act, a consumption tax, value added tax, retail turnover tax or tax of a similar nature.
<b>GST Act</b>	means <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and related legislation and regulations.
<b>Guarantee and Indemnity</b>	means the document titled 'Deed of Guarantee and Indemnity' dated 28 November 2019 between CHEL and the Alita Group of Companies (as varied, restated or amended from time to time, including by the Deed of Assignment).
<b>IPR</b>	means the <i>Insolvency Practice Rules (Corporations) 2016</i> (Cth).
<b>IPS</b>	means the Insolvency Practice Schedule, which is schedule 2 to the Corporations Act.
<b>Law</b>	includes any requirement of any statute, regulation, proclamation, ordinance or by-law, present or future and whether State, Federal, local or otherwise.
<b>Lithco</b>	means Lithco No.2 Pty Ltd (ACN 612 726 922) (Receivers and Managers Appointed) (Administrators Appointed).
<b>Loan Agreement</b>	means the loan agreement executed between the Proponent and the Administrators on or about 7 December 2020.
<b>Member</b>	means member as defined in section 9 of the Corporations Act.
<b>Officer</b>	means officer as defined in section 9 of the Corporations Act.
<b>Published FX Rate</b>	means the opening inward remittances carded foreign exchange rate issued by the Commonwealth Bank of Australia on the Relevant Date.
<b>Prescribed Provisions</b>	means regulations 5.6.11 to 5.6.73 of the Corporations Regulations (inclusive), sections 2 (Powers of administrator) and 8 (Making claims) of Schedule 8A of the Corporations Regulations and sections 553 and 563C of the Corporations Act.
<b>Receivers</b>	means Richard Scott Tucker and John Allan Bumbak as joint and several receivers and managers of the Company.
<b>Relevant Date</b>	means the date of appointment of the Administrators to the Company, being 4 December 2020.



<b>Secured Interests</b>	means any valid Security Interest, hypothecation, lien, mortgage, pledge, charge, encumbrance or any other type of security over or in the property of the Company.
<b>Security Interest</b>	has the meaning given to “security interest” in the Corporations Act.
<b>Shares</b>	means all of the issued shares in the Company.
<b>Singapore Code</b>	means the Singapore Code on Take-overs and Mergers.
<b>Statutory Liabilities</b>	means any charge, tax, duty, impost or levy raised by, or by the authority of, any governmental instrumentality, including GST.
<b>Subsidiaries</b>	means Tawana and Lithco.
<b>Subsidiary DOCA</b>	means the deed of company arrangement in respect of Tawana and Lithco dated on or about the date of this Deed.
<b>Tawana</b>	means Tawana Resources Pty Ltd (ACN 085 166 721) (Receivers and Managers Appointed) (Administrators Appointed).
<b>Tax Acts</b>	means any Commonwealth or State legislation that imposes a taxation liability on the Company and includes but is not limited to the <i>Income Tax Assessment Act 1936</i> (Cth) and the <i>Taxation Administration Act 1953</i> (Cth).
<b>Taxable Supply</b>	has the meaning given in section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Tenements</b>	means all of the Company’s right, title and interest in any mining tenements.
<b>Term</b>	means the period described in clause 3.
<b>Termination</b>	means the termination of this Deed pursuant to clause 17 of this Deed.
<b>Termination Date</b>	means the date this DOCA is terminated pursuant to clause 17 of this DOCA.
<b>Transfer Agreement</b>	means the agreement between Lithco and the Company dated on or about the date of this Deed, pursuant to which the Company will transfer all assets used or applied exclusively in the operation of the Bald Hill lithium and tantalum project, including the Tenements, to Lithco.



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## 1 Interpretation

- 1.1 In this DOCA, unless the context otherwise requires:
- 1.1.1 Headings or subheadings are for convenience only and do not affect the interpretation of any provision of this Deed.
  - 1.1.2 A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.
  - 1.1.3 The singular includes the plural and vice versa.
  - 1.1.4 Words expressed in one gender include the other gender.
  - 1.1.5 A “person” includes an individual, partnership, firm, companies, government, joint venture, association, authority, corporation or other body corporate.
  - 1.1.6 References to the parties, background, parts, clauses, schedules and annexures are references to the parties, background, parts, clauses, schedules and annexures to this Deed.
  - 1.1.7 The expression “this Deed” includes the agreement, arrangement, understanding or transaction recorded in this Deed.
  - 1.1.8 References to a party to this Deed include that party’s executors, Deed Administrators, substitutes, successors and permitted assigns.
  - 1.1.9 A reference to a group of people is a reference to all of them collectively and to each of them individually.
  - 1.1.10 References to time are to time in Perth, Western Australia.
  - 1.1.11 If the date on or by which any act must be done under this Deed is not a Business Day, the act must be done on or by the next Business Day.
  - 1.1.12 A covenant or agreement made by, or for the benefit of, two or more persons binds, and is enforceable against, or may be exercised by (as the case may be), those persons jointly and each of them severally.
  - 1.1.13 A reference to any statute or to any statutory provision includes any amendment, re-enactment or consolidation of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it.
  - 1.1.14 “\$” or “dollars” is a reference to Australian currency, unless otherwise indicated.



- 1.1.15 A reference to a thing or an amount includes the whole or part of that thing or amount.
  - 1.2 If there is any inconsistency between the provisions of this Deed and the Prescribed Provisions or the Corporations Act, Corporations Regulations, the IPS or the IPRs generally, this Deed shall prevail to the extent permitted by law.
  - 1.3 If there is any inconsistency between the provisions of this Deed and the constitution of the Company or any other obligation binding on the Company, this Deed shall prevail to the extent of the inconsistency, and all persons bound by the Deed agree to sign all documents and do all things to remove such inconsistency.
  - 1.4 This DOCA may be pleaded as an absolute bar and defence in respect of any Claims released, discharged and extinguished under this DOCA.
  - 1.5 Subject to any contrary terms of this Deed (including clause 14.3), the Prescribed Provisions are incorporated in this Deed with all modifications as are necessary to give effect to Part 5.3A of the Corporations Act and this Deed, and as if references to the 'liquidator', 'provisional liquidator', 'administrator' or the like, were references to the 'Deed Administrators', references to the 'relevant date' were references to the 'Relevant Date', and references to 'winding up' were references to the arrangement effected by this Deed.
- 

## **2 Objects of the DOCA**

- 2.1 The objects of this DOCA are:
    - 2.1.1 to comply with the Corporations Act and the resolution of the Creditors by which the Company executes this DOCA;
    - 2.1.2 to provide a better outcome for Creditors than would be available to them in a liquidation of the Company;
    - 2.1.3 to resolve all Creditors' Claims, other than the Excluded Claims; and
    - 2.1.4 to maximise the chance of the Company continuing in existence.
- 

## **3 Term of this DOCA**

- 3.1 The operation of this DOCA will commence on the Execution Date and continue until the Termination Date.



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## **4 Appointment and duration of the Deed Administrators**

- 4.1 The Company appoints the Deed Administrators as deed administrators of this Deed and the Deed Administrators shall be authorised to exercise their powers subject to the terms and conditions contained in this DOCA and shall remain as Deed Administrators until the Termination Date of this Deed.
- 4.2 The Deed Administrators accept their appointment as deed administrators of this Deed.
- 4.3 The Proponent agrees and undertakes to maintain the appointment of the Receivers during the Term, unless otherwise agreed between the Proponent and the Deed Administrators

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## **5 Moratorium**

- 5.1 This Deed binds all Creditors in accordance with section 444D of the Corporations Act, and also binds the Company and its Officers and Members in accordance with section 444G of the Corporations Act.
- 5.2 Nothing in this Deed limits the rights of the Deed Administrators to apply for orders, directions or relief under any applicable law including but not limited to sections 444F and 447A(1) of the Corporations Act and section 90-15 of the IPS.
- 5.3 Subject to section 444D of the Corporations Act, a Creditor (whether their relevant Claim is or is not admitted or established under this DOCA) must not, before the termination of this DOCA, except for the purpose of and to the extent provided in this DOCA:
- 5.3.1 institute or prosecute any legal proceedings in relation to any Claim;
  - 5.3.2 commence or take any further step in any arbitration commenced prior to the Relevant Date against the Company or to which the Company is a party;
  - 5.3.3 take or concur in the taking of any steps to wind up the Company;
  - 5.3.4 join, or allow to be joined, the Company to any proceedings in which liability may be imposed on the Company (including as a concurrent wrongdoer);
  - 5.3.5 exercise any right of set off or cross action to which the creditor would not have been entitled had the Company been wound up (with the winding up taken to have begun on the Relevant Date);



- 5.3.6 institute or prosecute any legal proceedings or enforcement processes in relation to the Company or the Company's property; or
  - 5.3.7 take any further step (including any step by way of legal or equitable execution) in any proceedings which were pending against or in relation to the Company as at the Relevant Date.
- 5.4 During the term of this DOCA, the Company, its Members, Directors and Officers must not make or proceed with any application for an order to wind up the Company or pass any resolution pursuant to section 491 of the Corporations Act and the Company's Members, Directors and Officers must not act inconsistently with the terms and objects of the DOCA.
- 

## **6 Conditions Precedent to Completion Date**

- 6.1 The Completion Date in accordance with clause 7.1 of this DOCA is conditional upon the satisfaction or waiver of all of the following conditions precedent (**Conditions Precedent**):
- 6.1.1 the execution of the Transfer Agreement;
  - 6.1.2 the execution of the Deed of Release;
  - 6.1.3 effectuation of the Subsidiary DOCA;
  - 6.1.4 confirmation from ASIC that it has granted relief for the purposes of section 606 of the Corporations Act; and
  - 6.1.5 either:
    - (a) the Securities Industry Council of Singapore (or such other relevant regulatory authority or body in Singapore) granting such waivers or relief from the Singapore Code as are necessary or convenient in connection with transfer of the Shares to the Proponent pursuant to the leave of the Court under section 444GA of the Corporations Act; or
    - (b) the parties being satisfied (acting reasonably) that the Singapore Code does not apply to the Company, or the Singapore Code ceasing to apply to the Company, including by reason of the Company and its shares being de-listed from the sponsor-supervised board of the securities market operated by Singapore Exchange Securities Trading Limited known as "Catalist".
  - 6.1.6 obtaining leave of the Court pursuant to section 444GA of the Corporations Act to transfer the Shares to the Proponent (or its nominee or as it directs) in consideration for the release of up to the full amount of the debt the subject of the Existing Facility Agreement; and





- 6.1.7 FIRB Approval.
  - 6.2 For the avoidance of doubt, the Deed Administrators have no obligation or responsibility to take any steps or actions in relation to any of the matters the subject of clauses 6.1.1, 6.1.2 and 6.1.7 on behalf of the Company and the Subsidiaries, rather those matters are solely within the control and responsibility of the Receivers.
  - 6.3 The parties must use all reasonable endeavours to ensure that the Conditions Precedent are satisfied.
  - 6.4 The Proponent must notify the Deed Administrators in writing on or before 31 January 2022 (or such later date as the Deed Administrators and Proponent may agree in writing) that conditions 6.1.1 to 6.1.7 have been satisfied, failing which the Deed Administrators may:
    - 6.4.1 by notice to Creditors and the Proponent immediately terminate the DOCA; or
    - 6.4.2 call a meeting of Creditors to consider varying or terminating the DOCA.
  - 6.5 A Conditions Precedent can only be waived (wholly or partly) by agreement between the Deed Administrators and the Proponent.
- 

## 7 Completion

- 7.1 The **Completion Date** under this Deed is the date on which each of the Conditions Precedent have been satisfied (or waived) in accordance with clause 6.
- 7.2 On the effectuation date, being the date that is 5 Business Days after the Completion Date (**Effectuation Date**):
  - 7.2.1 the Deed Administrators must transfer the Shares to the Proponent (or its nominee or as it directs) in accordance with the orders of the Court;
  - 7.2.2 this DOCA will terminate;
  - 7.2.3 control of the Company will revert to the Directors and the Deed Administrators will not have any obligation or responsibility for the affairs of the Company, including the ongoing trading of the Company's Business;
  - 7.2.4 the Proponent will fully release and discharge the Deed Administrators personally from all claims, debt and liability in relation to and in any way connected with the Loan Agreement; and



- 7.2.5 the Deed Administrators must lodge a written notice with ASIC in the following form:

***Alita Resources Limited (ACN 147 393 735) (Subject to Deed of Company Arrangement)***

*We, Robert Michael Kirman and Robert Conry Brauer of McGrathNicol, Deed Administrators of the deed of company arrangement executed by Alita Resources Limited (ACN 147 393 735) (Subject to Deed of Company Arrangement) on [insert date] hereby certify that the deed has been wholly effectuated by the circumstances set out in the deed and terminated on [insert date].*

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## **8 Property available to distribute to Creditors and related matters**

- 8.1 No money or other property of the Company is available to be distributed to the Creditors under this DOCA.
- 8.2 The rule against double proofs applies to Claims under this Deed and a Creditor is only entitled to be admitted in relation to a Claim once, even if the Claim is able to be made by the Creditor against more than one of the Alita Group of Companies.
- 8.3 Where a Claim is in a foreign currency, the amount of the Claim that is admissible to proof is the equivalent in Australian currency of the amount of the foreign currency, worked out by reference to Published FX Rate.

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## **9 Release of Claims**

- 9.1 All Creditors' Claims (which for the avoidance of doubt excludes the Excluded Claims of the Excluded Creditors) shall be discharged, satisfied, released and extinguished upon Completion of this Deed in accordance with clause 7.
- 9.2 The Creditors accept their entitlements under this DOCA in full satisfaction and complete discharge of their:
- 9.2.1 Claims (irrespective of whether the Creditor lodges a proof of debt or receives a dividend under this DOCA); and
- 9.2.2 any proprietary or equitable rights, including the right to exercise any Secured Interests in relation to their Claims,

and if called upon to do so, shall execute and deliver to the Company such forms of release of any such Claim as the Deed Administrators require.



- 9.3 If the Deed Administrators request a Creditor to execute and deliver to the Company a written release of the Creditors' Claims in the form the Deed Administrators reasonably require, that release must be provided within 7 Business Days of the request.
- 9.4 Subject to section 444D of the Corporations Act, this DOCA may be pleaded by the Company or the Deed Administrators against any person having a Claim (other than an Excluded Claim) against the Company as an absolute bar and defence to any legal proceedings brought or made at any time in respect of that Claim.
- 

## **10 Certain Claims not compromised**

- 10.1 Clauses 9.1 to 9.4 above do not apply in relation to the Excluded Claims of the Excluded Creditors and for the avoidance of doubt the terms of this DOCA do not discharge, satisfy, release or extinguish the Excluded Claims which are expressly preserved.
- 

## **11 Deed of Cross Guarantee**

- 11.1 With effect on and from the Execution Date:
- 11.1.1 the Alita Deed of Cross Guarantee is terminated and has no further force or effect; and
  - 11.1.2 the parties to the Alita Deed of Cross Guarantee are fully released and discharged from all claims, debt and liability in relation to and in any way connection with the Alita Deed of Cross Guarantee.
- 

## **12 Taxation liability**

- 12.1 The Company shall at all times whilst this DOCA remains on foot ensure that all liabilities of the Company under the Tax Acts are met which accrue or are accruing during the period of the voluntary administration of the Company and deed administration in relation to events occurring during the period of the voluntary administration and deed administration, but excluding any such liabilities that comprise Claims provable under this DOCA.
- 12.2 The Company shall at all times fully inform the Deed Administrators of any requirements to pay tax pursuant to the Tax Acts.
-



- 12.3 The Deed Administrators may at any time request information from the Company as to the Company's liabilities under the Tax Acts and payments made pursuant to the Tax Acts.
- 12.4 The Deed Administrators may at any time inspect the Company's records relating to the Company's liability under the Tax Acts and if considered necessary have the Company's books, records and accounts audited to determine the Company's actual liabilities under the Tax Acts.
- 12.5 Where the Deed Administrators determine that the Company is not paying any liability under the Tax Acts pursuant to clause 12.1 as and when the liability falls due, the Deed Administrators may terminate the Deed immediately.
- 

### **13 Reporting to Creditors**

- 13.1 Except as required by law or the terms of this Deed, the Deed Administrators are not required to report to Creditors.
- 13.2 The Deed Administrators will promptly notify Creditors of the date of the termination of this Deed.
- 13.3 The Deed Administrators may, in their absolute discretion, otherwise report to Creditors at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of Creditors.
- 

### **14 Powers and obligations of the Deed Administrators**

- 14.1 Subject to clause 14.3, each Deed Administrator shall have all of the powers set out in this Deed, in clause 2 of Schedule 8A of the Corporations Regulations and as otherwise provided to deed administrators by the Corporations Act, Corporations Regulations, the IPS, the IPRs or generally at Law or in equity.
- 14.2 Subject to clause 14.3, during the term of this Deed, the Deed Administrators' powers include the power:
- 14.2.1 of the Company's Members in general meetings, to the exclusion of the Company's Members;
  - 14.2.2 to bring, prosecute and defend in the name and on behalf of the Company, or in the name of the Deed Administrators, any action, suits or proceedings relevant to the performance of this Deed or the affairs of the Company generally;
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- 14.2.3 to convene and hold meetings of the Creditors and Members in accordance with this Deed;
  - 14.2.4 to make interim or other distributions of property available for the payment of Admitted Creditors' Claims;
  - 14.2.5 to appoint a solicitor, accountant or other professionally qualified person to assist the Deed Administrators give effect to the terms of this Deed;
  - 14.2.6 to permit any person to operate any account in the name of the Company;
  - 14.2.7 to provide such information concerning the Company's affairs to Creditors as they see fit;
  - 14.2.8 to do anything that is incidental to exercising a power set out in this Deed, including executing all documents or deeds in the name of and on behalf of the Company;
  - 14.2.9 to remove any Director or Officer of the Company;
  - 14.2.10 to appoint any person a Director or Officer of the Company;
  - 14.2.11 to do anything else that is necessary or convenient for the purpose of exercising their powers to administer this Deed;
  - 14.2.12 at such time, and in such manner as they see fit, gain access to the Company's books, records, or premises as they see fit, and require the provision of such information and documents as they see fit (acting reasonably) by the Directors, Officers, Members and Employees; and
  - 14.2.13 in accordance with this Deed, to apply the Assets in payment of any remuneration or fees owed to or Statutory Liabilities, liabilities or expenses incurred by the Deed Administrators acting as deed administrators of this Deed or previously as voluntary administrators of the Company.
- 14.3 Notwithstanding clause 14.2 and the Prescribed Provisions, during the term of the Deed, the Deed Administrators' will seek the prior written consent of the Proponent before exercising any of the following powers:
- 14.3.1 to sell, assign, transfer or otherwise dispose or part with possession of any of the Shares or the Company's shares in Tawana; or
  - 14.3.2 to raise or borrow funds in the Company's name or in their own name on behalf of the Company.
- 14.4 If the prior written consent of the Proponent is not obtained in accordance with clause 14.3, then the Deed Administrators must not exercise any of the powers referred to in clause 14.3.1 or 14.3.2.



- 14.5 During the term of this Deed, the Deed Administrators are required to:
- 14.5.1 remove any Directors from the Company and appoint replacement Directors to the Company, as reasonably requested by the Proponent and having regard to the Company's constitutions and any applicable Laws;
  - 14.5.2 monitor the financial position of the Company to ensure compliance with this Deed; and
  - 14.5.3 call meetings of Creditors for the purpose of considering any proposed variation or termination of this Deed.
- 14.6 In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrators are taken to act as agents for and on behalf of the Company.
- 14.7 The rights, powers and privileges of the Deed Administrators may be exercised by them jointly or severally and as they see fit in their absolute discretion.
- 14.8 The parties acknowledge that unless otherwise agreed, the Receivers have sole and absolute control in relation to the Company's shares in Tawana and Lithco, such that the Deed Administrators will have no power, control or influence by reason of the Company's shares in Tawana and Lithco in the trading, affairs and operations of Tawana and Lithco after effectuation of the Subsidiary DOCA and while the Receivers remain appointed.
- 14.9 The Proponent agrees and undertakes to indemnify the Deed Administrators on written demand in relation to any liability or claim made against them as an Officer of the Company relating to or in any way connected with a claim under section 588V of the Corporations Act after effectuation of the Subsidiary DOCA.
- 14.10 The Proponent agrees that the indemnity in favour of the Deed Administrators in clause 14.9:
- 14.10.1 will survive the termination of this Deed; and
  - 14.10.2 is enforceable both against it and any nominee receiving the Shares as contemplated in clause 6.1.6 and the Proponent undertakes to ensure that such nominee is enforceably bound by the indemnity.

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## 15 Directors and Officers

- 15.1 As and from the Execution Date of this Deed, control of the Company will not revert to the Directors and Officers of the Company. The Deed Administrators will continue to maintain control of the Company in accordance with the terms of this DOCA until the Termination Date.



- 15.2 The Deed Administrators will remove any directors from the Company's board of directors and appoint new directors to the Company's board of directors, as reasonably requested by the Proponent and having regard to the Company's constitutions and any applicable Laws. On or before the Termination Date, the Directors and Officers will, if requested by the Deed Administrators:
- 15.2.1 resign from the Company in accordance with its constitution, or as otherwise provided for under the Corporations Act;
  - 15.2.2 execute any ASIC form reasonably required by the Deed Administrators to give effect to their resignation;
  - 15.2.3 provide all of the books and records of the Company in their possession, custody or control to the Deed Administrators;
  - 15.2.4 use all reasonable endeavours to cooperate with and assist the Deed Administrators in carrying out their duties and exercising their duties under this Deed; and
  - 15.2.5 as soon as reasonably practical, comply with all reasonable requests of the Deed Administrators in connection with the Company's business and affairs and this Deed.
- 15.3 If any Director or Officer does not comply with their obligations pursuant to clauses 15.1 to 15.2 of this DOCA, then the Deed Administrators can, among other things, execute all necessary documents to remove that Director or Officer as a director or officer of the Company.

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## **16 Carrying on the Business of the Company**

- 16.1 Subject to the terms of this Deed, the Company may carry on the Business.
- 16.2 If any matter or circumstance comes to the attention of all or any of the Directors which could reasonably be considered to have a material adverse effect on the ability of the Company to pay their debts as and when they fall due, then the Company shall immediately advise the Deed Administrators of such matter or circumstance.

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## **17 Termination of DOCA**

- 17.1 This Deed will immediately terminate when any of the following occurs:
- 17.1.1 on the Effectuation Date in accordance with clause 7.2;
  - 17.1.2 the Court making an order under section 445D of the Corporations Act terminating the Deed; or





- 17.1.3 Creditors passing a resolution under section 445E of the Corporations Act terminating the Deed.
- 17.2 Where:
  - 17.2.1 the Deed Administrators are made aware of any substantial breach of this Deed; or
  - 17.2.2 the Deed Administrators determine that it is no longer practicable to implement this Deed,the Deed Administrators may:
  - 17.2.3 call a meeting of Creditors in accordance with the Corporations Act, IPS and IPR to consider any proposed variation of this Deed or termination of this Deed; and
  - 17.2.4 not less than 14 days prior to the meeting, send to each Creditor of the Company a notice in accordance with the Corporations Act, IPS and IPR.
- 17.3 Where, at any meeting convened pursuant to clause 17.2.3 the Creditors resolve to terminate the Deed and that the Company be wound up then:
  - 17.3.1 the Company is taken to have passed, at the time this Deed is terminated, a special resolution under section 491 of the Corporations Act that the Company be wound up voluntarily, and to have done so without a declaration having been made and lodged under section 494 of the Corporations Act; and
  - 17.3.2 sub-section 446A(3), sub-sections 446A(5) to (7) and section 446B of the Corporations Act shall apply as if the Company was being wound up under section 446A of the Corporations Act.
- 17.4 Upon termination of this Deed on the Effectuation Date, the Deed Administrators must deliver to the Company all of the Company's books and records in the possession of the Deed Administrators other than to the extent that the Deed Administrators are required or entitled at law to retain such books and records.
- 17.5 The termination of the Deed will not affect:
  - 17.5.1 the previous operation of the Deed; or
  - 17.5.2 the enforceability of any accrued obligations under the Deed. For that purpose, where the termination of this Deed is followed by the winding up of the Company:
    - (a) the liquidators may enforce any obligation under the Deed owed to the Deed Administrators; and
    - (b) may do so as if the liquidators had been a party to the Deed at the execution of the Deed in the place of the Deed Administrators.



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## **18 Payment of Remuneration and costs**

- 18.1 The Administrators' remuneration and Deed Administrators' remuneration for:
- 18.1.1 the administration of the Company, pursuant to their appointment under section 436C of the Corporations Act; and
  - 18.1.2 the preparation, negotiation, stamping, execution and administration of this DOCA, pursuant to the provisions of this Deed,
- is to be calculated by multiplying the actual time spent by the Administrators and Deed Administrators and their partners, employees and staff in performance of services by the hourly rate of the person who performed the services, provided for in Schedule 1 of this Deed.
- 18.2 The Administrators and the Deed Administrators are entitled to pay their remuneration pursuant to clause 18.1 from the Assets, as determined and approved by Creditors and the Court in accordance with the Corporations Act, Corporations Regulations and the IPS and IPR.
- 18.3 The Administrators and the Deed Administrators are entitled, at any time, to be reimbursed from the Assets for the costs, charges, Statutory Liabilities, liabilities and expenses incurred by them in connection with or incidental to the administration and deed administration of the Company or the preparation, negotiation, stamping, execution and administration of this Deed.
- 18.4 The Administrators and Deed Administrators may pay their remuneration and costs, charges, Statutory Liabilities, liabilities and expenses at any time in accordance with the terms of this Deed.
- 18.5 To the extent the Deed Administrators' remuneration and costs, charges, Statutory Liabilities, liabilities and expenses are not fully satisfied by the Assets, the Proponent agrees and undertakes to pay the Deed Administrators' remuneration and costs, charges, Statutory Liabilities, liabilities and expenses, capped at a maximum amount of \$400,000.

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## **19 Deed Administrators' lien and indemnity**

- 19.1 To the maximum extent permitted by law, the Deed Administrators shall not be personally liable for any debts incurred or any claims, demands, actions, losses, damages, costs, charges, expenses, Statutory Liabilities or liabilities caused by any act, omission or default by or on behalf of:
- 19.1.1 the Deed Administrators in administering this Deed or exercising their duties and obligations under this Deed;



- 19.1.2 any other agreements entered into by the parties on or around the date of this Deed;
  - 19.1.3 the Company; or
  - 19.1.4 any Director, Officer, Member or Creditor of the Company.
- 19.2 Subject to clause 19.7, the Administrators and the Deed Administrators are jointly and severally entitled to be indemnified out of the Assets until the Completion Date, and after the Completion Date for:
- 19.2.1 all demands, costs, losses, expenses, charges, debts, Statutory Liabilities, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments whatsoever arising out of or in any way connected to the administration of the Company and the preparation, negotiation, stamping, execution and administration of this Deed;
  - 19.2.2 any amount which the Administrators are entitled to be indemnified out of the assets of the Company in accordance with the Corporations Act, at law or in equity, including any amounts payable by the Administrators pursuant to section 4433A, 443B or 443BA of the Corporations Act;
  - 19.2.3 any debts, liabilities, damages, losses and remuneration to which the statutory indemnity under section 443D of the Corporations Act applies;
  - 19.2.4 any amount for which the Administrators or Deed Administrators are entitled to exercise a lien at Law or in equity on the Assets of the Company;
  - 19.2.5 their remuneration and costs pursuant to clause 18; and
  - 19.2.6 all debts, Statutory Liabilities, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of this Deed.
- 19.3 The Deed Administrators and the Administrators' right of indemnity under this Deed and otherwise at Law:
- 19.3.1 has priority over all of the Claims of the Creditors; and
  - 19.3.2 can be paid whether or not the Admitted Creditors' Claims have been satisfied or extinguished.
- 19.4 The Deed Administrators and the Administrators have a lien over the Assets of the Company until the Completion Date, and after the Completion Date to secure the Deed Administrators' and the Administrators' rights of indemnity under clause 19.2 of this Deed.
- 19.5 Nothing in this Deed shall affect or limit the operation of sections 443D, 443E and 443F of the Corporations Act.



- 19.6 The indemnity under clause 19.2 shall not:
- 19.6.1 be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrators or Deed Administrators, and extends to all costs, losses, expenses, charges, debts, damages, awards, judgments, actions, suits, proceedings, accounts, Statutory Liabilities, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrators or Deed Administrators, or the approval and execution of this Deed or otherwise; or
  - 19.6.2 affect or prejudice all or any rights that the Administrators or Deed Administrators may have against the Company or any person to be indemnified against the losses, debts, damages, accounts, claims, costs, charges, expenses, Statutory Liabilities and liabilities incurred by the Administrators or Deed Administrators by or incidental to the administration of the Company and the preparation, negotiation, stamping, execution and administration of this DOCA.
- 19.7 The Deed Administrators and Administrators are not entitled to the indemnity under clause 19.2 against any claim arising out of, in connection with or incidental to:
- 19.7.1 any fraudulent or negligent act or omission by the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees;
  - 19.7.2 any act or omission by either the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees that is in breach of good faith; or
  - 19.7.3 in contravention of any provision of sections 180 to 184 of the Corporations Act; or
  - 19.7.4 any act done by the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees that is outside the powers of the Deed Administrators or Administrators pursuant to any Law or this Deed.

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## **20 Resignation and removal of the Deed Administrators**

- 20.1 The appointment of the Deed Administrators may be terminated by their resignation in writing signed by any of them and tendered to the Creditors or by a resolution at a meeting of the Creditors.
- 20.2 In the event of the death of one or all of the Deed Administrators, or in the event of their appointment being terminated in accordance with the provisions of this Deed, the Creditors shall have the power by resolution to appoint a substitute Deed Administrator to carry out their duties at a rate of remuneration not exceeding that



determined to be paid to the Deed Administrators and with the powers, duties and functions of the Deed Administrators.

- 20.3 Nothing in this clause affects the Deed Administrators' accrued right to remuneration pursuant to clause 18 of this Deed or the Deed Administrators' indemnity and lien pursuant to clause 19 of this Deed or otherwise at Law.
- 20.4 Notwithstanding any other provision of this Deed and subject to applicable law, the Deed Administrators are not obliged to take any action under this Deed in the event there are insufficient funds to pay amounts owing to the Deed Administrators pursuant to clauses 18 or 19 or otherwise at Law.

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## **21 Notice**

### **Form and delivery**

- 21.1 A notice, consent, information or request that must or may be given or made to a party under this Deed is only given or made if it is:
- 21.1.1 delivered or posted to that party at the address stated in this Deed; or
  - 21.1.2 emailed to that person at the email address stated in this Deed,
- or at such other address, fax number or email (as the case may be) that has been notified by that party to the other party in writing, from time to time.

### **Execution of emails**

- 21.2 If notice is given by email, the sending party must ensure that it is either signed by means of an electronically produced signature of a person authorised by that party to send the email or states that it is being sent by a person authorised to send the email on behalf of that person.

### **Receipt and effect**

- 21.3 A notice, consent, information or request is to be treated as given or made at the following time if it is:
- 21.3.1 delivered, when it is left at the relevant address.
  - 21.3.2 sent by post, 3 Business Days after it is posted.
  - 21.3.3 sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.
  - 21.3.4 sent by email, as soon as it enters the recipient's information system.
- 21.4 If:
- 21.4.1 a notice, consent, information or request is delivered;



21.4.2 an error free transmission report in relation to a fax of a notice, consent, information or request is received; or

21.4.3 the email enters the recipient's information system,

after the normal business hours of the party to whom it is delivered or sent, it is to be treated as having been given or made at 9.00am the next Business Day.

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## 22 General

### Stamp duty and GST

22.1 The Deed Administrators will cause the Company to pay all stamp duty payable on this Deed and any other document required to give effect to, or contemplated by, the provisions of this Deed.

22.2 Any GST payable by the Company in respect of a Taxable Supply made under this Deed, or contemplated to be made by this Deed, to another person (including any person bound by this Deed), must be borne by that other person, and will be paid by that person, subject to the prior receipt of a valid tax invoice, in addition to the other consideration given by that person to the Company for the Taxable Supply.

### Accumulative rights

22.3 The rights, powers and remedies provided by this Deed are accumulative and do not exclude any rights, powers, authorities, discretions or remedies provided by Law.

### Variation

22.4 This Deed may be varied, with the consent of the Deed Administrators, by a resolution passed at a meeting of Creditors convened in accordance with the Corporations Act, Corporations Regulations, IPS and IPR, but only if the variation is not materially different from a proposed variation set out in the notice of meeting.

### Waiver

22.5 The fact that a party fails to do, or delays in doing, something that party is entitled to do under this Deed does not amount to a waiver of that party's right to do it.

22.6 A waiver by a party is only effective if it is in writing.

22.7 A written waiver by a party is:

22.7.1 only effective in relation to the particular obligation or breach in respect of which it is given; and

22.7.2 is not to be taken as an implied waiver of:

(a) any other obligation or breach; or

(b) that obligation or breach in relation to any other occasion.



### **Entire agreement**

22.8 This Deed contains everything that the parties have agreed on in relation to the matters it deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before this Deed was executed.

### **Severability**

22.9 If:

22.9.1 a clause or part of a clause can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way;

22.9.2 any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Deed, but the rest of this Deed is not affected; and

22.9.3 the removal of a clause or part of a clause under clause 22.9.2 materially alters the commercial allocation of benefit and risk (or management of risk) under this Deed, the parties agree to call a meeting of Creditors to consider varying the Deed to deal with the illegality, unenforceability or invalidity.

### **Further cooperation**

22.10 Each party must do anything (including executing a document) another party reasonably requires in writing to give full effect to this Deed.

### **Relationship of the parties**

22.11 This Deed does not create a partnership, agency, fiduciary or any other relationship, except the relationship of contracting parties, between the parties.

22.12 No party is liable for an act or omission of another party, except to the extent set out in this Deed.

### **Governing Law and jurisdiction**

22.13 This Deed is governed by the Law of the State of Western Australia. The parties submit to the exclusive jurisdiction of its Courts. The parties will not object to the exercise of jurisdiction by those Courts on any basis.

### **Execution of separate documents**

22.14 This Deed is properly executed if each party executes this Deed or an identical document. In the former case, this Deed takes effect when the last party executes this Deed. In the latter case, this Deed takes effect when the last of the identical documents is executed and exchanged.

22.15 Evidence of execution of this Deed by a party may be shown by fax, email or a PDF copy of this Deed.





### **Costs and duty**

22.16 The Administrators' costs of and incidental to the preparation and execution of this Deed and any duty payable on the Deed are taken to be costs, charges and expenses incurred by the Deed Administrators in connection with or incidental to the administration of this Deed, but only to the extent that the Deed Administrators' right of indemnity under clause 19 is sufficient to meet those costs, charges and expenses and stamp duty.

### **Survival**

22.17 This clause and clauses 9, 17.3, 17.5, 18 and 19 survive the termination of this Deed.



## Execution

### Executed as a deed

**Date: December 2020**

Executed and delivered as a deed by

**Alita Resources Limited ACN 147 393 735**

**(Receivers and Managers Appointed) (Administrators Appointed)**

by its joint and several voluntary administrator:

\_\_\_\_\_  
Signature of Voluntary Administrator

\_\_\_\_\_  
Signature of Witness

**Robert Michael Kirman**

\_\_\_\_\_  
Print name of Voluntary Administrator

\_\_\_\_\_  
Print name of Witness



Executed and delivered as a deed by )  
**Robert Michael Kirman** )  
in his capacity as joint and several administrator of )  
Alita Resources Limited (ACN 147 393 735) )  
(receivers and managers appointed) )  
(administrators appointed) and in his capacity as joint )  
several administrator of Lithco No.2 Pty Ltd )  
(ACN 612 726 922) (receivers and managers appointed) )  
(administrators appointed) and Tawana Resources Pty Ltd )  
(ACN 085 166 721) (receivers and managers appointed) )  
(administrators appointed) in the presence of: )

Witness:

Signature:

Full Name:

Address:

Occupation:

Executed and delivered as a deed by )  
**Robert Conry Brauer** )  
in his capacity as joint and several administrator of )  
Alita Resources Limited (ACN 147 393 735) )  
(receivers and managers appointed) )  
(administrators appointed) and in his capacity as joint )  
several administrator of Lithco No.2 Pty Ltd )  
(ACN 612 726 922) (receivers and managers appointed) )  
(administrators appointed) and Tawana Resources Pty Ltd )  
(ACN 085 166 721) (receivers and managers appointed) )  
(administrators appointed) in the presence of: )

Witness:

Signature:

Full Name:

Address:

Occupation:



Executed and delivered as a deed by

**Austroid Corporation,**

a company incorporated in the State of Nevada,  
United States of America (with business identification number  
NV20201866500) by its sole director, in accordance with

the laws of that territory, acting under the authority of the company:



**Mike F Que**

\_\_\_\_\_  
Signature of sole Director

\_\_\_\_\_  
Name of sole Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness



## Schedule 1 – Deed Administrators' fees

### McGrathNicol's schedule of hourly rates

<b>Position</b>	<b>Rate (\$/hr)</b>
Partner / Appointee	650
Director 1	615
Director	600
Senior Manager	550
Manager	495
Assistant Manager	450
Senior Accountant	395
Accountant	325
Undergraduate	190
Practice Services Director	600
Senior Treasury Staff	445
Senior Client Administration and Treasury Administration	350
	200

*Rates are presented exclusive of GST*



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## Deed of Company Arrangement

**Tawana Resources Pty Ltd (ACN 085 166 721) (Receivers and  
Managers Appointed) (Administrators Appointed)**  
**Lithco No.2 Pty Ltd (ACN 612 726 922) (Receivers and Managers  
Appointed) (Administrators Appointed)**

**Austroid Corporation**

December 2020



## Table of contents

<b>Parties</b>	<b>1</b>
<b>Recitals</b>	<b>2</b>
<b>1 Definitions</b>	<b>2</b>
<b>1 Interpretation</b>	<b>7</b>
<b>2 Objects of the DOCA</b>	<b>8</b>
<b>3 Term of this DOCA</b>	<b>8</b>
<b>4 Appointment and duration of the Deed Administrators</b>	<b>9</b>
<b>5 Moratorium</b>	<b>9</b>
<b>6 Conditions Precedent to Completion Date</b>	<b>10</b>
<b>7 Completion</b>	<b>11</b>
<b>8 Property available to distribute to Creditors</b>	<b>12</b>
<b>9 Release of Claims</b>	<b>12</b>
<b>10 Certain Claims not compromised</b>	<b>13</b>
<b>11 Deed of Cross Guarantee</b>	<b>13</b>
<b>12 Taxation</b>	<b>13</b>
<b>13 Reporting to Creditors</b>	<b>14</b>
<b>14 Powers and obligations of the Deed Administrators</b>	<b>14</b>
<b>15 Directors and Officers</b>	<b>16</b>
<b>16 Carrying on the Business of the Companies</b>	<b>16</b>
<b>17 Termination of DOCA</b>	<b>17</b>
<b>18 Payment of Remuneration and costs</b>	<b>18</b>
<b>19 Deed Administrators' lien and indemnity</b>	<b>19</b>
<b>20 Resignation and removal of the Deed Administrators</b>	<b>21</b>
<b>21 Notice</b>	<b>21</b>
Form and delivery	21
Execution of emails	21
Receipt and effect	21
<b>22 General</b>	<b>22</b>
Stamp duty and GST	22
Accumulative rights	22
Time	22
Variation	22
Waiver	23
Entire agreement	23
Severability	23
Further cooperation	23





Relationship of the parties	23
Governing Law and jurisdiction	24
Execution of separate documents	24
Costs and duty	24
Survival	24
<b>Execution</b>	<b>25</b>
<b>Schedule 1 – Deed Administrators’ fees</b>	<b>28</b>

---



## Parties

<b>Deed Administrators</b>	Robert Michael Kirman and Robert Conry Brauer Address: c/- McGrathNicol, Level 19, 2 The Esplanade PERTH WA 6000 Email: <a href="mailto:rkirman@mcgrathnicol.com">rkirman@mcgrathnicol.com</a> <a href="mailto:shurst@mcgrathnicol.com">shurst@mcgrathnicol.com</a> Attention: Robert Kirman and Shane Hurst
<b>Proponent</b>	Austroid Corporation (a company incorporated in the State of Nevada, United States of America with business identification number NV20201866500) Address: 520 Bryant Street Palo Alto, CA, USA, 94301 Email: <a href="mailto:mike.que@austroidcorp.com">mike.que@austroidcorp.com</a> Attention: Mike F Que
<b>Tawana</b>	Tawana Resources Pty Ltd (ACN 085 166 721) (Receivers and Managers Appointed) (Administrators Appointed) Address: c/- McGrathNicol, Level 19, 2 The Esplanade PERTH WA 6000 Email: <a href="mailto:rkirman@mcgrathnicol.com">rkirman@mcgrathnicol.com</a> <a href="mailto:shurst@mcgrathnicol.com">shurst@mcgrathnicol.com</a> Attention: Robert Kirman and Shane Hurst
<b>Lithco</b>	Lithco No.2 Pty Ltd (ACN 612 726 922) (Receivers and Managers Appointed) (Administrators Appointed) Address: c/- McGrathNicol, Level 19, 2 The Esplanade PERTH WA 6000 Email: <a href="mailto:rkirman@mcgrathnicol.com">rkirman@mcgrathnicol.com</a> <a href="mailto:shurst@mcgrathnicol.com">shurst@mcgrathnicol.com</a> Attention: Robert Kirman and Shane Hurst



## Recitals

- A On 4 December 2020, the Administrators were appointed as joint and several voluntary administrators of the Alita Group of Companies pursuant to section 436C of the Corporations Act.
- B The Proponent proposed a deed of company arrangement in respect of (among others) the Companies to the Administrators on the terms set out in this Deed.
- C On 24 December 2020, pursuant to section 439A of the Corporations Act, a meeting of the Creditors of (among others) the Companies was held, at which the Creditors of the Companies resolved that the Companies should execute this Deed.
- D The Deed Administrators, the Proponent and the Companies have agreed to execute this Deed to give effect to the resolution in Recital C above.
- E Subject to the terms of this Deed, this Deed binds all Creditors of the Companies in accordance with section 444D of the Corporations Act, and also binds the Companies and their Officers and Members in accordance with section 444G of the Corporations Act.
- 

## 1 Definitions

1.1 In this DOCA the following definitions apply:

<b>Administrators</b>	means Robert Michael Kirman and Robert Conry Brauer in their capacity as joint and several voluntary administrators of the Companies.
<b>Alita</b>	means Alita Resources Limited (ACN 147 393 735).
<b>Alita Group of Companies</b>	means: (a) Alita; (b) Tawana; and (c) Lithco,  or any or all of them as the context requires.
<b>Admitted Claim</b>	means a Claim that is admitted by the Deed Administrators in accordance with the terms of this Deed.
<b>Alita Deed of Cross Guarantee</b>	means the deed of cross guarantee between the Alita Group of Companies dated on or about 27 June 2019.



<b>Assets</b>	means all of the assets and undertakings of the Companies.
<b>Business</b>	means the business carried on by the Companies as at the Relevant Date or Execution Date.
<b>Business Day</b>	means a day other than a Saturday, Sunday or public holiday in Western Australia.
<b>CHEL</b>	means China Hydrogen Energy Limited.
<b>Claim</b>	means any action, demand, suit, proceeding, debt, claim, loss, damage or other liability (present or future, certain or contingent, ascertained or sounding only in damages) whatsoever and howsoever incurred, which arises directly or indirectly from any act or omission by the Companies or by any agreement, circumstance or event occurring on or before the Relevant Date.
<b>Companies</b>	means:  (a) Tawana; and  (b) Lithco,  or each or any of them as the context requires.
<b>Completion Date</b>	has the meaning in clause 7.1.
<b>Conditions Precedent</b>	means the conditions precedent to the Completion Date set out in clause 6.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporation Regulations 2001</i> (Cth).
<b>Court</b>	means the Supreme Court of Western Australia and the Federal Court of Australia.
<b>Creditor</b>	means any person who has a Claim against the Companies and who would have been entitled to prove in a winding up of the Companies if the Companies had been wound up and the winding up was taken to have commenced on the Relevant Date.
<b>Deed or DOCA</b>	means this deed, as amended, supplemented or varied from time to time.
<b>Deed Administrators</b>	means Robert Michael Kirman and Robert Conry Brauer in their capacity as joint and several deed administrators of this Deed.
<b>Deed of Assignment</b>	means the Deed of Assignment dated 2 December 2020 pursuant to which CHEL assigned all of its right, title and interest in (among



other things) the Existing Facility and the Security (as that term is defined in the Deed of Assignment) to Austroid.

**Deed of Release**

means a deed of release to be entered into between the Proponent and the Alita Group of Companies, pursuant to which (among other things):

- (a) the Proponent will release Tawana and Lithco from their obligation to repay such amount of the Existing Debt, such that Tawana and Lithco remain indebted to the Proponent in the amount of AUD20,000,000 (jointly and severally);
- (b) Tawana and Lithco will retire as borrowers under the Existing Facility Agreement; and
- (c) the Proponent will release Tawana and Lithco from any and all liabilities, demands and claims arising out of, under or in relation to the Existing Security and the Guarantee and Indemnity.

**Directors**

means any person who is a director (as that term is defined by section 9 of the Corporations Act) of the Companies.

**Effectuation Date**

has the meaning in clause 7.2.

**Excluded Claims**

means any Claims of the Proponent.

**Excluded Creditors**

means the Proponent.

**Execution Date**

means the date the parties execute this DOCA in accordance with section 444B(2) of the Corporations Act.

**Existing Debt**

means all monies owing by the Companies (whether jointly or severally) to the Lender pursuant to the Existing Facility Agreement.

**Existing Facility**

means the loan facility with a facility limit of AUD70,000,000 provided to the Alita Group of Companies pursuant to the Existing Facility Agreement.

**Existing Facility Agreement**

means the document titled 'Loan Facility Agreement' dated 28 November 2019 (as varied, restated or amended from time to time, including by the Deed of Assignment).

**Existing Security**

means the 'Security' as defined in the Existing Facility Agreement.

**FATA**

means the Foreign Acquisitions and Takeovers Act 1975 (Cth) and the Foreign Acquisitions and Takeovers Regulation 2015 (Cth) (as the context requires).



<b>FIRB</b>	means the Australian Government's Foreign Investment Review Board.
<b>GST</b>	means a Goods and Services tax imposed under the GST Act, a consumption tax, value added tax, retail turnover tax or tax of a similar nature.
<b>GST Act</b>	means <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth) and related legislation and regulations.
<b>Guarantee and Indemnity</b>	means the document titled 'Deed of Guarantee and Indemnity' dated 28 November 2019 between CHEL and the Alita Group of Companies (as varied, restated or amended from time to time, including by the Deed of Assignment).
<b>IPR</b>	means the <i>Insolvency Practice Rules (Corporations) 2016</i> (Cth).
<b>IPS</b>	means the Insolvency Practice Schedule, which is schedule 2 to the Corporations Act.
<b>Law</b>	includes any requirement of any statute, regulation, proclamation, ordinance or by-law, present or future and whether State, Federal, local or otherwise.
<b>Loan Agreement</b>	means the loan agreement executed between the Proponent and the Administrators on or about 7 December 2020.
<b>Member</b>	means member as defined in section 9 of the Corporations Act.
<b>New Loan Agreement</b>	means a loan facility agreement between the Proponent and the Companies with a facility limit of AUD40,000,000 to be executed on the Completion Date by the Directors, under which (among other things): <ul style="list-style-type: none"><li>(a) the Companies will expressly acknowledge that they are indebted to the Companies in the amount of AUD20,000,000 of the Existing Debt;</li><li>(a) the Proponent will make available to the Companies with a new working capital facility up to an aggregate principal limit of AUD20,000,000; and</li><li>(b) the Companies will grant in favour of the Proponent, security over all of the Companies' present and after-acquired property, and the rights, title and interests in any mining tenements held by the Companies.</li></ul>
<b>Officer</b>	means officer as defined in section 9 of the Corporations Act.



<b>Published FX Rate</b>	means the opening inward remittances carded foreign exchange rate issued by the Commonwealth Bank of Australia on the Relevant Date.
<b>Prescribed Provisions</b>	means regulations 5.6.11 to 5.6.73 of the Corporations Regulations (inclusive), sections 2 (Powers of administrator) and 8 (Making claims) of Schedule 8A of the Corporations Regulations and sections 553 and 563C of the Corporations Act.
<b>Receivers</b>	means Richard Scott Tucker and John Allan Bumbak as joint and several receivers and managers of the Companies.
<b>Relevant Date</b>	means the date of appointment of the Administrators to the Companies, being 4 December 2020.
<b>Secured Interests</b>	means any valid Security Interest, hypothecation, lien, mortgage, pledge, charge, encumbrance or any other type of security over or in the property of the Companies.
<b>Security Interest</b>	has the meaning given to “security interest” in the Corporations Act.
<b>Statutory Liabilities</b>	means any charge, tax, duty, impost or levy raised by, or by the authority of, any governmental instrumentality, including GST.
<b>Tax Acts</b>	means any Commonwealth or State legislation that imposes a taxation liability on the Companies and includes but is not limited to the <i>Income Tax Assessment Act 1936</i> (Cth) and the <i>Taxation Administration Act 1953</i> (Cth).
<b>Taxable Supply</b>	has the meaning given in section 195-1 of the <i>A New Tax System (Goods and Services Tax) Act 1999</i> (Cth).
<b>Tenements</b>	means all of Alita’s right, title and interest in any mining tenements.
<b>Term</b>	means the period described in clause 3.
<b>Termination</b>	means the termination of this Deed pursuant to clause 17 of this Deed.
<b>Termination Date</b>	means the date this DOCA is terminated pursuant to clause 17 of this DOCA.
<b>Transfer Agreement</b>	means the agreement between the Companies and Alita dated on or about the date of this Deed, pursuant to which Alita will transfer all assets used or applied exclusively in the operation of the Bald Hill lithium and tantalum project, including the Tenements, to Lithco.



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## 1 Interpretation

- 1.1 In this DOCA, unless the context otherwise requires:
- 1.1.1 Headings or subheadings are for convenience only and do not affect the interpretation of any provision of this Deed.
  - 1.1.2 A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.
  - 1.1.3 The singular includes the plural and vice versa.
  - 1.1.4 Words expressed in one gender include the other gender.
  - 1.1.5 A “person” includes an individual, partnership, firm, companies, government, joint venture, association, authority, corporation or other body corporate.
  - 1.1.6 References to the parties, background, parts, clauses, schedules and annexures are references to the parties, background, parts, clauses, schedules and annexures to this Deed.
  - 1.1.7 The expression “this Deed” includes the agreement, arrangement, understanding or transaction recorded in this Deed.
  - 1.1.8 References to a party to this Deed include that party’s executors, Deed Administrators, substitutes, successors and permitted assigns.
  - 1.1.9 A reference to a group of people is a reference to all of them collectively and to each of them individually.
  - 1.1.10 References to time are to time in Perth, Western Australia.
  - 1.1.11 If the date on or by which any act must be done under this Deed is not a Business Day, the act must be done on or by the next Business Day.
  - 1.1.12 A covenant or agreement made by, or for the benefit of, two or more persons binds, and is enforceable against, or may be exercised by (as the case may be), those persons jointly and each of them severally.
  - 1.1.13 A reference to any statute or to any statutory provision includes any amendment, re-enactment or consolidation of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it.
  - 1.1.14 “\$” or “dollars” is a reference to Australian currency, unless otherwise indicated.





- 1.1.15 A reference to a thing or an amount includes the whole or part of that thing or amount.
- 1.2 If there is any inconsistency between the provisions of this Deed and the Prescribed Provisions or the Corporations Act, Corporations Regulations, the IPS or the IPRs generally, this Deed shall prevail to the extent permitted by law.
- 1.3 If there is any inconsistency between the provisions of this Deed and the constitution of the Companies or any other obligation binding on the Companies, this Deed shall prevail to the extent of the inconsistency, and all persons bound by the Deed agree to sign all documents and do all things to remove such inconsistency.
- 1.4 This DOCA may be pleaded as an absolute bar and defence in respect of any Claims released, discharged and extinguished under this DOCA.
- 1.5 Subject to any contrary terms of this Deed, the Prescribed Provisions are incorporated in this Deed with all modifications as are necessary to give effect to Part 5.3A of the Corporations Act and this Deed, and as if references to the 'liquidator', 'provisional liquidator', 'administrator' or the like, were references to the 'Deed Administrators', references to the 'relevant date' were references to the 'Relevant Date', and references to 'winding up' were references to the arrangement effected by this Deed.
- 

## **2 Objects of the DOCA**

- 2.1 The objects of this DOCA are:
- 2.1.1 to comply with the Corporations Act and the resolution of the Creditors by which the Companies execute this DOCA;
- 2.1.2 to provide a better outcome for Creditors than would be available to them in a liquidation of the Companies;
- 2.1.3 to resolve all Creditors' Claims, other than the Excluded Claims; and
- 2.1.4 to maximise the chance of the Companies continuing in existence.
- 

## **3 Term of this DOCA**

- 3.1 The operation of this DOCA will commence on the Execution Date and continue until the Termination Date.



---

## **4 Appointment and duration of the Deed Administrators**

- 4.1 The Companies appoint the Deed Administrators as deed administrators of this Deed and the Deed Administrators shall be authorised to exercise their powers subject to the terms and conditions contained in this DOCA and shall remain as Deed Administrators until the Termination Date of this Deed.
- 4.2 The Deed Administrators accept their appointment as deed administrators of this Deed.
- 4.3 The Proponent agrees and undertakes to maintain the appointment of the Receivers during the Term, unless otherwise agreed between the Proponent and the Deed Administrators.

---

## **5 Moratorium**

- 5.1 This Deed binds all Creditors in accordance with section 444D of the Corporations Act, and also binds the Companies and its Officers and Members in accordance with section 444G of the Corporations Act.
- 5.2 Nothing in this Deed limits the rights of the Deed Administrators to apply for orders, directions or relief under any applicable law including but not limited to sections 444F and 447A(1) of the Corporations Act and section 90-15 of the IPS.
- 5.3 Subject to section 444D of the Corporations Act, a Creditor (whether their relevant Claim is or is not admitted or established under this Deed) must not, before the termination of this DOCA, except for the purpose of and to the extent provided in this DOCA:
  - 5.3.1 institute or prosecute any legal proceedings in relation to any Claim;
  - 5.3.2 commence or take any further step in any arbitration commenced prior to the Relevant Date against the Companies or to which the Companies are a party;
  - 5.3.3 take or concur in the taking of any steps to wind up the Companies (or any of them);
  - 5.3.4 join, or allow to be joined, the Companies to any proceedings in which liability may be imposed on the Companies (including as a concurrent wrongdoer);
  - 5.3.5 exercise any right of set off or cross action to which the creditor would not have been entitled had the Companies been wound up (with the winding up taken to have begun on the Relevant Date);



- 5.3.6 institute or prosecute any legal proceedings or enforcement processes in relation to the Companies or the Companies' property; or
  - 5.3.7 take any further step (including any step by way of legal or equitable execution) in any proceedings which were pending against or in relation to the Companies as at the Relevant Date.
  - 5.4 During the term of this DOCA, the Companies, their Members, Directors and Officers must not make or proceed with any application for an order to wind up the Companies or pass any resolution pursuant to section 491 of the Corporations Act and the Companies' Members, Directors and Officers must not act inconsistently with the terms and objects of the DOCA.
- 

## **6 Conditions Precedent to Completion Date**

- 6.1 The Completion Date in accordance with clause 7.1 of this DOCA is conditional upon the satisfaction or waiver of all of the following conditions precedent (**Conditions Precedent**):
  - 6.1.1 the Deed Administrators providing FIRB with notice of this DOCA and the transactions contemplated by this DOCA;
  - 6.1.2 the execution of the Transfer Agreement;
  - 6.1.3 the execution of the Deed of Release;
  - 6.1.4 the appointment of:
    - (a) one director to the board of directors of the Companies to be nominated by the Proponent; and
    - (b) two independent directors to the board of directors of the Companies to be appointed by the Deed Administrators.
- 6.2 For the avoidance of doubt, the Deed Administrators have no obligation or responsibility to take any steps or actions in relation to any of the matters the subject of clauses 6.1.2 and 6.1.3 on behalf of Alita and the Companies, rather those matters are solely within the control and responsibility of the Receivers.
- 6.3 The parties must use all reasonable endeavours to ensure that the Conditions Precedent are satisfied.
- 6.4 The Proponent must notify the Deed Administrators in writing on or before 31 January 2021 (or such later date as the Deed Administrators and Proponent may agree in writing) that the Conditions Precedent in clause 6.1.1 to 6.1.4 have been satisfied, failing which the Deed Administrators may:
  - 6.4.1 by notice to Creditors and the Proponent immediately terminate the DOCA; or



- 6.4.2 call a meeting of Creditors to consider varying or terminating the DOCA.
  - 6.5 A Condition Precedent can only be waived (wholly or partly) by agreement between the Deed Administrators and the Proponent.
- 

## **7 Completion**

- 7.1 The **Completion Date** under this Deed is the date on which each of the Conditions Precedent have been satisfied (or waived) in accordance with clause 6.
- 7.2 On the Completion Date, the Directors must execute the New Loan Agreement and any further documents or instruments as the Proponent may reasonably require to give effect to the New Loan Agreement and secure the Companies' obligations under the New Loan Agreement, including (but not limited to) a general security agreement and a deed of guarantee and indemnity.
- 7.3 On the effectuation date, being the date that is 5 Business Days after the Completion Date (**Effectuation Date**):
  - 7.3.1 this DOCA will terminate;
  - 7.3.2 control of the Companies will revert to the Directors and the Deed Administrators will not have any obligation or responsibility for the affairs of the Companies, including the ongoing trading of the Companies' Businesses;
  - 7.3.3 the Companies (by authority of their Directors) must execute the New Loan Agreement and any further documents or instruments as the Proponent may reasonably request to give effect to the New Loan Agreement and secure the Companies' obligations under the New Loan Agreement, including (but not limited to) a general security agreement and a deed of guarantee and indemnity;
  - 7.3.4 the Proponent will fully release and discharge the Deed Administrators personally from all claims, debt and liability in relation to and in any way connected with the Loan Agreement; and
  - 7.3.5 the Deed Administrators must lodge a written notice with ASIC in the following form:

***Tawana Resources Pty Ltd (ACN 085 166 721) (Subject to Deed of Company Arrangement) and Lithco No.2 Pty Ltd (ACN 612 726 922) (Subject to Deed of Company Arrangement)***

*We, Robert Michael Kirman and Robert Conry Brauer of McGrathNicol, Deed Administrators of the deed of company arrangement executed by Tawana Resources Pty Ltd (ACN 085 166 721) (Subject to Deed of Company Arrangement) and Lithco No.2 Pty Ltd (ACN 612 726 922)*



*(Subject to Deed of Company Arrangement) on [insert date] hereby certify that the deed has been wholly effectuated by the circumstances set out in the deed and terminated on [insert date].*

---

## **8 Property available to distribute to Creditors**

- 8.1 No other money or property of the Companies is available to be distributed to the Creditors under this DOCA.
- 8.2 The rule against double proofs applies to Claims under this Deed and a Creditor is only entitled to be admitted in relation to a Claim once, even if the Claim is able to be made by the Creditor against more than one of the Alita Group of Companies.
- 8.3 Where a Claim is in a foreign currency, the amount of the Claim that is admissible to proof is the equivalent in Australian currency of the amount of the foreign currency, worked out by reference to Published FX Rate.

---

## **9 Release of Claims**

- 9.1 All Creditors' Claims (which for the avoidance of doubt excludes the Excluded Claims of the Excluded Creditors) shall be discharged, satisfied, released and extinguished upon Completion of this Deed in accordance with clause 7.
- 9.2 The Creditors accept their entitlements under this DOCA in full satisfaction and complete discharge of their:
  - 9.2.1 Claims (irrespective of whether the Creditor lodges a proof of debt or receives a dividend under this DOCA); and
  - 9.2.2 any proprietary or equitable rights, including the right to exercise any Secured Interests in relation to their Claims,and if called upon to do so, shall execute and deliver to the Companies such forms of release of any such Claim as the Deed Administrators require.
- 9.3 If the Deed Administrators request a Creditor to execute and deliver to the Companies a written release of the Creditors' Claims in the form the Deed Administrators reasonably require, that release must be provided within 7 Business Days of the request.
- 9.4 Subject to section 444D of the Corporations Act, this DOCA may be pleaded by the Companies or the Deed Administrators against any person having a Claim (other than an Excluded Claim) against the Companies as an absolute bar and defence to any legal proceedings brought or made at any time in respect of that Claim.



---

## **10 Certain Claims not compromised**

- 10.1 Clauses 9.1 to 9.4 above do not apply in relation to the Excluded Claims of the Excluded Creditors and for the avoidance of doubt the terms of this DOCA do not discharge, satisfy, release or extinguish the Excluded Claims which are expressly preserved.

---

## **11 Deed of Cross Guarantee**

- 11.1 With effect on and from the Execution Date:
- 11.1.1 the Alita Deed of Cross Guarantee is terminated and has no further force or effect; and
  - 11.1.2 the parties to the Alita Deed of Cross Guarantee are fully released and discharged from all claims, debt and liability in relation to and in any way connection with the Alita Deed of Cross Guarantee.

---

## **12 Taxation**

- 12.1 The Companies shall at all times whilst this DOCA remains on foot ensure that all liabilities of the Companies under the Tax Acts are met which accrue or are accruing during the period of the voluntary administration of the Companies and deed administration in relation to events occurring during the period of the voluntary administration and deed administration, but excluding any such liabilities that comprise Claims provable under this DOCA.
- 12.2 The Companies shall at all times fully inform the Deed Administrators of any requirements to pay tax pursuant to the Tax Acts.
- 12.3 The Deed Administrators may at any time request information from the Companies as to the Companies' liabilities under the Tax Acts and payments made pursuant to the Tax Acts.
- 12.4 The Deed Administrators may at any time inspect the Companies' records relating to the Companies' liability under the Tax Acts and if considered necessary have the Companies' books, records and accounts audited to determine the Companies' actual liabilities under the Tax Acts.
- 12.5 Where the Deed Administrators determine that the Companies is not paying any liability under the Tax Acts pursuant to clause 12.1 as and when the liability falls due, the Deed Administrators may terminate the Deed immediately.



---

## **13 Reporting to Creditors**

- 13.1 Except as required by Law or the terms of this Deed, the Deed Administrators are not required to report to Creditors.
- 13.2 The Deed Administrators will promptly notify Creditors of the date of the termination of this Deed.
- 13.3 The Deed Administrators may, in their absolute discretion, otherwise report to Creditors at such times as the Deed Administrators consider appropriate and on matters which the Deed Administrators consider ought to be brought to the attention of Creditors.

---

## **14 Powers and obligations of the Deed Administrators**

- 14.1 Each Deed Administrator shall have all of the powers set out in this Deed, in clause 2 of Schedule 8A of the Corporations Regulations and as otherwise provided to deed administrators by the Corporations Act, Corporations Regulations, the IPS, the IPRs or generally at law or in equity.
- 14.2 During the term of this Deed, the Deed Administrators' powers include the power:
  - 14.2.1 of the Companies' Members in general meetings, to the exclusion of the Companies' Members;
  - 14.2.2 to bring, prosecute and defend in the name and on behalf of the Companies, or in the name of the Deed Administrators, any action, suits or proceedings relevant to the performance of this Deed or the affairs of the Companies generally;
  - 14.2.3 to convene and hold meetings of the Creditors and Members in accordance with this Deed;
  - 14.2.4 to make interim or other distributions of property available for the payment of Admitted Creditors' Claims;
  - 14.2.5 to appoint a solicitor, accountant or other professionally qualified person to assist the Deed Administrators give effect to the terms of this Deed;
  - 14.2.6 to permit any person to operate any account in the name of the Companies;
  - 14.2.7 to provide such information concerning the Companies' affairs to Creditors as they see fit;



- 14.2.8 to do anything that is incidental to exercising a power set out in this Deed, including executing all documents or deeds in the name of and on behalf of the Companies;
  - 14.2.9 to remove any Director or Officer of the Companies;
  - 14.2.10 subject to clause 6.1.4 of this Deed, to appoint any person a Director or Officer of the Companies;
  - 14.2.11 to do anything else that is necessary or convenient for the purpose of exercising their powers to administer this Deed;
  - 14.2.12 at such time, and in such manner as they see fit, gain access to the Companies' books, records, or premises as they see fit, and require the provision of such information and documents as they see fit (acting reasonably) by the Directors, Officers, Members and Employees; and
  - 14.2.13 in accordance with this Deed, to apply the Assets in payment of any remuneration or fees owed to or Statutory Liabilities, liabilities or expenses incurred by the Deed Administrators acting as deed administrators of this Deed or previously as voluntary administrators of the Companies.
- 14.3 During the term of this Deed, the Deed Administrators are required to:
- 14.3.1 remove any Directors from the Companies and appoint replacement Directors to the Companies in accordance with clause 6.1.4 and having regard to the Companies' constitutions and any applicable Laws;
  - 14.3.2 monitor the financial position of the Companies to ensure compliance with this Deed; and
  - 14.3.3 call meetings of Creditors for the purpose of considering any proposed variation or termination of this Deed.
- 14.4 In exercising the powers conferred by this Deed and carrying out the duties arising under this Deed, the Deed Administrators are taken to act as agents for and on behalf of the Companies.
- 14.5 The rights, powers and privileges of the Deed Administrators may be exercised by them jointly or severally and as they see fit in their absolute discretion.
- 14.6 The parties acknowledge that unless otherwise agreed, the Receivers will have the sole and absolute control, responsibility and liability for any trading activities which the Companies undertake during the Term, such that the Deed Administrators will have no control, responsibility or liability for such trading.
-





## **15 Directors and Officers**

- 15.1 Subject to clause 15.4, as and from the Execution Date of this Deed, control of the Companies will not revert to the Directors and Officers of the Companies. The Deed Administrators will continue to maintain control of the Companies in accordance with the terms of this DOCA until the Termination Date.
- 15.2 The Deed Administrators will remove any directors from the Companies' board of directors and appoint new directors to the Companies' board of directors, in accordance with clause 6.1.4 and having regard to the Companies' constitutions and any applicable Laws. On or before the Termination Date, the Directors and Officers will, if requested by the Deed Administrators:
- 15.2.1 resign from the Companies in accordance with their constitutions, or as otherwise provided for under the Corporations Act;
  - 15.2.2 execute any ASIC form reasonably required by the Deed Administrators to give effect to their resignation;
  - 15.2.3 provide all of the books and records of the Companies in their possession, custody or control to the Deed Administrators;
  - 15.2.4 use all reasonable endeavours to cooperate with and assist the Deed Administrators in carrying out their duties and exercising their duties under this Deed; and
  - 15.2.5 as soon as reasonably practical, comply with all reasonable requests of the Deed Administrators in connection with the Companies' business and affairs and this Deed.
- 15.3 If any Director or Officer does not comply with their obligations pursuant to clauses 15.1 to 15.2 of this DOCA, then the Deed Administrators can, among other things, execute all necessary documents to remove that Director or Officer as a director or officer of the Companies.
- 15.4 The Directors are expressly authorised to negotiate and execute the New Loan Agreement and any further documents or instruments as the Proponent may reasonably require to give effect to the New Loan Agreement and secure the Companies' obligations under the New Loan Agreement, including (but not limited to) a general security agreement and a deed of guarantee and indemnity, in accordance with clause 7.2.

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## **16 Carrying on the Business of the Companies**

- 16.1 Subject to the terms of this Deed, the Companies may carry on the Business.
- 16.2 If any matter or circumstance comes to the attention of all or any of the Directors which could reasonably be considered to have a material adverse effect on the ability



of the Companies to pay their debts as and when they fall due, then the Companies shall immediately advise the Deed Administrators of such matter or circumstance.

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## **17 Termination of DOCA**

17.1 This Deed will immediately terminate when any of the following occurs:

17.1.1 on the Effectuation Date in accordance with clause 7.3;

17.1.2 the Court making an order terminating the Deed; or

17.1.3 Creditors passing a resolution terminating the Deed.

17.2 Where:

17.2.1 the Deed Administrators are made aware of any substantial breach of this Deed; or

17.2.2 the Deed Administrators determine that it is no longer practicable to implement this Deed,

the Deed Administrators may:

17.2.3 call a meeting of Creditors in accordance with the Corporations Act, IPS and IPR to consider any proposed variation of this Deed or termination of this Deed; and

17.2.4 not less than 14 days prior to the meeting, send to each Creditor of the Companies a notice in accordance with the Corporations Act, IPS and IPR.

17.3 Where, at any meeting convened pursuant to clause 17.2.3 the Creditors resolve to terminate the Deed and that the Companies be wound up, then:

17.3.1 the Companies are taken to have passed, at the time this Deed is terminated, a special resolution under section 491 of the Corporations Act that the Companies be wound up voluntarily, and to have done so without a declaration having been made and lodged under section 494 of the Corporations Act; and

17.3.2 sub-section 446A(3), sub-sections 446A(5) to (7) and section 446B of the Corporations Act shall apply as if the Companies were being wound up under section 446A of the Corporations Act.

17.4 Upon termination of this Deed on the Effectuation Date, the Deed Administrators must deliver to the Companies all of the Companies' books and records in the possession of the Deed Administrators other than to the extent that the Deed Administrators are required or entitled at law to retain such books and records.

17.5 The termination of the Deed will not affect:



- 17.5.1 the previous operation of the Deed; or
- 17.5.2 the enforceability of any accrued obligations under the Deed. For that purpose, where the termination of this Deed is followed by the winding up of the Companies:
  - (a) the liquidators may enforce any obligation under the Deed owed to the Deed Administrators; and
  - (b) may do so as if the liquidators had been a party to the Deed at the execution of the Deed in the place of the Deed Administrators.

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## **18 Payment of Remuneration and costs**

- 18.1 The Administrators' remuneration and Deed Administrators' remuneration for:
  - 18.1.1 the administration of the Companies, pursuant to their appointment under section 436C of the Corporations Act; and
  - 18.1.2 the preparation, negotiation, stamping, execution and administration of this DOCA, pursuant to the provisions of this Deed,

is to be calculated by multiplying the actual time spent by the Administrators and Deed Administrators and their partners, employees and staff in performance of services by the hourly rate of the person who performed the services, provided for in Schedule 1 of this Deed.
- 18.2 The Administrators and the Deed Administrators are entitled to pay their remuneration pursuant to clause 18.1 from the Assets, as determined and approved by Creditors and the Court in accordance with the Corporations Act, Corporations Regulations and the IPS and IPR.
- 18.3 The Administrators and the Deed Administrators are entitled, at any time, to be reimbursed from the Assets for the costs, charges, Statutory Liabilities, liabilities and expenses incurred by them in connection with or incidental to the administration of the Companies or the preparation, negotiation, stamping, execution and administration of this Deed.
- 18.4 The Administrators and Deed Administrators may pay their remuneration and costs, charges, Statutory Liabilities, liabilities and expenses at any time in accordance with the terms of this Deed.
- 18.1 To the extent the Deed Administrators' remuneration and costs, charges, Statutory Liabilities, liabilities and expenses are not fully satisfied by the Assets, the Proponent agrees and undertakes to pay the Deed Administrators' remuneration and costs, charges, Statutory Liabilities, liabilities and expenses, capped at a maximum amount of \$400,000.



## **19 Deed Administrators' lien and indemnity**

- 19.1 To the maximum extent permitted by law, the Deed Administrators shall not be personally liable for any debts incurred or any claims, demands, actions, losses, damages, costs, charges, expenses, Statutory Liabilities or liabilities caused by any act, omission or default by or on behalf of:
- 19.1.1 the Deed Administrators in administering this Deed or exercising their duties and obligations under this Deed;
  - 19.1.2 any other agreements entered into by the parties on or around the date of this Deed;
  - 19.1.3 the Companies; or
  - 19.1.4 any Director, Officer, Member or Creditor of the Companies.
- 19.2 Subject to clause 19.7, the Administrators and the Deed Administrators are jointly and severally entitled to be indemnified out of the Assets until the Completion Date, and after the Completion Date for:
- 19.2.1 all demands, costs, losses, expenses, charges, debts, Statutory Liabilities, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments whatsoever arising out of or in any way connected to the administration of the Companies and the preparation, negotiation, stamping, execution and administration of this Deed;
  - 19.2.2 any amount which the Administrators are entitled to be indemnified out of the assets of the Companies in accordance with the Corporations Act, at law or in equity, including any amounts payable by the Administrators pursuant to section 4433A, 443B or 443BA of the Corporations Act;
  - 19.2.3 any debts, liabilities, damages, losses and remuneration to which the statutory indemnity under section 443D of the Corporations Act applies;
  - 19.2.4 any amount for which the Administrators or Deed Administrators are entitled to exercise a lien at Law or in equity on the Assets of the Companies;
  - 19.2.5 their remuneration and costs pursuant to clause 18; and
  - 19.2.6 all debts, Statutory Liabilities, liabilities, actions, suits, proceedings, accounts, claims, damages, awards and judgments arising out of or in the course of this Deed.
- 19.3 The Deed Administrators and the Administrators' right of indemnity under this Deed and otherwise at Law:
- 19.3.1 has priority over all of the Claims of the Creditors; and



- 19.3.2 can be paid whether or not the Admitted Creditors' Claims have been satisfied or extinguished.
- 19.4 The Deed Administrators and the Administrators have a lien over the Assets of the Companies until the Completion Date, and after the Completion Date to secure the Deed Administrators' and the Administrators' rights of indemnity under clause 19.2 of this Deed.
- 19.5 Nothing in this Deed shall affect or limit the operation of sections 443D, 443E and 443F of the Corporations Act.
- 19.6 The indemnity under clause 19.2 shall not:
- 19.6.1 be affected, limited or prejudiced in any way by any irregularity, defect or invalidity in the appointment of the Administrators or Deed Administrators, and extends to all costs, losses, expenses, charges, debts, damages, awards, judgments, actions, suits, proceedings, accounts, Statutory Liabilities, liabilities, claims and demands arising in any way out of any defect in the appointment of the Administrators or Deed Administrators, or the approval and execution of this Deed or otherwise; or
- 19.6.2 affect or prejudice all or any rights that the Administrators or Deed Administrators may have against the Companies or any person to be indemnified against the losses, debts, damages, accounts, claims, costs, charges, expenses, Statutory Liabilities and liabilities incurred by the Administrators or Deed Administrators by or incidental to the administration of the Companies and the preparation, negotiation, stamping, execution and administration of this DOCA.
- 19.7 The Deed Administrators and Administrators are not entitled to the indemnity under clause 19.2 against any claim arising out of, in connection with or incidental to:
- 19.7.1 any fraudulent or negligent act or omission by the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees;
- 19.7.2 any act or omission by either the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees that is in breach of good faith; or
- 19.7.3 in contravention of any provision of sections 180 to 184 of the Corporations Act; or
- 19.7.4 any act done by the Deed Administrators or the Deed Administrators' partners or employees, the Administrators or the Administrators' partners or employees that is outside the powers of the Deed Administrators or Administrators pursuant to any Law or this Deed.



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## **20 Resignation and removal of the Deed Administrators**

- 20.1 The appointment of the Deed Administrators may be terminated by their resignation in writing signed by any of them and tendered to the Creditors or by a resolution at a meeting of the Creditors.
- 20.2 In the event of the death of one or all of the Deed Administrators, or in the event of their appointment being terminated in accordance with the provisions of this Deed, the Creditors shall have the power by resolution to appoint a substitute Deed Administrator to carry out their duties at a rate of remuneration not exceeding that determined to be paid to the Deed Administrators and with the powers, duties and functions of the Deed Administrators.
- 20.3 Nothing in this clause affects the Deed Administrators' accrued right to remuneration pursuant to clause 18 of this Deed or the Deed Administrators' indemnity and lien pursuant to clause 19 of this Deed or otherwise at law.
- 20.4 Notwithstanding any other provision of this Deed and subject to applicable law, the Deed Administrators are not obliged to take any action under this Deed in the event there are insufficient funds to pay amounts owing to the Deed Administrators pursuant to clauses 18 or 19 or otherwise at law.

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## **21 Notice**

### **Form and delivery**

- 21.1 A notice, consent, information or request that must or may be given or made to a party under this Deed is only given or made if it is:
- 21.1.1 delivered or posted to that party at the address stated in this Deed; or
  - 21.1.2 emailed to that person at the email address stated in this Deed,
- or at such other address, fax number or email (as the case may be) that has been notified by that party to the other party in writing, from time to time.

### **Execution of emails**

- 21.2 If notice is given by email, the sending party must ensure that it is either signed by means of an electronically produced signature of a person authorised by that party to send the email or states that it is being sent by a person authorised to send the email on behalf of that person.

### **Receipt and effect**

- 21.3 A notice, consent, information or request is to be treated as given or made at the following time if it is:



- 21.3.1 delivered, when it is left at the relevant address.
  - 21.3.2 sent by post, 3 Business Days after it is posted.
  - 21.3.3 sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.
  - 21.3.4 sent by email, as soon as it enters the recipient's information system.
- 21.4 If:
- 21.4.1 a notice, consent, information or request is delivered;
  - 21.4.2 an error free transmission report in relation to a fax of a notice, consent, information or request is received; or
  - 21.4.3 the email enters the recipient's information system,
- after the normal business hours of the party to whom it is delivered or sent, it is to be treated as having been given or made at 9.00am the next Business Day.
- 

## **22 General**

### **Stamp duty and GST**

- 22.1 The Deed Administrators will cause the Companies to pay all stamp duty payable on this Deed and any other document required to give effect to, or contemplated by, the provisions of this Deed.
- 22.2 Any GST payable by the Companies in respect of a Taxable Supply made under this Deed, or contemplated to be made by this Deed, to another person (including any person bound by this Deed), must be borne by that other person, and will be paid by that person, subject to the prior receipt of a valid tax invoice, in addition to the other consideration given by that person to the Companies for the Taxable Supply.

### **Accumulative rights**

- 22.3 The rights, powers and remedies provided by this Deed are accumulative and do not exclude any rights, powers, authorities, discretions or remedies provided by Law.

### **Time**

- 22.4 Time is of the essence of this Deed in all respects.

### **Variation**

- 22.5 This Deed may be varied, with the consent of the Deed Administrators, by a resolution passed at a meeting of Creditors convened in accordance with the Corporations Act, Corporations Regulations, IPS and PIR, but only if the variation is not materially different from a proposed variation set out in the notice of meeting.



## **Waiver**

22.6 The fact that a party fails to do, or delays in doing, something that party is entitled to do under this Deed does not amount to a waiver of that party's right to do it.

22.7 A waiver by a party is only effective if it is in writing.

22.8 A written waiver by a party is:

22.8.1 only effective in relation to the particular obligation or breach in respect of which it is given; and

22.8.2 is not to be taken as an implied waiver of:

(a) any other obligation or breach; or

(b) that obligation or breach in relation to any other occasion.

## **Entire agreement**

22.9 This Deed contains everything that the parties have agreed on in relation to the matters it deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before this Deed was executed.

## **Severability**

22.10 If:

22.10.1 a clause or part of a clause can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way;

22.10.2 any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this Deed, but the rest of this Deed is not affected; and

22.10.3 the removal of a clause or part of a clause under clause 22.10.2 materially alters the commercial allocation of benefit and risk (or management of risk) under this Deed, the parties agree to call a meeting of Creditors to consider varying the Deed to deal with the illegality, unenforceability or invalidity.

## **Further cooperation**

22.11 Each party must do anything (including executing a document) another party reasonably requires in writing to give full effect to this Deed.

## **Relationship of the parties**

22.12 This Deed does not create a partnership, agency, fiduciary or any other relationship, except the relationship of contracting parties, between the parties.

22.13 No party is liable for an act or omission of another party, except to the extent set out in this Deed.





### **Governing Law and jurisdiction**

22.14 This Deed is governed by the Law of the State of Western Australia. The parties submit to the exclusive jurisdiction of its Courts. The parties will not object to the exercise of jurisdiction by those Courts on any basis.

### **Execution of separate documents**

22.15 This Deed is properly executed if each party executes this Deed or an identical document. In the former case, this Deed takes effect when the last party executes this Deed. In the latter case, this Deed takes effect when the last of the identical documents is executed and exchanged.

22.16 Evidence of execution of this Deed by a party may be shown by fax, email or a PDF copy of this Deed.

### **Costs and duty**

22.17 The Administrators' costs of and incidental to the preparation and execution of this Deed and any duty payable on the Deed are taken to be costs, charges and expenses incurred by the Deed Administrators in connection with or incidental to the administration of this Deed, but only to the extent that the Deed Administrators' right of indemnity under clause 19 is sufficient to meet those costs, charges and expenses and stamp duty.

### **Survival**

22.18 This clause and clauses 9, 17.3, 17.5, 18 and 19 survive the termination of this Deed.



## Execution

### Executed as a deed

**Date: December 2020**

Executed and delivered as a deed by

#### **Tawana Resources Pty Ltd**

ACN 085 166 721 (Receivers and Managers Appointed) (Administrators Appointed) by its joint and several voluntary administrator:

\_\_\_\_\_  
Signature of Voluntary Administrator

\_\_\_\_\_  
Signature of Witness

**Robert Michael Kirman**

\_\_\_\_\_  
Print name of Voluntary Administrator

\_\_\_\_\_  
Print name of Witness

Executed and delivered as a deed by

#### **Lithco No. 2 Pty Ltd**

ACN 612 726 922 (Receivers and Managers Appointed) (Administrators Appointed) by its joint and several voluntary administrator:

\_\_\_\_\_  
Signature of Voluntary Administrator

\_\_\_\_\_  
Signature of Witness

**Robert Michael Kirman**

\_\_\_\_\_  
Print name of Voluntary Administrator

\_\_\_\_\_  
Print name of Witness



Executed and delivered as a deed by )  
**Robert Michael Kirman** )  
in his capacity as joint and several administrator of )  
Alita Resources Limited (ACN 147 393 735) )  
(receivers and managers appointed) )  
(administrators appointed) and in his capacity as joint )  
several administrator of Lithco No.2 Pty Ltd )  
(ACN 612 726 922) (receivers and managers appointed) )  
(administrators appointed) and Tawana Resources Pty Ltd )  
(ACN 085 166 721) (receivers and managers appointed) )  
(administrators appointed) in the presence of: )

Witness:

Signature:

Full Name:

Address:

Occupation:

Executed and delivered as a deed by )  
**Robert Conry Brauer** )  
in his capacity as joint and several administrator of )  
Alita Resources Limited (ACN 147 393 735) )  
(receivers and managers appointed) )  
(administrators appointed) and in his capacity as joint )  
several administrator of Lithco No.2 Pty Ltd )  
(ACN 612 726 922) (receivers and managers appointed) )  
(administrators appointed) and Tawana Resources Pty Ltd )  
(ACN 085 166 721) (receivers and managers appointed) )  
(administrators appointed) in the presence of: )

Witness:

Signature:

Full Name:

Address:

Occupation:



Executed and delivered as a deed by

**Austroid Corporation,**

a company incorporated in the State of Nevada,  
United States of America (with business identification number  
NV20201866500) by its sole director, in accordance with

the laws of that territory, acting under the authority of the company:



**Mike F Que**

\_\_\_\_\_  
Signature of sole Director

\_\_\_\_\_  
Name of sole Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness



## Schedule 1 – Deed Administrators' fees

### McGrathNicol's schedule of hourly rates

<b>Position</b>	<b>Rate (\$/hr)</b>
Partner / Appointee	650
Director 1	615
Director	600
Senior Manager	550
Manager	495
Assistant Manager	450
Senior Accountant	395
Accountant	325
Undergraduate	190
Practice Services Director	600
Senior Treasury Staff	445
Senior Client Administration and Treasury Administration	350
	200

*Rates are presented exclusive of GST*



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Perth Western Australia 6000

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120

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## Deed of Release

Austroid Corporation

Alita Resources Limited (Receivers and Managers Appointed) (Subject to Deed of  
Company Arrangement)

Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Subject to Deed  
of Company Arrangement)

Lithco No.2 Pty Ltd (Receivers and Managers Appointed) (Subject to Deed of  
Company Arrangement)



## Table of contents

<b>Parties</b>	<b>1</b>
<b>Background</b>	<b>2</b>
<b>1 Definitions</b>	<b>2</b>
Interpretation	3
<b>2 Releases</b>	<b>4</b>
<b>3 Notice</b>	<b>5</b>
Form and delivery	5
Execution of emails	5
Receipt and effect	5
<b>4 General</b>	<b>6</b>
Variation	6
Waiver	6
Entire agreement	6
Severability	6
Further cooperation	7
Relationship of the parties	7
No merger	7
Assignment	7
Third party rights	7
Exclusion of contrary legislation	7
Duty	7
Costs	7
Execution of separate documents	8
Governing Law and jurisdiction	8
<b>Execution</b>	<b>9</b>



## Parties

### Lender

Austroid Corporation (a company incorporated in the State of Nevada, United States of America with business identification number NV20201866500)

Address: 520 Bryant Street  
Palo Alto, CA, USA, 94301

Email: [mike.que@austroidcorp.com](mailto:mike.que@austroidcorp.com)

Attention: Mike F Que

### Alita

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

Address: c/- KordaMentha, Level 10, 40 St Georges Terrace  
PERTH WA 6000

Email: [rtucker@kordamentha.com](mailto:rtucker@kordamentha.com)

[sharris@kordamentha.com](mailto:sharris@kordamentha.com)

Attention: Richard Tucker and Simon Harris

### Tawana

Tawana Resources Pty Ltd (ACN 085 166 721) (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)

Address: c/- KordaMentha, Level 10, 40 St Georges Terrace  
PERTH WA 6000

Email: [rtucker@kordamentha.com](mailto:rtucker@kordamentha.com)

[sharris@kordamentha.com](mailto:sharris@kordamentha.com)

Attention: Richard Tucker and Simon Harris

### Lithco

Lithco No.2 Pty Ltd (ACN 612 726 922) (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)

Address: c/- KordaMentha, Level 10, 40 St Georges Terrace  
PERTH WA 6000

Email: [rtucker@kordamentha.com](mailto:rtucker@kordamentha.com)

[sharris@kordamentha.com](mailto:sharris@kordamentha.com)

Attention: Richard Tucker and Simon Harris





## Background

A In consideration for the Released Parties entering into the New Loan Agreement, the Lender has agreed to release the Released Parties from the Security, the Guarantee and Indemnity and certain of the Released Parties' obligations under the Loan Agreement on the terms and conditions of this document.

## 1 Definitions

1.1 In this deed:

<b>Business Day</b>	means a day (other than a Saturday or Sunday) on which banks are open for business generally in Perth, Western Australia.
<b>Deed of Assignment</b>	means the Deed of Assignment dated 2 December 2020 between the Lender, CHEL, Alita, Tawana and Lithco pursuant to which CHEL assigned all of its right, title and interest in (among other things) the Loan Agreement and the Security (as that term is defined in the Deed of Assignment) to the Lender.
<b>Encumbrance</b>	means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set off or any other security agreement or arrangement in favour of any person, and includes any Security Interest.
<b>Existing Debt</b>	means all monies owing by Alita, Tawana and Lithco (whether jointly or severally) to the Lender pursuant to the Loan Agreement.
<b>Loan Agreement</b>	means the document titled 'Loan Facility Agreement' originally between CHEL, Alita, Tawana and Lithco (as amended, varied or restated from time to time, including by the Deed of Assignment).
<b>New Loan Agreement</b>	means a loan facility agreement to be entered into between the Proponent, Tawana and Lithco with a facility limit of [AUD40,000,000], under which (among other things): <ul style="list-style-type: none"> <li>(a) Tawana and Lithco will expressly acknowledge that they are indebted to the Lender in the amount of [AUD20,000,000] of the Existing Debt;</li> <li>(a) the Lender will make available to Tawana and Lithco with a new working capital facility up to an aggregate principal limit of [AUD20,000,000]; and</li> <li>(b) Tawana and Lithco will grant in favour of the Lender, security over all of their present and after-acquired</li> </ul>



property, and the rights, title and interests in any mining tenements held by Tawana and/or Lithco (as the context requires).

<b>PPSA</b>	means the <i>Personal Property Securities Act 2009</i> (Cth).
<b>PPS Register</b>	means the Personal Property Securities Register established under section 147 of the PPSA.
<b>Receivers</b>	means Richard Scott Tucker and John Allan Bumbak in their capacity as joint and several receivers and managers of Alita, Tawana and Lithco.
<b>Release Date</b>	the date on which the last of the parties to this deed executes this deed.
<b>Released Parties</b>	means Tawana and Lithco.
<b>Security</b>	has the meaning given to that term in the Loan Agreement.
<b>Security Interest</b>	has the meaning given to that term in section 12 of the PPSA.

## Interpretation

1.2 In this deed:

1.2.1 Headings or subheadings are for convenience only and do not affect the interpretation of any provision of this document;

and unless the context indicates a contrary intention:

1.2.2 "person" includes an individual, the estate of an individual, a corporation, a government authority, an association or a joint venture and a trust;

1.2.3 a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation and, in the case of a trustee, includes a substituted or an additional trustee;

1.2.4 a reference to a document is to that document as varied, novated, ratified, replaced or restated from time to time;

1.2.5 a reference to a law includes any law, principle of equity, statute and official directive of any government authority and a reference to any legislation (including any statute) includes any rule, regulation, ordinance, by-law, statutory instrument, order or notice at any time made under that legislation and, in each case, any consolidations, amendments, re-enactments and replacements;

1.2.6 a word importing the singular includes the plural (and vice versa) and a word indicating a gender includes every other gender;



- 1.2.7 a reference to a party, clause or schedule is a reference to a party, clause or schedule to or of this deed, and a reference to this deed includes all schedules to it;
- 1.2.8 if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning; and
- 1.2.9 "includes" in any form is not a word of limitation.

### **Liability of Receivers**

- 1.3 The parties acknowledge and agree that:
  - 1.3.1 the Lender is not contracting with the Receivers personally but rather with the Released Parties;
  - 1.3.2 all actions of the Receivers in respect of any matter contemplated by this deed are taken on behalf of the Released Parties in their capacity as receivers and managers of the Released Parties and that the Receivers are not liable in their personal capacity under or in respect of this deed;
  - 1.3.3 the provisions of this deed are fair and reasonable in the context and agree that the Receivers have no liability under or with respect to this deed; and
  - 1.3.4 any liability the Receivers may incur under or with respect to this deed or in respect of any representation made relating to the agreement or the matters the subject of this deed is excluded to the greatest extent allowable by law.

---

## **2 Releases**

- 2.1 With effect on and from the Release Date:
  - 2.1.1 the Released Parties will be retired as borrowers under the Loan Agreement; and
  - 2.1.2 the Lender fully and unconditionally:
    - (a) releases and discharges each Released Party from their obligation to repay such amount of the Existing Debt, such that the Released Parties remain indebted to the Lender in the amount of \$[20,000,000] only (jointly and severally) as at the date of this deed;
    - (b) releases and discharges each Released Party from the Security;
    - (c) releases and discharges any Encumbrance over any assets of the Released Parties constituted under the Security; and



- (d) releases and discharges each Released Party from any and all claims, debt and liability in relation to the Guarantee and Indemnity.

2.2 The Lender will discharge the following registrations on the PPS Register as soon as reasonably practicable after the Release Date:

- 2.2.1 201911280095490 registered over Tawana; and
- 2.2.2 201911280095461 registered over Lithco.

---

### 3 Notice

#### Form and delivery

3.1 A notice, consent, information or request that must or may be given or made to a party under this Deed is only given or made if it is:

- 3.1.1 delivered or posted to that party at the address stated in this Deed;
- 3.1.2 faxed to that party at the fax number stated in this Deed; or
- 3.1.3 emailed to that person at the email address stated in this Deed,

or at such other address, fax number or email (as the case may be) that has been notified by that party to the other party in writing, from time to time.

#### Execution of emails

3.2 If notice is given by email, the sending party must ensure that it is either signed by means of an electronically produced signature of a person authorised by that party to send the email or states that it is being sent by a person authorised to send the email on behalf of that person.

#### Receipt and effect

3.3 A notice, consent, information or request is to be treated as given or made at the following time if it is:

- 3.3.1 delivered, when it is left at the relevant address.
- 3.3.2 sent by post, 3 Business Days after it is posted.
- 3.3.3 sent by fax, as soon as the sender receives from the sender's fax machine a report of an error free transmission to the correct fax number.
- 3.3.4 sent by email, as soon as it enters the recipient's information system.

3.4 If:

- 3.4.1 a notice, consent, information or request is delivered;



3.4.2 an error free transmission report in relation to a fax of a notice, consent, information or request is received; or

3.4.3 the email enters the recipient's information system,

after the normal business hours of the party to whom it is delivered or sent, it is to be treated as having been given or made at 9.00am the next Business Day.

---

## 4 General

### Variation

4.1 This document, including the schedules, can only be varied by the parties in writing, signed by all of the parties.

### Waiver

4.2 The fact that a party fails to do, or delays in doing, something that party is entitled to do under this document does not amount to a waiver of that party's right to do it.

4.3 A waiver by a party is only effective if it is in writing.

4.4 A written waiver by a party is:

4.4.1 only effective in relation to the particular obligation or breach in respect of which it is given; and

4.4.2 is not to be taken as an implied waiver of:

(a) any other obligation or breach; or

(b) that obligation or breach in relation to any other occasion.

### Entire agreement

4.5 This document contains everything that the parties have agreed on in relation to the matters it deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before this document was executed.

### Severability

4.6 If:

4.6.1 a clause or part of a clause can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way;

4.6.2 any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this document, but the rest of this document is not affected; and



- 4.6.3 the removal of a clause or part of a clause under clause 4.6.2 materially alters the commercial allocation of benefit and risk (or management of risk) under this document, the parties agree to negotiate in good faith to amend or modify the terms of the document as may be necessary or desirable having regard to the original terms of the bargain and the prevailing circumstances.

#### **Further cooperation**

- 4.7 Each party must do anything (including executing a document) another party reasonably requires in writing to give full effect to this document.

#### **Relationship of the parties**

- 4.8 This document does not create a partnership, agency, fiduciary or any other relationship, except the relationship of contracting parties, between the parties.
- 4.9 No party is liable for an act or omission of another party, except to the extent set out in this document.

#### **No merger**

- 4.10 The provisions of this document do not merge with any action performed or document executed by any party for the performance of this document.

#### **Assignment**

- 4.11 Except as expressly permitted by this document, a party must not assign any of its rights and obligations under this document without the prior written consent of the other parties. That consent may be given or withheld at a party's absolute discretion.

#### **Third party rights**

- 4.12 A person who is not a party to this document does not have any rights under or in connection with it.

#### **Exclusion of contrary legislation**

- 4.13 To the full extent permitted by Law, any legislation that adversely affects a right, remedy or obligation of a party, under or relating to this document is excluded.

#### **Duty**

- 4.14 The Released Parties must pay:
- 4.14.1 all duty payable under the *Duties Act 2008* (WA) in respect of the subject matter that this document effects or records; and
  - 4.14.2 any penalty or interest payable in respect of any duty the subject of clause 4.14.1 to the extent that the Released Parties are responsible for such penalty or interest.

#### **Costs**

- 4.15 The Released Parties must pay all costs relating to the negotiation and execution of this document.



### **Execution of separate documents**

- 4.16 This document is properly executed if each party executes this document or an identical document. In the former case, this document takes effect when the last party executes this document. In the latter case, this document takes effect when the last of the identical documents is executed.
- 4.17 Evidence of execution of this document by a party may be shown by fax, email or a PDF copy of this document.

### **Governing Law and jurisdiction**

- 4.18 This document is governed by the Law of the State of Western Australia. The parties submit to the non-exclusive jurisdiction of its courts. The parties will not object to the exercise of jurisdiction by those courts on any basis.



## Execution

### Executed as a deed

#### Date:

Executed and delivered as a deed by

#### **Tawana Resources Pty Ltd**

ACN 085 166 721 (Receivers and Managers Appointed)  
(Subject to Deed of Company Arrangement) by its  
joint and several receiver and manager:

\_\_\_\_\_  
Signature of Receiver and Manager

\_\_\_\_\_  
Signature of Witness

#### **Richard Scott Tucker**

\_\_\_\_\_  
Print name of Receiver and Manager

\_\_\_\_\_  
Print name of Witness

Executed and delivered as a deed by

#### **Lithco No. 2 Pty Ltd**

ACN 612 726 922 (Receivers and Managers Appointed)  
(Subject to Deed of Company Arrangement) by its  
joint and several receiver and manager:

\_\_\_\_\_  
Signature of Receiver and Manager

\_\_\_\_\_  
Signature of Witness

#### **Richard Scott Tucker**

\_\_\_\_\_  
Print name of Receiver and Manager

\_\_\_\_\_  
Print name of Witness

Executed and delivered as a deed by





**Alita Resources Limited**

ACN 147 393 735 (Receivers and Managers Appointed)  
(Subject to Deed of Company Arrangement) by its  
joint and several receiver and manager:

\_\_\_\_\_  
Signature of Receiver and Manager

\_\_\_\_\_  
Signature of Witness

**Richard Scott Tucker**

\_\_\_\_\_  
Print name of Receiver and Manager

\_\_\_\_\_  
Print name of Witness



Executed and delivered as a deed by

**Austroid Corporation,**

a company incorporated in the State of Nevada,  
United States of America (with business identification number  
NV20201866500) by its sole director, in accordance with

the laws of that territory, acting under the authority of the company:



**Mike F Que**

\_\_\_\_\_  
Signature of sole Director

\_\_\_\_\_  
Name of sole Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness



The Quadrant, 1 William Street  
Perth Western Australia 6000

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Fax +61 8 9288 6001

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Western Australians  
for more than 120 years

## **Loan Facility Agreement**

Austroid Corporation  
(Lender)

Tawana Resources Pty Ltd (ACN 085 166 721)  
Lithco No.2 Pty Ltd (ACN 612 726 922)  
(Borrowers)



## Table of contents

<b>Parties</b>	<b>3</b>
<b>Background</b>	<b>3</b>
<b>1 Definitions and interpretation</b>	<b>4</b>
Definitions	4
Interpretation	6
<b>2 Condition Precedent</b>	<b>7</b>
<b>3 Acknowledgement of debt</b>	<b>7</b>
<b>4 Availability of Facility</b>	<b>7</b>
Facility made available to Borrowers	7
Cancellation of Undrawn Limit	7
Facility Fee	7
<b>5 Drawdown</b>	<b>8</b>
Manner of drawdown	8
Drawdown Notice	8
<b>6 Conditions precedent</b>	<b>8</b>
Waiver	9
<b>7 Interest</b>	<b>9</b>
Calculation of interest	9
Capitalisation of interest	9
Payment of interest	9
<b>8 Repayment and prepayment</b>	<b>9</b>
Repayment	9
Prepayment	10
Exit Fee	10
<b>9 Security</b>	<b>10</b>
<b>10 Event of Default</b>	<b>10</b>
Acceleration	10
Appointment of director to the board	11
<b>11 Notices</b>	<b>11</b>
Form and delivery	11
Execution of emails	11
Receipt and effect	11
<b>12 General</b>	<b>12</b>
Variation	12
Waiver	12
Entire agreement	12
Severability	12
Further cooperation	13
Relationship of the parties	13
No merger	13
Assignment	13



Third party rights	13
Exclusion of contrary legislation	13
Costs	13
Confidentiality	13
Execution of separate documents	14
Governing Law and jurisdiction	14
<b>Execution</b>	<b>15</b>





## 1 Definitions and interpretation

### Definitions

1.1 In this document the following definitions apply:

<b>2019 Loan Agreement</b>	means the loan agreement entered between the Borrowers, CHEL and Alita dated 28 November 2019 (as varied, restated or amended from time to time, including by way of the Deed of Assignment).
<b>Alita</b>	means Alita Resources Limited (ACN 147 393 735).
<b>Approved Purpose</b>	means: <ul style="list-style-type: none"><li>(a) to repay the principal and interest, and any related costs, fees and expenses owed to the Lender in connection with the Existing Loan;</li><li>(b) working capital requirements of the Borrowers, subject to any conditions as may be required by the Lender; and</li><li>(c) any other purpose expressly agreed between the Lender and the Borrowers in writing to be an 'Approved Purpose' for the purposes of this Facility.</li></ul>
<b>Availability Period</b>	means the period commencing from the date on which this agreement is signed, and expiring on the date 1 Business Day before the Repayment Date.
<b>Borrowers</b>	means: <ul style="list-style-type: none"><li>(a) Tawana; and</li><li>(b) Lithco,</li></ul> or each or any of them as the context requires.
<b>Business Day</b>	means a day other than a Saturday, Sunday or public holiday in Western Australia.
<b>CHEL</b>	means China Hydrogen Energy Limited.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Deed of Assignment</b>	means the document titled "Deed of Assignment" between the Borrowers, Alita, the Lender and CHEL dated 2 December 2020.
<b>DOCA 2</b>	means the deed of company arrangement in respect of the Borrowers between the Lender (as proponent) and the Borrowers dated on or about 23 December 2020.



<b>Drawdown Date</b>	means, in respect of a Loan, the date on which that Loan is actually advanced to the Borrowers under the Facility.
<b>Drawdown Notice</b>	means the written notice issued by the Borrowers under clause 5.3.
<b>Event of Default</b>	has the meaning given to that term in clause 10.1.
<b>Exit Fee</b>	means an amount equal to [15]% of the Facility Limit.
<b>Existing Loan</b>	means the amount of A\$20,000,000 owing by the Companies to the Lender pursuant to the 2019 Loan Agreement.
<b>Facility</b>	means: <ul style="list-style-type: none"> <li>(a) the Existing Loan; and</li> <li>(b) the Working Capital Facility.</li> </ul>
<b>Facility Fee</b>	means an amount equal to [1]% of the Facility Limit.
<b>Facility Limit</b>	means the aggregate amount of A\$40,000,000 or its equivalent, or such other amount agreed in writing between the Parties.
<b>Finance Document</b>	means: <ul style="list-style-type: none"> <li>(a) this document;</li> <li>(b) the Security;</li> <li>(c) each Drawdown Notice;</li> <li>(d) each other document the parties agree to designate as a 'Finance Document' for the purposes of this agreement; and</li> <li>(e) each document that amends, supplements, replaces or novates any of the documents referred to in paragraphs (a) to (d).</li> </ul>
<b>Interest Rate</b>	means 10% per annum, unless otherwise agreed by the Borrowers and the Lender in writing.
<b>Law</b>	includes any requirement of any statute, regulation, proclamation, ordinance or by-law, present or future and whether State, Federal, local or otherwise.
<b>Loan</b>	means a drawdown under the Working Capital Facility.
<b>Outstanding Monies</b>	means, from time to time, all debts and other monetary liabilities of the Borrowers owing to the Lender under the Facility including (without limitation) the Outstanding Principal and accrued interest (if any).
<b>Outstanding Principal</b>	means the aggregate principal amount of all Loans plus any interest that has been capitalised under clause 7.3.





- Party** means a party to this document.
- Repayment Date** means [31 January 2023], or such other date as agreed between the Borrowers and the Lender in writing.
- Security** means:
- (a) each general security agreement entered between the Lender (as secured party) and the Borrowers (as grantor) under which each Borrower grants a security interest in favour of the Lender over all its present and after acquired property; and
  - (b) each mortgage granted in favour of the Lender by each Borrower over mining tenements held by that Borrower.
- Undrawn Limit** means, in respect of a time, the Facility Limit less the principal amount of all Loans drawn at that time.
- Working Capital Facility** means the working capital facility made available by the Lender to the Borrowers for cash advances up to an aggregate amount not exceeding A\$20,000,000, on the terms and conditions of this document.

**Interpretation**

- 1.2 In this document, unless the context otherwise requires:
- 1.2.1 Headings or subheadings are for convenience only and do not affect the interpretation of any provision of this document.
  - 1.2.2 A reference to any agreement or document is to that agreement or document as amended, novated, supplemented or replaced from time to time.
  - 1.2.3 The singular includes the plural and vice versa.
  - 1.2.4 Words expressed in one gender include the other gender.
  - 1.2.5 A “person” includes an individual, partnership, firm, company, government, joint venture, association, authority, corporation or other body corporate.
  - 1.2.6 References to the parties, background, parts, clauses, schedules and annexures are references to the parties, background, parts, clauses, schedules and annexures to this document.
  - 1.2.7 The expression “this document” includes the agreement, arrangement, understanding or transaction recorded in this document.
  - 1.2.8 References to a party to this document include that party’s executors, administrators, substitutes, successors and permitted assigns.
  - 1.2.9 A reference to a group of people is a reference to all of them collectively and to each of them individually.
  - 1.2.10 References to time are to time in Perth, Western Australia.



- 1.2.11 If the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day.
- 1.2.12 A covenant or agreement made by, or for the benefit of, two or more persons binds, and is enforceable against, or may be exercised by (as the case may be), those persons jointly and each of them severally.
- 1.2.13 A reference to any statute or to any statutory provision includes any amendment, re-enactment or consolidation of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it.
- 1.2.14 "\$" or "dollars" is a reference to Australian currency.
- 1.2.15 A reference to a thing or an amount includes the whole or part of that thing or amount.

---

## **2 Condition Precedent**

- 2.1 The condition precedent to the commencement and operation of this document is the effectuation of DOCA 2.

---

## **3 Acknowledgement of debt**

- 3.1 The Borrowers acknowledge in favour of the Lenders, being indebted to the Lenders for the Existing Loan.

---

## **4 Availability of Facility**

### **Facility made available to Borrowers**

- 4.1 The Lender agrees to make available to the Borrowers, the Working Capital Facility for drawdown during the Availability Period to be used exclusively for the Approved Purposes and on the terms and conditions of this document.
- 4.2 Any part of the Undrawn Limit not utilised under this agreement at the expiry of the Availability Period shall be cancelled immediately, without the need for further notice.

### **Cancellation of Undrawn Limit**

- 4.3 The Lender may by written notice, cancel the Undrawn Limit at any time at its absolute discretion. The parties agree that the Lender need not provide the Borrowers, or any other person, prior notice of its decision to cancel the Undrawn Limit.

### **Facility Fee**

- 4.4 The Borrower must pay to the Lender the Facility Fee on the date of the first Drawdown under the Working Capital Facility.



---

## 5 Drawdown

### Manner of drawdown

- 5.1 The Working Capital Facility shall be drawn by the Borrowers in one or more Loans at the discretion of the Borrowers at any time during the Availability Period, subject to and in accordance with this document.
- 5.2 The Undrawn Limit at any time, may only be drawn with the prior written consent of the Lender (such consent at the absolute discretion of the Lender).

### Drawdown Notice

- 5.3 The Borrowers shall request a drawdown under the Working Capital Facility by delivering its request in writing to the Lender:
- 5.3.1 that the Borrowers request a drawdown under the Loan pursuant to this document;
  - 5.3.2 the purpose for which the proceeds of the drawdown shall be applied, provided always that such purpose must be an Approved Purpose;
  - 5.3.3 the amount of the drawdown required;
  - 5.3.4 the date by which the proceeds of the drawdown are required, provided that such date shall be a date within the Availability Period; and
  - 5.3.5 the details of the account (or accounts) to which the proceeds of the drawdown shall be deposited, together with instructions as to the relevant amounts (including applicable currency) to be deposited to each account if more than one.
- 5.4 The issuance of a purported Drawdown Notice that is not compliant with clause 5.3 is not in itself the failure of the Borrowers to perform an obligation or undertaking under this document.

---

## 6 Conditions precedent

### Conditions precedent for each Loan

- 6.1 The Lender need only provide a Loan under the Working Capital Facility if the following conditions have been satisfied:
- 6.1.1 **(Drawdown Notice)** the Borrowers have given to the Lender a Drawdown Notice in accordance with this clause 6;
  - 6.1.2 **(Approved Purpose)** the Lender is satisfied that the proposed Loan shall be applied for an Approved Purpose;
  - 6.1.3 **(Available Limit)** the principal amount of the Loan will not exceed the Undrawn Limit.



## **Waiver**

- 6.2 The conditions precedent in this clause 6 are for the sole benefit of the Lender and may only be waived by the Lender in writing.
- 

## **7 Interest**

### **Calculation of interest**

- 7.1 Interest accrues on the Outstanding Principal at the Interest Rate.
- 7.2 Interest is calculated on the daily balance of the Outstanding Principal, based on a 365-day year and accrues monthly in arrear.

### **Capitalisation of interest**

- 7.3 Interest accrued in respect of the Outstanding Principal, shall be capitalised and added to the Outstanding Principal on the last day of each month during the term.

### **Payment of interest**

- 7.4 Subject to clauses 7.5 and 8.3, interest accrued and not capitalised under the Facility shall be paid together with the Outstanding Principal, on the Repayment Date.
- 7.5 At any time prior to interest accrued during a month being capitalised in accordance with the terms of this agreement, the Lender may give written notice to the Borrowers that it requires the payment of such accrued interest being actually paid to the Lender. The Borrowers must pay to the Lender such accrued interest demanded within 10 Business Days of receiving demand (or such other later date or longer period which the Lender requires).

### **Default interest**

- 7.6 If the Borrowers fail to pay an amount payable under this agreement on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment at the Interest Rate plus [5]% per annum. Any interest accruing under this clause shall be immediately payable by the Borrowers on demand by the Lender. For the avoidance of doubt, interest accruing under clause 7.1 continues to accrue in addition to any interest accruing under this clause.
- 

## **8 Repayment and prepayment**

### **Repayment**

- 8.1 Subject to the provisions of this clause 8, the Borrowers must repay the whole of the Outstanding Monies to the Lender on the Repayment Date.
- 8.2 At least 2 Business Days prior to the Repayment Date, the Lender must deliver to the Borrowers in writing the total amount required to be paid by the Borrowers in order to fully and finally satisfy its obligations under clause 8.1 (including reasonable itemisation and calculations of all amounts comprising such total amount).



## Prepayment

- 8.3 Subject to providing the Lender at least 5 Business Days' written notice, the Borrowers may, at their absolute discretion (without penalty, charge or fee) pay the whole or any part of the Outstanding Principal at any time prior to the Repayment Date, together with interest accrued attributable to that part of the Outstanding Principal prepaid.

## Exit Fee

- 8.4 The Borrowers shall pay the Exit Fee to the Lender, on the Repayment Date, together with the Outstanding Monies.

---

## 9 Security

- 9.1 As security for the repayment of the Outstanding Monies, the Borrowers have granted in favour of the Lender, the Security.
- 9.2 The Borrowers consent to the registration of the Security on the relevant register established under the *Personal Property Securities Act 2009* (Cth), and to the extent the collateral relates to land or a mining tenement, the Borrowers consent to the Lender lodging a mortgage and/or caveat over such collateral with the relevant register established to regulate dealings and encumbrances over such property.

---

## 10 Event of Default

- 10.1 Each of the following is an Event of Default:
- 10.1.1 **non-payment:** the Borrowers do not pay any money due for payment by it under this document (other than interest that is permitted to be capitalised under this agreement) by the date due for payment and in accordance with this document, and such failure to pay continues for greater than 2 Business Days;
- 10.1.2 **failure to comply with obligations:** the Borrowers fail to perform any undertaking or obligation of it under this agreement and that failure is either incapable of remedy, or not remedied within 10 Business Days of the earlier of:
- (a) the Lender giving notice to the Borrowers to remedy the relevant default; and
  - (b) the time the Borrowers actually became aware of the relevant default.

## Acceleration

- 10.2 Without limiting the rights of the Lender under any applicable laws, while an Event of Default subsists the Lender may at any time by notice in writing to the Borrowers:



- 10.2.1 declare that the whole of the Outstanding Monies are immediately due and payable, and demand that such monies be paid by the Borrowers immediately; and/or
- 10.2.2 appoint an administrator, receiver and/or receiver and manager and/or mortgagee in possession in respect of any Borrower.

**Appointment of director to the board**

- 10.3 Without limiting the rights of the Lender under any applicable laws, if at any time, any Event of Default occurs, then at any time thereafter (and irrespective of whether that Event of Default has been remedied), the Lender may by notice in writing to the Borrowers, nominate one director to be appointed to the board of directors of any or all the companies comprising the Borrowers.

**11 Notices**

**Form and delivery**

- 11.1 A notice, consent, information or request that must or may be given or made to a party under this document is only given or made if it is:
  - 11.1.1 delivered or posted to that party at the address stated in this document;
  - 11.1.2 faxed to that party at the fax number stated in this document; or
  - 11.1.3 emailed to that person at the email address stated in this document,
 or at such other address, fax number or email (as the case may be) that has been notified by that party to the other party in writing, from time to time.

**Execution of emails**

- 11.2 If notice is given by email, the sending party must ensure that it is either signed by means of an electronically produced signature of a person authorised by that party to send the email or states that it is being sent by a person authorised to send the email on behalf of that person.

**Receipt and effect**

- 11.3 A notice, consent, information or request is to be treated as given or made at the following time if it is:
  - 11.3.1 delivered, when it is left at the relevant address.
  - 11.3.2 sent by post:
    - 11.3.3 to be delivered to an address within the same country from which the notice was sent: 3 Business Days after it is posted; or
    - 11.3.4 to be delivered to an address located in a country other than the country from which the notice was sent: 7 Business Days after it is posted;
  - 11.3.5 sent by fax, as soon as the sender receives from the sender’s fax machine a report of an error free transmission to the correct fax number.
  - 11.3.6 sent by email, as soon as it enters the recipient’s information system.
- 11.4 If:



- 11.4.1 a notice, consent, information or request is delivered;
  - 11.4.2 an error free transmission report in relation to a fax of a notice, consent, information or request is received; or
  - 11.4.3 the email enters the recipient's information system,
- after the normal business hours of the party to whom it is delivered or sent, it is to be treated as having been given or made at 9.00am the next Business Day.

---

## 12 General

### Variation

- 12.1 This document, including the schedules, can only be varied by the parties in writing, signed by all of the parties.

### Waiver

- 12.2 The fact that a party fails to do, or delays in doing, something that party is entitled to do under this document does not amount to a waiver of that party's right to do it.
- 12.3 A waiver by a party is only effective if it is in writing.
- 12.4 A written waiver by a party is:
  - 12.4.1 only effective in relation to the particular obligation or breach in respect of which it is given; and
  - 12.4.2 is not to be taken as an implied waiver of:
    - (a) any other obligation or breach; or
    - (b) that obligation or breach in relation to any other occasion.

### Entire agreement

- 12.5 This document contains everything that the parties have agreed on in relation to the matters it deals with. No party can rely on an earlier document, or anything said or done by another party (or a director, officer, agent or employee of that party), before this document was executed.

### Severability

- 12.6 If:
  - 12.6.1 a clause or part of a clause can be read in a way that makes it illegal, unenforceable or invalid, but can also be read in a way that makes it legal, enforceable and valid, it must be read in the latter way;
  - 12.6.2 any clause or part of a clause is illegal, unenforceable or invalid, that clause or part is to be treated as removed from this document, but the rest of this document is not affected; and
  - 12.6.3 the removal of a clause or part of a clause under clause 12.6.2 materially alters the commercial allocation of benefit and risk (or management of risk) under this document, the parties agree to negotiate in good faith to amend or modify the terms of the document as may be necessary or desirable



having regard to the original terms of the bargain and the prevailing circumstances.

### **Further cooperation**

- 12.7 Each party must do anything (including executing a document) another party reasonably requires in writing to give full effect to this document.

### **Relationship of the parties**

- 12.8 This document does not create a partnership, agency, fiduciary or any other relationship, except the relationship of contracting parties, between the parties.
- 12.9 No party is liable for an act or omission of another party, except to the extent set out in this document.

### **No merger**

- 12.10 The provisions of this document do not merge with any action performed or document executed by any party for the performance of this document.

### **Assignment**

- 12.11 The Borrowers must not assign any of its rights under this document without the prior written consent of the Lender. That consent may be given or withheld at the Lender's absolute discretion.
- 12.12 The Lender may assign, novate or otherwise deal with all or any of its rights under this document at any time without the consent of the Borrowers.

### **Third party rights**

- 12.13 A person who is not a party to this document does not have any rights under or in connection with it.

### **Exclusion of contrary legislation**

- 12.14 To the full extent permitted by Law, any legislation that adversely affects a right, remedy or obligation of a party, under or relating to this document is excluded.

### **Costs**

- 12.15 The Borrowers shall pay all costs in relation to preparing, negotiating and executing this document and any document related to this document.

### **Confidentiality**

- 12.16 Each party agrees not to disclose information provided by any other party that is not publicly available (including the existence or contents of any Finance Document) except:
- 12.16.1 to any person in connection with an exercise of rights or a dealing with rights or obligations under this document in connection with preparatory steps such as negotiating with any potential transferee of the Lender's rights or any other person who is considering contracting with the Lender (or a receiver appointed by it) in connection with a Finance Document; or
  - 12.16.2 to officers, employees, agents, contractors, legal and other advisers and auditors of any party to this document (or a receiver appointed by the Lender); or





- 12.16.3 to any party to this document, provided the recipient agrees to act consistently with this clause 12.16; or
- 12.16.4 with the consent of the party who provided the information (such consent not to be unreasonably withheld); or
- 12.16.5 any disclosure the disclosing party reasonably believes is required by any law, stock exchange or rating agency (except this paragraph does not permit the Lender to disclose any information under section 275(4) of the Personal Property Securities Act 2009 (Cth) unless section 275(7) of that legislation applies).

#### **Execution of separate documents**

- 12.17 This document is properly executed if each party executes this document or an identical document. In the former case, this document takes effect when the last party executes this document. In the latter case, this document takes effect when the last of the identical documents is executed and exchanged.
- 12.18 Evidence of execution of this document by a party may be shown by fax, email or a PDF copy of this document.

#### **Governing Law and jurisdiction**

- 12.19 This document is governed by the Law of the State of Western Australia. The parties submit to the non-exclusive jurisdiction of its courts. The parties will not object to the exercise of jurisdiction by those courts on any basis.



**Execution**

**Date: December 2020**

**Borrowers**

Executed by )  
**Lithco No.2 Pty Ltd** )  
**ACN 612 726 922** )  
in accordance with section 127 of )  
the *Corporations Act 2001* (Cth) by: )

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of \*Director/\*Secretary

\_\_\_\_\_  
Print name of Director

\_\_\_\_\_  
Print name of \*Director/\*Secretary

*\*delete that which does not apply*

Date:

Executed by )  
**Tawana Resources Pty Ltd** )  
**ACN 085 166 721** )  
in accordance with section 127 of )  
the *Corporations Act 2001* (Cth) by: )

\_\_\_\_\_  
Signature of Director

\_\_\_\_\_  
Signature of \*Director/\*Secretary

\_\_\_\_\_  
Print name of Director

\_\_\_\_\_  
Print name of \*Director/\*Secretary

*\*delete that which does not apply*

Date:



**Lender**

Signed by **Austroid Corporation**,

a company incorporated in the State of Nevada,  
United States of America (with business identification number  
NV20201866500) by its sole director, in accordance with  
the laws of that territory, acting under the authority of the company:



**Mike F Que**

\_\_\_\_\_  
Signature of sole Director

\_\_\_\_\_  
Name of sole Director

\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Name of Witness

\_\_\_ December 2020

Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) (**Alita**)  
c/o KordaMentha  
Level 10, 40 St Georges Terrace  
Perth WA 6000

Lithco No.2 Ltd (Receivers and Managers Appointed) (Administrators Appointed) (**Lithco**)  
c/o KordaMentha  
Level 10, 40 St Georges Terrace  
Perth WA 6000

Dear Sirs

### **Transfer of Bald Hill Project assets**

This letter agreement sets out the terms on which Alita has agreed to sell and Lithco has agreed to acquire all assets used or applied exclusively in the operation of the Bald Hill lithium and tantalum project (**Assets**) including the whole of Alita's 50% interest in the tenements set out in Schedule 1 (**Tenements**) (**Transfer**).

### **Conditions Precedent**

- 1 Completion of the Transfer is conditional on the Minister for Mines and Petroleum consenting in writing to the transfer of the Tenements from Alita to Lithco to the extent required under the Mining Act 1978 (WA) (**Mining Act**).
- 2 If:
  - a. the condition precedent in clause 1 (**Conditions Precedent**) is not satisfied or waived by **[insert]** or such later date as may be agreed by the parties; or
  - b. the Conditions Precedent becomes incapable of satisfaction,  
any party may terminate this agreement by notice in writing to the other parties.

### **Completion**

- 3 Completion of the transfer of the Assets from Alita to Lithco (**Completion**) will take place on the date which is 1 business day (a business day being a day that is not a Saturday, Sunday or bank holiday in Perth, Western Australia) after the date of satisfaction or waiver of the Conditions Precedent) at the Perth offices of KordaMentha (or at any other date, time and place agreed in writing by the parties).
- 4 At Completion, Alita must deliver to Lithco:
  - a. those Assets capable of transfer by delivery;
  - b. all instruments of transfer and other documents required to transfer the Assets and the Tenements, including any documents required to transfer the Tenements in registrable form under the Mining Act (subject to stamping);
  - c. all documents of title relating to the Assets and the Tenements;
  - d. the Tenement Information;
  - e. copies of all programmes of work lodged with the Department in respect of the Tenements, together with copies of all approvals issued by the Department in respect of such programmes; and
  - f. a Power of Attorney duly executed by Alita and capable of being registered with the Department.

- 5 On and from Completion:
- a. the whole of Alita's legal and beneficial interest in the Assets will pass to Lithco;
  - b. risk in the Assets will pass to Lithco and Lithco will, as against Alita, be entitled to exclusive possession of the Assets;
  - c. if title to the Tenements is not effectively vested in Lithco, Alita holds the Tenements on trust for Lithco until title is effectively vested in Lithco;
  - d. Lithco must register the transfers of the Tenements as soon as practicable after Completion takes place;
  - e. Alita must, on request by Lithco, take such actions (including signing any document) reasonably required for Lithco to register the transfers with the Department.
  - f. Alita will promptly give Lithco all notices, correspondences, information or enquiries in relation to the Tenement which it receives after Completion.

#### **Alita's conduct before Completion**

- 6 Until Completion, Alita:
- a. must allow Lithco to access the area the subject of the Tenements at all reasonable times and to carry out such work as Alita and Lithco may agree;
  - b. must maintain the Tenements in good standing and in full force and effect, including by performing all obligations required under and complying with all conditions of the Tenements;
  - c. must not dispose of or grant any interest in, or enter into any contracts to dispose of or grant any interests, options or other rights or other encumbrances over the Tenements unless Lithco consents in writing; and
  - d. must not take any actions (or omit to take any actions) that would have a material adverse effect on the transactions contemplated by this agreement.

#### **Applications**

- 7 On and after Completion, to the extent that the applications for Mining Lease 15/840, Mining Lease 15/1851 and Miscellaneous Licence 15/380 (**Tenement Applications**) have not been granted on or before Completion, and Lithco is not capable of taking such action itself by virtue of the Power of Attorney, Alita must:
- a. permit Lithco to progress, take all decisions and otherwise manage the Tenement Applications as if they had been made by Lithco (including Ministerial consents to transfer once granted);
  - b. consult with Lithco when negotiating any native title agreements in relation to the Tenement Applications, and not agree the terms of or enter into any native title agreements without the consent of Lithco;
  - c. if Lithco (at its discretion) so requests, allow Lithco to participate in or undertake any native title negotiations on behalf of Alita;
  - d. hold its legal interests in the Tenement Applications and the mining tenements the subject thereof for the benefit of Lithco;
  - e. promptly execute any documentation and do any other act matter or thing relating to the Tenement Applications which may reasonably be requested by Lithco in order for it to fully enjoy its rights under this agreement in respect of, and as beneficial owner of, the Tenement Applications (as applicable);
  - f. promptly provide to Lithco copies of all notices, correspondences and other documents in relation to the Tenement Applications; and
  - g. not transfer, assign, mortgage, deal with, surrender or dispose of their interests in the Tenement Applications or the mining tenements the subject thereof except in accordance with this agreement.

8 After Completion, Alita must use its reasonable endeavours to assist Lithco in obtaining any necessary approvals or consents, and, subject to obtaining such approvals or consents, to effect the transfer of any mining tenements granted pursuant to the Tenement Applications, to Lithco. Alita agrees to execute any documents or carry out any other acts to effect the transfer of any such mining tenements to Lithco, where reasonably requested by Lithco.

**Duty**

9 Unless duty relief is obtained, Lithco agrees to pay all stamp duty (including fines and penalties in relation to the failure to pay or late payment of stamp duty) chargeable, payable or assessed in relation to this agreement and the transfer of the Assets and the Tenements to Lithco.

**General**

10 Each party agrees, at its own expense, to do anything the other party asks as may be necessary or desirable to give full effect to the provisions of this agreement and the transactions contemplated by it.

11 This agreement constitutes the entire agreement of the parties about its subject matter and supersedes all previous agreements, understandings and negotiations on that subject matter.

12 This agreement is governed by the law in force in Western Australia.

Please confirm your agreement with the terms of this agreement by signing and returning a copy to the other parties.

**EXECUTED** as an agreement

**DATED** \_\_\_\_\_ December 2020

**EXECUTED** by Richard Tucker in his )  
capacity as joint and several receiver )  
and manager of Alita Resources )  
Limited (receivers and managers )  
appointed) (administrators appointed): )  
)  
)  
..... )  
Signature of Richard Tucker

**EXECUTED** by Richard Tucker in his )  
capacity as joint and several receiver )  
and manager of Lithco No. 2 Pty Ltd )  
(receivers and managers appointed) )  
(administrators appointed): )  
)  
)  
..... )  
Signature of Richard Tucker

**Schedule 1 – Tenements**

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DRAFT

# Remuneration Approval Report

Alita Resources Limited ACN 147 393 735

Lithco NO.2 Pty Ltd ACN 612 726 922

Tawana Resources Pty Ltd ACN 085 166 721

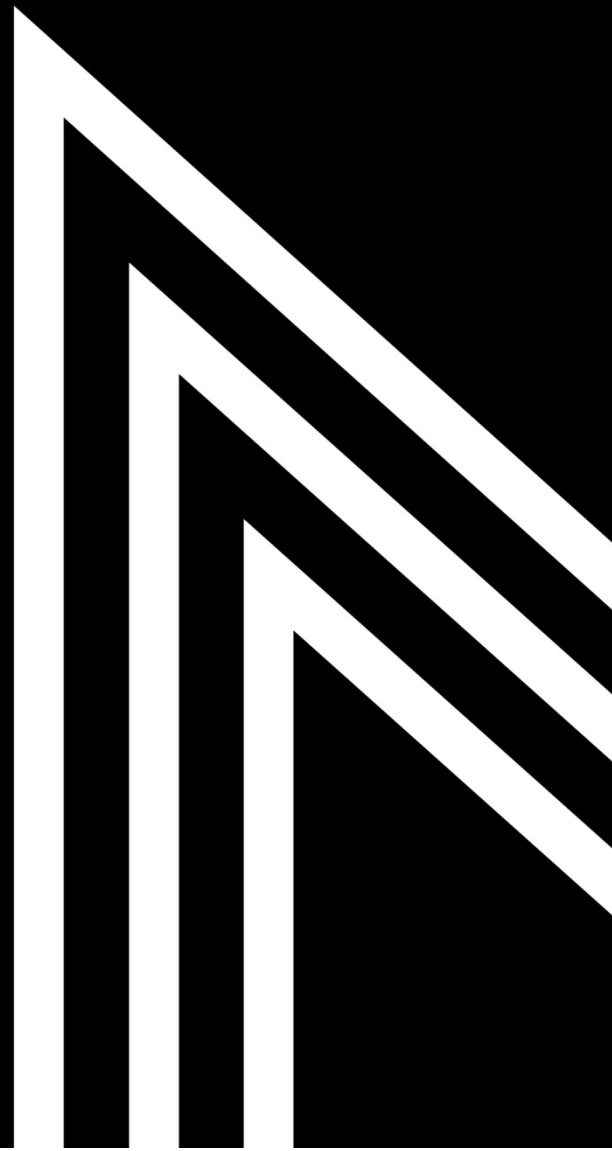
(all Receivers and Managers Appointed and  
Administrators Appointed)

(Group)

16 December 2020



McGrathNicol





This remuneration approval report provides you with information to assist you to make an informed decision regarding the approval of our proposed remuneration for undertaking the Voluntary Administration and proposed Deed Administrators of the Group.

The report has the following information:

1	Declaration .....	2
2	Disclosure Methodology .....	2
3	Executive Summary .....	3
4	Remuneration.....	1
4.1	Remuneration to Second Meeting.....	1
4.2	Prospective Remuneration (DOCA Scenario) .....	3
4.3	Estimated future remuneration .....	4
4.4	Total remuneration reconciliation.....	5
4.5	Likely impact on dividends .....	5
4.6	Remuneration recovered from external sources.....	5
5	Disbursements.....	5
5.1	External disbursements .....	6
6	Summary of receipts and payments.....	6
7	Queries.....	6
	Appendix A: Retrospective remuneration – summary of hours.....	7
	Appendix B: Retrospective remuneration – Resolutions 1 to 3 .....	8
	Appendix C: Prospective remuneration – Resolutions 4 to 6.....	15
	Appendix D: Prospective remuneration – Resolutions 7 to 9.....	17
	Appendix E: Prospective remuneration – Resolution 10.....	19
	Appendix F: Prospective remuneration – Resolutions 11 to 12.....	21

## 1 Declaration

We, Rob Kirman and Rob Brauer of McGrathNicol, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of the Group in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this matter.

We have reviewed the work in progress report for the Administration to ensure that remuneration is only being claimed for necessary and properly performed work.

## 2 Disclosure Methodology

As you would be aware, the Group is comprised of three separate legal entities, of which are party to a Deed of Cross Guarantee (**DOCG**). This remuneration report is prepared in relation to the Group in its entirety.

The Administrators are obliged by the Corporations Act to seek fee approval by a resolution for each individual entity within the Group.

In compiling this report we have considered the most appropriate method of presenting the fee information taking into account:

- the impact of the DOCG;
- the consolidated financial reporting history of and operational connections between the businesses of the members of the Group; and
- the objective of providing fee information as concisely as possible and avoiding repetition.

Having considered the above factors, we determined that the most complete insight into the work undertaken would be provided by presenting the information in a combination of ways:

- summarised table showing the work undertaken by entity, detailing hours worked by each level of staff classification under the four high level categories set out at Appendix A;
- providing underlying details of the tasks performed (or to be performed) within each of the above categories on a consolidated basis for the Group, combined into one table rather than three separate ones set out at Appendices B to F; and
- within those consolidated tables, providing a combination of broadly applicable task details for work common to the Group and within that incorporating commentary specific to each separate company to provide a comprehensive but not overwhelmingly repetitive task commentary.

In calculating the quantum of our remuneration claims, we have undertaken a fulsome review of our recorded work in progress (**WIP**) for each member of the Group. In reviewing which elements of our WIP were appropriate to claim for creditor approval, we applied the required standard of 'necessary work, properly performed' and undertook a series of adjustments such as:

- removing all time recorded as having a training element; and
- ensuring that work undertaken and disbursements incurred that were not solely applicable to a particular corporate entity and had application to each of the three members of the Group was apportioned equally between the members of the Group.

All time incurred to date in relation to the Administration of the Group relates to work conducted for the Group as a whole (i.e. investigations, considering the Deed of Company Arrangement proposals and preparing the Administrators' Report). Accordingly, the time has been apportioned equally between the members of the Group.

### 3 Executive Summary

To date, no remuneration or internal disbursements have been approved and paid in this administration.

This remuneration approval report details approval sought for the following remuneration and internal disbursements (with a profit element).

Please refer to the report section references detailed in the table set out below for full details of the remuneration and internal disbursement approval sought.

#### Alita Group - Remuneration approvals sought (\$ ex GST)

Period	Appendices	Alita	Lithco	Tawana	Total
<b>Section 4.1 - Administrators' fees to Second Meeting</b>					
Retrospective: 4 December 2020 to 14 December 2020	A & B	47,957	47,957	47,957	143,870
Prospective: 15 December 2020 to 23 December 2020 *	C	25,000	25,000	25,000	75,000
Total administrators' fees to Second Meeting		72,957	72,957	72,957	218,870
<b>Section 4.2 - Prospective remuneration (DOCA scenario)</b>					
Prospective: 23 December 2020 to Execution of DOCA *	D	10,000	10,000	10,000	30,000
Prospective: Execution of Alita DOCA to Completion *	E	400,000	-	-	400,000
Prospective: Execution of Lithco & Tawana DOCA to Completion *	F	-	75,000	75,000	150,000
Total prospective remuneration (DOCA scenario)		410,000	85,000	85,000	580,000
<b>Total remuneration (DOCA scenario)</b>		<b>482,957</b>	<b>157,957</b>	<b>157,957</b>	<b>798,870</b>

\* Approval sought for future remuneration is based on an estimate of the work necessary to the completion of the External Administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

## 4 Remuneration

### 4.1 Remuneration to Second Meeting

At the second meeting of creditors of the Group on 23 December 2020 (**Second Meeting**), we will request that the following resolutions be passed to approve our remuneration to the Second Meeting. Details to support these resolution are included further below.

Remuneration to Second Meeting (\$ ex GST)						
Resolution #	Entity	Assets	Creditors	Investigation	Administration	Total
<b>Administrators' retrospective fees from 4 December 2020 to 14 December 2020</b>						
1	Alita Resources Limited	4,184	20,591	14,939	8,244	47,957
2	Lithco NO.2 Pty Ltd	4,184	20,591	14,939	8,244	47,957
3	Tawana Resources Pty Ltd	4,184	20,591	14,939	8,244	47,957
Total retrospective fees from 4 December 2020 to 14 December 2020		12,551	61,772	44,818	24,731	143,870
<b>Administrators' prospective fees from 16 December 2020 to 23 December 2020</b>						
4	Alita Resources Limited	5,000	7,500	5,000	7,500	25,000
5	Lithco NO.2 Pty Ltd	5,000	7,500	5,000	7,500	25,000
6	Tawana Resources Pty Ltd	5,000	7,500	5,000	7,500	25,000
Total prospective fees from 16 December 2020 to 23 December 2020		15,000	22,500	15,000	22,500	75,000
<b>Total remuneration to Second Meeting</b>		<b>27,551</b>	<b>84,272</b>	<b>59,818</b>	<b>47,231</b>	<b>218,870</b>

At the Second Meeting, the Administrators intend to request the following resolutions be passed to approve the Administrators' remuneration incurred up to the Second Meeting.

▪ **Resolution 1: Alita Resources Limited**

*"That the remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST."*

▪ **Resolution 2: Lithco NO.2 Pty Ltd**

*"That the remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST."*

▪ **Resolution 3: Tawana Resources Pty Ltd**

*"That the remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST."*

▪ **Resolution 4: Alita Resources Limited**

*"That the future remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST."*

▪ **Resolution 5: Lithco NO.2 Pty Ltd**

*"That the future remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST."*

- **Resolution 6: Tawana Resources Pty Ltd**

*“That the future remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST.”*

We will withdraw funds from the administration account in respect of the Administrators' remuneration immediately upon approval if funds are available. If funds are not available, we will withdraw funds progressively over time as funds become available.

Details to support these resolutions are included further at Appendices A, B and C, as follows:

- Appendix A sets out a table setting out the time charged to each major task by the Administrators and their staff for the period from 4 December 2020 to 14 December 2020, which is the basis of Resolutions 1 to 3.
- Appendix B sets out more detailed descriptions of the tasks performed within each task area for the Administration for the period from 4 December 2020 to 14 December 2020, which is the basis of Resolutions 1 to 3; and
- Appendix C sets out the expected costs and a more detailed description of the work by task area to be undertaken on the Administration for the period 15 December 2020 to 23 December 2020, which is the basis of Resolutions 4 to 6.

## 4.2 Prospective Remuneration (DOCA Scenario)

Subject to approval by creditors, the Administrators intend to execute the DOCAs as soon as practical following the Second Meeting. In the event creditors resolve for the Group to execute the DOCAs, we will request that the following resolutions be passed to approve our prospective remuneration.

DOCA Scenario - Remuneration from Second Meeting to completion (\$ ex GST)						
Resolution #	Entity	Assets	Creditors	Investigation	Administration	Total
<b>Administrators' prospective fees from 23 December 2020 to execution of DOCA</b>						
7	Alita Resources Limited	5,500	2,000	-	2,500	10,000
8	Lithco NO.2 Pty Ltd	5,500	2,000	-	2,500	10,000
9	Tawana Resources Pty Ltd	5,500	2,000	-	2,500	10,000
Total prospective fees from 23 December 2020 to execution of DOCA		16,500	6,000	-	7,500	30,000
<b>Deed Administrators' prospective fees from execution of DOCA to completion</b>						
10	Alita Resources Limited	275,000	50,000	-	75,000	400,000
11	Lithco NO.2 Pty Ltd	30,000	15,000	-	30,000	75,000
12	Tawana Resources Pty Ltd	30,000	15,000	-	30,000	75,000
Total prospective fees from execution of DOCA to completion		335,000	80,000	-	135,000	550,000
<b>Total remuneration from Second Meeting to completion of DOCA</b>		<b>351,500</b>	<b>86,000</b>	<b>-</b>	<b>142,500</b>	<b>580,000</b>

- **Resolution 7: Alita Resources Limited**

*"That the future remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST."*

- **Resolution 8: Lithco NO.2 Pty Ltd**

*"That the future remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST."*

- **Resolution 9: Tawana Resources Pty Ltd**

*"That the future remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST."*

- **Resolution 10: Alita Resources Limited**

*"That the future remuneration of the Deed Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to Completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$400,000, exclusive of GST."*

- **Resolution 11: Lithco NO.2 Pty Ltd**

*"That the future remuneration of the Deed Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to Completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$75,000, exclusive of GST."*

- **Resolution 12: Tawana Resources Pty Ltd**

*“That the future remuneration of the Deed Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to Completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$75,000, exclusive of GST.”*

We will withdraw funds from the administration account in respect of the Administrators' and Deed Administrators' remuneration progressively over time as funds become available and only once it is incurred. If actual costs incurred are below the capped amount, the Deed Administrators are only authorised to draw the amount incurred. If actual costs incurred exceed the amount approved, the Deed Administrators may seek further approval from creditors.

Details to support these resolutions are included further at Appendices D, E and F, as follows:

- Appendix D sets out the expected costs and a detailed description of the work by task area to be undertaken on the Administration for the period 23 December 2020 to execution of the DOCAs, which is the basis of Resolutions 7 to 9;
- Appendix E sets out the expected costs and a detailed description of the work by task area to be undertaken on the Administration for the period from execution of DOCA to Completion of the Parent DOCA, which is the basis of Resolution 10; and
- Appendix F sets out the expected costs and a detailed description of the work by task area to be undertaken on the Administration from the period execution of DOCA to Completion of the Subsidiary DOCA, which is the basis of Resolution 11 and 12.

### 4.3 Estimated future remuneration

In preparing this report, our prospective remuneration approvals are our best estimate of what we believe the Voluntary Administration, and subsequent DOCAs will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration. However, should the Voluntary Administration, and subsequent DOCAs not proceed as expected, we will advise creditors and we may seek approval of further remuneration. Matters that may affect the progress and the cost of the Voluntary Administration, and subsequent DOCAs, include:

- the result of the Second Meeting;
- time required to satisfy the substantial conditions procedures of the DOCA; and
- unexpected complications which may result from the following:
  - processing FIRB applications and obtaining approval;
  - obtaining Minister approval for transfer of tenements;
  - appointing independent directors to Lithco and Tawana;
  - obtaining ASIC relief for the purposes of section 600 of the Act
  - obtaining waivers and relief from the Singapore code; and
  - obtaining leave of the Court to pursuant to section 444GA of the Act.

#### 4.4 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for the Voluntary Administration will be \$248,870 (GST exclusive), as shown in the table below. This is subject to the following variables, which may have a significant effect on this estimate and that we are unable to determine as yet:

Remuneration type	Amount (ex GST)	Amount (ex GST)
Current remuneration approval being sought:		
Retrospective remuneration approval (refer to section 4.1)	\$143,870	
Prospective remuneration approval (refer to section 4.1 and 4.2)	\$105,000	\$248,870
<b>Estimated total remuneration</b>		<b>\$248,870</b>

This differs to the estimate provided in Initial Remuneration Notice dated 9 December 2020, which estimated remuneration of \$150,000 to \$200,000 (excluding GST), for reasons that include the following:

- additional detailed investigations required including consideration of effect of prior insolvency appointments and effect of the DOCG;
- includes fees from the date of the Second Meeting to execution of the DOCA's; and
- detailed calculations required to resolve quantification of potential liquidation recovery actions.

We have provided an explanation of the tasks that remain to be completed, including our estimated costs to complete those tasks, to support our current remuneration approval request, at section 4.3 of this report.

#### 4.5 Likely impact on dividends

- It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An external administrator is entitled to be remunerated for necessary work that is properly performed. That work generates the funds that may be recovered for the benefit of creditors and other stakeholders.
- The impact of the approval of the external administrator's remuneration is that the remuneration will then be paid provided sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most creditors in the external administration.
- It is noted that funds would only be available to any stakeholder as a consequence of the work necessarily undertaken by the external administrator.
- If a dividend or distribution is to be paid to stakeholders during a subsequent appointment, there is also necessary work that must be undertaken by the external administrator to properly adjudicate on claims and distribute any available funds.

#### 4.6 Remuneration recovered from external sources

The Administrators' intend to recover remuneration from funds provided pursuant to the Loan Facility Agreement executed between Austroid and the Administrators on 8 December 2020.

### 5 Disbursements

Disbursements are paid for by McGrathNicol and are recovered from the Administration bank account.

Disbursements are divided into two types:

- External disbursements- these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- Internal disbursements – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party of the External Administrator. Examples are printing and data storage. The recovery of these costs must be



on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We have undertaken a proper assessment of disbursements claimed for the Administration, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

## 5.1 External disbursements

External disbursements are recovered at cost. Creditors are not required to approve these types of disbursements, but details are provided to account to creditors, including the basis of charging for these types of disbursements. Creditors are entitled to question the incurring of the disbursements and can challenge the disbursements in Court.

To date no external disbursements have been paid by McGrathNicol in relation to the Voluntary Administration. In the event amounts are incurred in the future, these amounts will be reimbursed to McGrathNicol at cost from the Voluntary Administration bank account:

## 6 Summary of receipts and payments

The table below provides a summary of the receipts and payments for the Voluntary Administration for the period 4 December 2020 to 16 December 2020.

Summary of receipts and payments for the period from 4 December 2020 to 16 December 2020	
Description	Amount (\$)
<b>Receipts</b>	
Secured creditor funding	385,000
<b>Total receipts</b>	<b>385,000</b>
<b>Payments</b>	
<b>Total Payments</b>	-
<b>Total cash at bank as at 16 December 2020</b>	<b>385,000</b>

## 7 Queries

If you have any queries regarding the information in this report, please contact Sam Saker on (08) 6363 7634.

You can also access information that may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for "fees of insolvency practitioner").

Supporting documentation for our remuneration claim may be viewed if requested, provided sufficient notice is given.

Dated: 16 December 2020



Rob Kirman  
Administrator

## Appendix A: Retrospective remuneration – summary of hours

Time charged to each major task by the Administrators and their staff for the period from 4 December 2020 to 14 December 2020.

### Resolutions 1 to 3: 4 December 2020 to 14 December 2020

Alita Group (Receivers and Managers Appointed) (Administrators Appointed) - summary of Administrators' fees by category of work undertaken for the period 4 December 2020 to 14 December 2020

Staff	Position	Rate	Total		Assets		Creditors		Investigation		Statutory & Administration	
			(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)	(hrs)	(\$)
Rob Kirman	Appointee	650	39.1	25,415	12.6	8,190	9.5	6,175	11.1	7,215	5.9	3,835
Rob Brauer	Appointee	650	0.4	260	-	-	-	-	-	-	0.4	260
Employee 1	Practice Services Director	600	5.8	3,480	-	-	1.2	720	3.8	2,280	0.8	480
Employee 2	Director	600	76.4	45,840	5.7	3,420	26.9	16,140	30.6	18,360	13.2	7,920
Employee 3	Senior Manager	550	45.9	25,245	-	-	31.0	17,050	14.9	8,195	-	-
Employee 4	Manager	495	56.6	28,017	1.9	941	30.3	14,999	14.3	7,079	10.1	5,000
Employee 5	Assistant Manager	450	5.0	2,250	-	-	-	-	3.5	1,575	1.5	675
Employee 6	Undergraduate	190	63.2	12,008	-	-	35.2	6,688	0.6	114	27.4	5,206
Employee 7	Treasury	350	3.7	1,295	-	-	-	-	-	-	3.7	1,295
Employee 8	Administration	200	0.3	60	-	-	-	-	-	-	0.3	60
Total			296.4	143,870	20.2	12,551	134.1	61,772	78.8	44,818	63.3	24,731
<b>Total (inc. GST)</b>				<b>158,257</b>		<b>13,806</b>		<b>67,949</b>		<b>49,299</b>		<b>27,204</b>

Average hourly rate (ex GST)

621

461

569

391

## Appendix B: Retrospective remuneration – Resolutions 1 to 3

For convenience and ease of review, we have presented below a consolidated description of the work undertaken for the Group.

The table below sets out detailed descriptions of the work undertaken by the Administrators for the period 4 December 2020 to 14 December 2020.

### Resolutions 1 to 3: from 4 December 2020 to 14 December 2020

Task Area	General Description	Includes
Assets  Alita 6.7 hours \$4,184	Monies	Liaise with the Receivers to ensure that the bank accounts and cash on hand have been secured  Enquire as to quantum of cash held by the Former Deed Administrators and Receivers
Lithco 6.7 hours \$4,184  Tawana 6.7 hours \$4,184	Bald Hill Mine	Liaise with Receivers for information regarding the Group's asset position  Review pre-appointment fixed asset register  Review documentation provided by the Receivers in relation to the sale of the Groups' stockpiles prior to the Administrators' appointment  Review valuations conducted by Deloitte and SRK for the Former Deed Administrators  Liaise with SRK to receive an addendum to their prior valuation of the Bald Hill Mine asset  Review asset listings provided by the Receivers  Correspond with the Department of Transport to ascertain whether the Group owns any registered vehicles  Consider the Directors' ROCAPs to establish assets of the Group  Conduct tenement searches to identify tenements held by the Group  Review the Former Administrators' sale process to consider its appropriateness

Task Area	General Description	Includes
	Interest in Cowan Lithium Limited	<p>Review information provided by Receivers in relation to Cowan Lithium Limited</p> <p>Liaise with SRK to obtain comments on the estimated value of the Cowan Lithium project</p> <p>Review recent announcements for Cowan Lithium Limited to estimate value of the Group's equity interest in Cowan Lithium Limited</p> <p>Review and consider if the divestment of the Cowan Lithium project has an impact on the Ball Hill Mine</p>
	Assets subject to specific charges and security interests	Search the PPS register for any potential security interest in the Group assets
	Deed of Company Arrangement ( <b>DOCA</b> )	<p>Review the DOCA proposals received</p> <p>Regularly liaise with the proponent to negotiate terms of the DOCA proposals</p> <p>Liaise with solicitors to ensure legal assurance in the structuring of the DOCA proposals</p> <p>Consider impact of Deed of Cross Guarantee on potential DOCAs and the Deed Administrators' potential appointment</p> <p>Review and amend draft DOCA proposals</p> <p>Review amendments to DOCA proposals from proponent and consider impacts on creditors</p> <p>Estimate return to creditors from DOCA proposals</p> <p>Consider the respective DOCA timelines and requirements to progress various conditions precedents</p>
	Leasing	<p>Review leasing documents</p> <p>Liaise with owners/lessors</p> <p>Prepare correspondence to lessors with regard to their rights in the administration process</p>

Task Area	General Description	Includes
Creditors  Alita 44.7 hours \$20,591  Lithco 44.7 hours \$20,591  Tawana 44.7 hours \$20,591	Creditor Enquiries, Requests & Directions	<p>Prepare initial correspondence to creditors and their representatives</p> <p>Upload correspondence to McGrathNicol website</p> <p>Liaise with Directors in order to confirm the current creditor position</p> <p>Liaise with Receivers in order to confirm the current creditor position</p> <p>Investigate books and records to confirm if any unknown creditors exist</p> <p>Attend meetings and conference calls with the secured creditor and/or their representatives</p> <p>Notify PPSR registered creditors of appointment</p> <p>Prepare regular updates to the secured creditor with regard to the progress of recapitalisation and investigations</p> <p>Respond to secured creditor's queries</p> <p>Discuss, negotiate and execute a loan facility agreement with the secured creditor</p> <p>Liaise with solicitors to prepare application to Court to limit Administrators' liability per loan facility agreement</p> <p>Conduct security review of secured creditor's facilities</p>
	Former Creditors	<p>Liaise with the Receivers regarding former creditors' claims and contingent creditors</p> <p>Correspond with creditors listed on the PPSR to deregister their security over the companies</p> <p>Review Previous DOCA and consider impact on creditor position</p> <p>Liaise with Former Deed Administrators regarding liability accrued during their appointment</p> <p>Liaise with the Receivers regarding the liability accrued during their appointment</p>

Task Area	General Description	Includes
	Creditor reports	<p>Prepare Administrators' Report and remuneration report to creditors</p> <p>Collate, review and consider information provided by Receivers for inclusion in the Administrators' Report, including but not limited to:</p> <ul style="list-style-type: none"> <li>▪ the Former Administrators' Report;</li> <li>▪ the Group's books and records;</li> <li>▪ Annual Financial Reports;</li> <li>▪ Expert Witness Reports; and</li> <li>▪ valuations prepared by Deloitte and SRK for the Former Deed Administrators.</li> </ul>
	Meeting of Creditors	<p>Prepare and send meeting notices</p> <p>Advertise notice of meeting</p> <p>Prepare meeting file</p> <p>Lodge an application to the Court to convene the Second Meeting of Creditors at the earliest date determined by the Administrators</p>
	Shareholder queries	<p>Respond to shareholder queries</p> <p>Publish notice of the first meeting on the SGX</p>

Task Area	General Description	Includes
Investigation  Alita 26.2 hours \$14,939  Lithco 26.2 hours \$14,939  Tawana 26.2 hours \$14,939	Conduct investigations	<p>Send initial request to Directors for Report on Company Activities &amp; Property (<b>ROCAP</b>)</p> <p>Obtain and review the Group's books and records</p> <p>Review minutes of Former Directors meetings</p> <p>Review general ledger transactions</p> <p>Prepare comparative financial statements</p> <p>Review investigation material provided by the Former Administrators</p> <p>Liaise with the Receivers to obtain current information as to the Group's financial position, the prior recapitalisation process and the prior asset realisations</p> <p>Prepare and finalise investigations work paper</p> <p>Consider circumstances leading to Former Administrators' appointment and potential insolvency date</p> <p>Investigate and quantify a potential insolvent trading claim against the Former Directors</p> <p>Liaise with solicitors regarding the viability and commerciality of a potential insolvent trading claim against the Former Directors</p> <p>Liaise with solicitors to consider impact of Previous DOCA on potential insolvent trading claim against the Former Directors</p> <p>Liaise with Receivers to quantify any potential unfair preference payments</p> <p>Consider potential uncommercial transactions resulting from the execution of Deed of Cross Guarantee</p> <p>Review insurance policy documentation and seek advice as required</p> <p>Consider and research personal asset position of potential respondents to claims</p> <p>Investigate potential breaches of directors' duties for non-disclosure and sale of shares</p>

Task Area	General Description	Includes
<p>Administration</p> <p>Alita 21.1 hours \$8,244</p> <p>Lithco 21.1 hours \$8,244</p> <p>Tawana 21.1 hours \$8,244</p>	Correspondence	<p>Prepare correspondence to the companies notifying of our appointment as Administrators</p> <p>Prepare correspondence to Receivers notifying of our appointment as Administrators</p> <p>Prepare correspondence to Directors notifying of our appointment as Administrators</p>
	Document maintenance/file review/checklist	<p>Maintain physical and electronic engagement file</p> <p>Regularly update task checklists</p>
	Insurance	<p>Correspond with insurer regarding initial and ongoing insurance requirements</p> <p>Review insurance policies</p>
	Bank account administration	<p>Prepare correspondence to open the administration account</p> <p>Request bank statements</p> <p>Process receipts</p>
	ASIC forms	<p>Notify ASIC of our appointment</p> <p>Prepare and lodge ASIC Forms including form 505, form 507 and form 531</p> <p>Prepare notices for the ASIC Published Notice Website</p>
	ATO and other statutory reporting	<p>Notify the ATO of appointment</p> <p>Notify other statutory authorities of appointment</p> <p>Prepare lodgements as required on the SGX</p> <p>Seek advice on lodgement obligations on the SGX</p>
	Planning/Review	<p>Execute various appointment documents</p> <p>Discuss status of external administration, progress made with various tasks and the next steps</p>



Task Area	General Description	Includes
	Books and records / storage	<p>Send information requests to Receivers as investigations progress</p> <p>Liaise with Receivers to obtain books and records</p> <p>Liaise with the Receivers to obtain copies of emails from former directors</p> <p>Using McGrathNicol FTech, verify and index data provided by the Receivers and including the Group's file server and mailboxes</p> <p>Collate information provided by Receivers</p> <p>Prepare a records listing</p>

## Appendix C: Prospective remuneration – Resolutions 4 to 6

For convenience and ease of review, we have presented below a consolidated description of the expected work to be undertaken for the Group.

The table below sets out detailed descriptions of the expected work to be undertaken by the Administrators for the period 16 December 2020 to 23 December 2020.

### Resolutions 4 to 6: from 15 December 2020 to 23 December 2020

Task Area	General Description	Includes
Assets  Alita \$5,000  Lithco \$5,000  Tawana \$5,000	Deed of Company Arrangement ( <b>DOCA</b> )	Liaise with proponent on the terms of the DOCA proposals  Liaise with solicitors to finalise execution versions of the DOCA proposals  Liaise with Receivers regarding DOCA proposals and impact on their appointment  Review conditions precedents and prepare a potential timeline for each DOCA
	Assets subject to specific charges and security interests	Liaise with PPSA holders to discharge their respective registrations
Creditors  Alita \$7,500  Lithco \$7,500  Tawana \$7,500	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries in relation to the Administrators' Report or of any other nature  Upload correspondence to creditors on the McGrathNicol website  Attend meetings and conference calls with secured creditor  Prepare regular updates to secured creditor
	Deal with proofs of debt ( <b>POD</b> )	Receive PODs from claimants (if any)
	Meeting of Creditors	Prepare and send second meeting notices  Advertise notice of second meeting  Prepare second meeting file  Hold the second meeting of creditors  Prepare and lodge minutes of first meeting with ASIC  Respond to stakeholder queries and questions following the first meeting

Task Area	General Description	Includes
	Shareholder queries	Respond to shareholder enquiries in relation to the Administrators' Report  Prepare announcements on the SGX as required
Investigation  Alita \$5,000  Lithco \$5,000  Tawana \$5,000	Conduct investigations	Finalise investigations work paper
Administration  Alita \$7,500  Lithco \$7,500  Tawana \$7,500	Document maintenance/file review/checklist	Maintain physical and electronic engagement file  Update checklists
	Bank account administration	Request bank statements  Process receipts and payments  Perform bank account reconciliations
	ASIC forms	Prepare and lodge ASIC forms
	Planning/Review	Hold team meetings to discuss status of external administration and next steps
	Books and records / storage	File and archive books and records  Maintain records listing
<b>Total</b> <b>\$75,000</b>		

## Appendix D: Prospective remuneration – Resolutions 7 to 9

For convenience and ease of review, we have presented below a consolidated description of the expected work to be undertaken for the Group.

The table below sets out detailed descriptions of the expected work to be undertaken by the Administrators for the period 23 December 2020 to execution of DOCAs.

### Resolutions 7 to 9: from 23 December 2020 to execution of DOCAs

Task Area	General Description	Includes
Assets Alita \$5,500  Lithco \$5,500  Tawana \$5,500	Deed of Company Arrangement ( <b>DOCA</b> )	Liaise with proponent and other stakeholders to finalise DOCAs  Arrange and execute DOCAs  Review conditions precedent of DOCAs and commence addressing precedents
Creditors Alita \$2,000  Lithco \$2,000  Tawana \$2,000	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries in relation to the second meeting or of any other nature  Upload correspondence to creditors on the McGrathNicol website  Prepare notices to creditors regarding the DOCA process  Attend meetings and conference calls with secured creditor  Prepare regular updates and reports to secured creditors  Respond to secured creditors' queries in relation to the second meeting and of any other nature
	Deal with proofs of debt ( <b>POD</b> )	Receive PODs from claimants (if any)
	Meeting of Creditors	Prepare and lodge minutes of second meeting with ASIC  Respond to stakeholder queries and questions following the second meeting
	Shareholder queries	Respond to shareholder enquiries in relation to the second meeting  Arrange announcements on SGX as required
Administration Alita \$2,500	Document maintenance/file review/checklist	Maintain physical and electronic engagement file  Update checklists

Task Area	General Description	Includes
Lithco \$2,500	Bank account administration	Request bank statements  Perform bank account reconciliations
Tawana \$2,500	ASIC forms	Processing receipts and payments  Prepare and lodge ASIC forms including the form 505, form 530, and form 5011
	ATO and other statutory reporting	Prepare BAS for Administration  Prepare lodgements as required on the SGX  Seek advice on lodgement obligations on the SGX
	Planning/Review	Hold regular team meetings to discuss the status of the external administration
	Books and records / storage	File and archive books and records  Maintain records listing
<b>Total</b> <b>\$30,000</b>		

## Appendix E: Prospective remuneration – Resolution 10

For convenience and ease of review, we have presented below a consolidated description of the expected work to be undertaken for the Group.

The table below sets out detailed descriptions of the expected work to be undertaken by the Deed Administrators for the period from execution of Parent DOCA to completion.

### Resolution 10: from execution of Parent DOCA to Completion

Task Area	General Description	Includes
<p>Assets</p> <p>Alita \$275,000</p>	<p>Deed Of Company Arrangement (<b>DOCA</b>)</p>	<p>Arrange execution of the Deed of Release</p> <p>Arrange for completion of the transfer agreement</p> <p>Obtain leave of the Court pursuant to section 444GA of the Corporations Act to transfer the shares to the proponent</p> <p>Liaise with ASIC to obtain relief from section 606 of the Corporations Act</p> <p>Obtain approval from the Foreign Investment Review Board for the transfer of shares contemplated by the Parent DOCA</p> <p>Notify the Singapore Exchange of the DOCAs and obtain approval</p> <p>Assist with transferring the mining tenements to Lithco NO.2 Pty Ltd</p>
<p>Creditors</p> <p>Alita \$50,000</p>	<p>Creditor Enquiries, Requests &amp; Directions</p>	<p>Prepare ongoing correspondence to creditors and their representatives</p> <p>Consider reasonableness of creditor requests</p> <p>Obtain legal advice on requests as required</p> <p>Document reasons for not complying with requests or directions</p> <p>Compile information requested by creditors</p> <p>Upload correspondence to creditors on the McGrathNicol website</p> <p>Attend meetings and conference calls with secured creditors</p> <p>Prepare regular updates and reports to secured creditor</p> <p>Respond to secured creditor's queries and reporting</p>

Task Area	General Description	Includes
	Shareholder queries	Respond to shareholder enquiries  Consider ASIC annual general meeting requirements  Arrange announcements on SGX as required
Administration  Alita \$75,000	Document maintenance/file review/checklist	Conduct first month, then six monthly file reviews  Maintain physical and electronic engagement file  Update checklists
	Insurance	Correspond with insurer regarding ongoing insurance requirements
	Bank account administration	Request bank statements  Perform bank account reconciliations  Prepare receipts and payments  Prepare correspondence to close the bank accounts on finalisation
	ASIC forms	Prepare and lodge ASIC forms including the form 505, form 5047, form 5056, form 5602 and form 5603  Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	Notify of appointment  Prepare BAS for Administration and Deed Administration  Prepare lodgements as required on the SGX  Seek advice on lodgement obligations on the SGX
	Finalisation	Notify ATO of ceasing to act  Complete checklists
	Planning/Review	Regular team meetings to discuss the status of the deed administration
	Books and records / storage	File and archive books and records  Maintain records listing
<b>Total \$400,000</b>		

## Appendix F: Prospective remuneration – Resolutions 11 to 12

For convenience and ease of review, we have presented below a consolidated description of the expected work to be undertaken for the Group.

The table below sets out detailed descriptions of the expected work to be undertaken by the Deed Administrators for the period from execution of Subsidiary DOCA to completion.

### Resolution 11 to 12: from execution of Subsidiary DOCA to Completion

Task Area	General Description	Includes
Assets  Lithco \$30,000  Tawana \$30,000	Deed Of Company Arrangement ( <b>DOCA</b> )	Respond to any query from the Foreign Investment Review Board in relation to the DOCA and the transactions proposed by the DOCA  Obtain ministerial approval for the transfer of mining tenements  Arrange completion of Transfer Agreement  Arrange execution of deed of release  Arrange appointment of new directors per DOCA
Creditors  Lithco \$15,000  Tawana \$15,000	Creditor Enquiries, Requests & Directions          Shareholder queries	Prepare ongoing correspondence to creditors and their representatives  Consider reasonableness of creditor requests  Obtain legal advice on requests as required  Document reasons for not complying with requests or directions  Compile information requested by creditors  Upload correspondence to creditors on the McGrathNicol website  Attend meetings and conference calls with secured creditor  Prepare regular updates and reports to secured creditor  Respond to secured creditor queries  Respond to shareholder enquiries  Consider ASIC annual general meeting requirements  Attend to lodgements required by SGX for DOCA proposals



Task Area	General Description	Includes
Administration Lithco \$30,000 Tawana \$30,000	Document maintenance/file review/checklist	Conduct first month, then six monthly file reviews  Maintain physical and electronic engagement file  Update checklists
	Insurance	Correspond with insurer regarding ongoing insurance requirements
	Bank account administration	Request bank statements  Perform bank account reconciliations  Process receipts and payments  Prepare correspondence to close the bank accounts
	ASIC forms	Prepare and lodge ASIC forms including the form 505, form 5047, form 5056, form 5602 and form 5603  Correspond with ASIC regarding statutory forms
	ATO and other statutory reporting	Notify of appointment  Prepare BAS for Administration and Deed Administration  Prepare lodgements as required on the SGX  Seek advice on lodgement obligations on the SGX
	Finalisation	Notify ATO of ceasing to act  Complete checklists
	Planning/Review	Regular team meetings to discuss the status of the deed administration
	Books and records / storage	File and archive books and records  Maintain records listing
<b>Total</b> <b>\$150,000</b>		



## Notice of Meeting

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 147 393 735**

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 085 166 721**

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 612 726 922**

**(Alita Group)**

### **NOTICE OF MEETING OF CREDITORS OF COMPANY UNDER EXTERNAL ADMINISTRATION**

1. Notice is now given that a meeting of the creditors of the company will be held at McGrathNicol Perth, Level 19, 2 The Esplanade, Perth, WA, 6000 on **23 December 2020 at 3:00pm (AWST)** pursuant to section 439A of the Corporations Act 2001.
2. The purpose of the meeting is:
  - a. to receive the report by the Administrators about the business, property, affairs and financial circumstances of the Alita Group; and
  - b. to receive a statement of Administrators opinion and reasons for the opinion:
    - i. whether it would be in the creditors' interests for the Alita Group to execute a deed of company arrangement;
    - ii. whether it would be in the creditors' interests for the administration to end; or
    - iii. whether it would be in the creditors' interests for the Alita Group to be wound up;
  - c. to receive a statement of such other information known to the administrator as will enable the creditors to make an informed decision about the matters at paragraphs 2(a) – (c) above;
  - d. to receive details of any transactions that appear to the Administrators to be a voidable transaction in respect of which money, property, or other benefits may be recoverable by a liquidator under part 5.7B of the Act; and
  - e. for the creditors of the Alita Group to resolve that either:
    - i. the meeting be adjourned for up to 45 business days; or
    - ii. the Alita Group execute the Deeds of Company Arrangement; or
    - iii. the administration should end; or
    - iv. the Alita Group be wound up.



Other agenda items are:

- f. to confirm the meetings are to be held concurrently;
  - g. to determine the remuneration of the administrators;
  - h. to determine the future remuneration of the administrators;
  - i. to determine the deed administrators future remuneration if appointed;
  - j. to consider the appointment of alternative deed administrators; and
  - k. any other business
3. The effect of Insolvency Practice Rules (Corporations) section 75-85 (entitlement to vote as a creditor at meetings of creditors) is:
- a. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
  - b. Subject to subsections (c) and (d), each creditor is entitled to vote and has one vote.
  - c. A person is not entitled to vote as a creditor at a meeting of creditors unless:
    - i. his or her debt or claim has been admitted wholly or in part by the external administrator; or
    - ii. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
      - those particulars; or
      - if required—a formal proof of the debt or claim.
  - d. A creditor must not vote in respect of:
    - i. an unliquidated debt; or
    - ii. a contingent debt; or
    - iii. an unliquidated or a contingent claim; or
    - iv. a debt the value of which is not established;  
unless a just estimate of its value has been made.
4. Proofs of debt and proxies must be submitted by email to [ssaker@mcgrathnicol.com](mailto:ssaker@mcgrathnicol.com) 5:00pm (AWST) on 22 December 2020.
5. Should a person, or the proxy or attorney of a person, wish to participate in the meeting using electronic facilities, please contact Sam Saker on (08) 6363 7634 to obtain the details and give to the convenor, not later than 5:00pm (AWST) on 22 December 2020, a written statement setting out:
- a. the name of the person and of the proxy or attorney (if any);
  - b. an address to which notices to the person, proxy or attorney may be sent; and
  - c. a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.



Dated: 16 December 2020

A handwritten signature in black ink, appearing to read 'Rob Kirman', with a long horizontal flourish extending to the right.

Rob Kirman  
*Administrator*

McGrathNicol  
GPO Box 9986  
Perth WA 6848  
Australia  
+61 8 6363 7600

**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Alita Resources Limited (Receivers and Managers  
Appointed) (Administrators Appointed)

ACN 147 393 735

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
 \_\_\_\_\_ (name of creditor)  
 of \_\_\_\_\_ (address of creditor)  
 for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |

4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No   
If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_

**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Lithco NO.2 Pty Ltd (Receivers and Managers  
Appointed) (Administrators Appointed)

ACN 612 726 922

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
\_\_\_\_\_ (name of creditor)  
of \_\_\_\_\_ (address of creditor)  
for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |

4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No

If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_



**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Tawana Resources Pty Ltd (Receivers and  
Managers Appointed) (Administrators Appointed)

ACN 085 166 721

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
\_\_\_\_\_ (name of creditor)  
of \_\_\_\_\_ (address of creditor)  
for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |

4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No   
If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_



### **Proof of Debt Guidance Notes**

(Please read carefully before filling in Form 535 or Form 536)

It is a creditor's responsibility to prove their claim to our satisfaction.

When lodging claims, creditors must ensure:

- the proof of debt form is properly completed in every particular; and
- evidence, as set out under "Information to support your claim", is attached to the Form 535 or Form 536.

#### **Directions for completion of a Proof of Debt**

1. Insert the full name and address of the creditor.
2. Under "Consideration" state how the debt arose, for example "goods sold to the company on \_\_\_\_\_".
3. Under "Remarks" include details of any documents that substantiate the debt (refer to the section "Information to support your claim" below for further information).
4. Where the space provided for a particular purpose is insufficient to contain all the information required for a particular item, please attach additional information.

#### **Information to support your claim**

Please note that unless you provide evidence to support the existence of the debt, your debt is not likely to be accepted. Detailed below are some examples of debts creditors may claim and a suggested list of documents that should accompany a proof of debt to substantiate the debt.

#### **Trade Creditors**

- Invoice(s) and statement(s) showing the amount of the debt; and
- Advice(s) to pay outstanding invoice(s) (optional).

#### **Guarantees/Indemnities**

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

#### **Judgment Debt**

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

#### **Deficiencies on Secured Debt**

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

#### **Loans (Bank and Personal)**

- Executed loan agreement; and



- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

**Tax Debts**

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

**Employee Debts**

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

**Leases**

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

**PROXY FORM**

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 147 393 735**

**APPOINTMENT OF PROXY**

I/We (if a firm, strike out "I" and set out the full name of the firm) \_\_\_\_\_ of

\_\_\_\_\_ (insert address)

a creditor of **Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (insert name, address and description of the person appointed)

or in his or her absence

\_\_\_\_\_ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 23 December 2020 at 3:00 PM or at any adjournment of that meeting.

Resolution (only complete where appointing a special proxy)		For	Against	Abstain
1	That the meetings of Alita Resources Limited, Lithco No.2 Pty Ltd and Tawana Resources Pty Ltd be held concurrently.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	That the remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	That the future remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8	<p>It is resolved that Alita Resources Limited either:</p> <p>(a) execute a Deed of Company Arrangement; or</p> <p>(b) be wound up and Robert Kirman and Robert Brauer be appointed Liquidators; or</p> <p>(c) the administration should end and control be returned to the directors of Alita Resources Limited; or</p> <p>(d) the meeting be adjourned</p>	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    
11	<p>That the future remuneration of the Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14	<p>That the future remuneration of the Deed Administrators of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$400,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor

**Proxy forms should be completed and returned by no later than 5:00 PM on 22 December 2020.**

RETURN TO: **Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699

**PROXY FORM**

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 612 726 922**

**APPOINTMENT OF PROXY**

I/We (if a firm, strike out "I" and set out the full name of the firm) \_\_\_\_\_ of

\_\_\_\_\_ (insert address)

a creditor of **Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (insert name, address and description of the person appointed)

or in his or her absence

\_\_\_\_\_ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 23 December 2020 at 3:00 PM or at any adjournment of that meeting.

Resolution (only complete where appointing a special proxy)		For	Against	Abstain
1	That the meetings of Alita Resouces Limited, Lithco No.2 Pty Ltd and Tawana Resources Pty Ltd be held concurrently.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	That the remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	That the future remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



9	<p>It is resolved that Lithco NO.2 Pty Ltd either:</p> <p>(a) execute a Deed of Company Arrangement; or</p> <p>(b) be wound up and Robert Kirman and Robert Brauer be appointed Liquidators; or</p> <p>(c) the administration should end and control be returned to the directors of Lithco NO.2 Pty Ltd; or</p> <p>(d) the meeting be adjourned</p>	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    
12	<p>That the future remuneration of the Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
15	<p>That the future remuneration of the Deed Administrators of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$75,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor



**Proxy forms should be completed and returned by no later than 5:00 PM on 22 December 2020.**

RETURN TO: **Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699

**PROXY FORM**

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 085 166 721**

**APPOINTMENT OF PROXY**

I/We (if a firm, strike out "I" and set out the full name of the firm) \_\_\_\_\_ of

\_\_\_\_\_ (insert address)

a creditor of **Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (insert name, address and description of the person appointed)

or in his or her absence

\_\_\_\_\_ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 23 December 2020 at 3:00 PM or at any adjournment of that meeting.

Resolution (only complete where appointing a special proxy)		For	Against	Abstain
1	That the meetings of Alita Resources Limited, Lithco No.2 Pty Ltd and Tawana Resources Pty Ltd be held concurrently.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	That the remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) for the period 4 December 2020 to 14 December 2020, calculated at hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, is determined in the sum of \$47,957, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	That the future remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 15 December 2020 to 23 December 2020 is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$25,000, exclusive of GST.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10	<p>It is resolved that Tawana Resources Pty Ltd either:</p> <p>(a) execute a Deed of Company Arrangement; or</p> <p>(b) be wound up and Robert Kirman and Robert Brauer be appointed Liquidators; or</p> <p>(c) the administration should end and control be returned to the directors of Tawana Resources Pty Ltd; or</p> <p>(d) the meeting be adjourned</p>	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    	<input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    <input type="checkbox"/>    
13	<p>That the future remuneration of the Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from 23 December 2020 to execution of the DOCA is determined at a sum equal to the cost of time spent by the Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$10,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
16	<p>That the future remuneration of the Deed Administrators of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) from the execution of the DOCA to completion is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice dated 9 December 2020, up to a capped amount of \$75,000, exclusive of GST.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor



**Proxy forms should be completed and returned by no later than 5:00 PM on 22 December 2020.**

RETURN TO: **Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699



### **Proxy Guidance Notes**

- Insert full name and address of creditor, contributory or member on the top line.
- On the second line, insert the address of the creditor, contributory or member.
- On the next line insert the name of the person you appoint as your proxy. You may insert "the Chairperson of the meeting" if you wish.
- You may appoint an alternate proxy on the fourth line who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
- Make sure you select whether the proxy is a general or special proxy.
- A general proxy is where you leave it to the proxy to decide how to vote on each of the resolutions put before the meeting.
- A special proxy is where you specify how the proxy is to vote on each resolution and the proxy must vote in accordance with that instruction.
- If the proxy is a special proxy, the form must include details of each resolution and whether the proxy holder is to cast their vote in favour or against each resolution or abstain from voting.
- Date and sign the Proxy form, indicating in which capacity you are signing the form. The person signing must be authorised to do so.





**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 147 393 735

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 085 166 721

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 612 726 922

**(Alita Group)**

### **General Information for Attending and Voting at Meetings of Creditors**

#### **Time and Place of Meeting**

Pursuant to *Insolvency Practice Rules (Corporations) (IPR) 75-30*, a meeting of creditors must be convened at the time and place the Chairperson believes are convenient for the majority of creditors entitled to receive notice of the meeting.

#### **Quorum**

Pursuant to IPR 75-105, unless a quorum is present, a meeting must not act for any purpose other than:

- the election of a chairperson; and
- the proving of debts; and
- the adjournment of the meeting.

A quorum is present if two (2) or more persons are entitled to vote and at least two (2) persons are present at the meeting in person, by proxy or by power of attorney.

A quorum is present if only one (1) person is entitled to vote and that person is present at the meeting in person, by proxy or by power of attorney.

A person who participates in the meeting using electronic facilities is taken to be present in person at the meeting.

A meeting is sufficiently constituted if only one (1) person is present in person, if the person represents personally or by proxy or otherwise a number of persons sufficient to constitute a quorum.

#### **Chairperson**

Pursuant to IPR 75-50, the external administrator is appointed Chairperson of the meeting. Alternatively, pursuant to IPR 75-50 and IPR 75-152 the external administrator may appoint someone else to act as chairperson of the meeting and authorise that person to use any proxies held by the external administrator on the external administrator's behalf.

For the second meeting of creditors in a Voluntary Administration, the Administrator must chair the meeting pursuant to IPR 75-50.



## **Voting**

Pursuant to IPR 75-85, creditors will not be eligible to vote at the meeting unless they have lodged particulars of their debt or claim prior to or at the meeting.

Accordingly, creditors who intend to vote at the meeting should ensure that they lodge a formal proof of debt with the external administrator prior to or at the meeting.

Pursuant to IPR 75-110, a resolution put to the meeting is to be decided on the voices or by a poll, if one is requested.

A poll may be requested by:

- the chairperson; or
- a person participating and entitled to vote at the meeting.

Pursuant to IPR 75-115, should a poll be requested:

- a resolution is passed if a majority in number and a majority in value vote in favour of the resolution; and
- a resolution is not passed if a majority in number and a majority in value vote against the proposed resolution.

In the event of a deadlock, the chairperson may exercise a casting vote. In such situations, the minutes of the meeting must specify the chairperson's reasons for exercising, or not exercising, their casting vote.

## **Proxies**

Pursuant to IPR 75-150, a person entitled to vote at a meeting may, in writing, appoint an individual as their proxy to attend and vote at the meeting on their behalf.

Accordingly, creditors who are unable to attend the meeting but who wish to be represented should ensure that a validly executed proxy form is lodged with the external administrator prior to the meeting.

## **Corporate Creditors**

Corporate creditors who wish to attend the meeting should note that an individual may only represent them if the corporation validly grants that person a proxy or power of attorney.

## **Committee of Inspection**

Pursuant to IPR 80-5, a person may only serve as a member of a Committee of Inspection if the person is:

- a creditor of the company personally; or
- the attorney of a creditor under a general power of attorney; or
- authorised in writing by a creditor; or
- a representative of the Commonwealth if a FEG claim has been, or the Commonwealth considers a claim is likely to be, made in relation to unpaid employee entitlements.

Corporate creditors who are members of a Committee of Inspection may be represented by an individual authorised in writing by the member to represent the member on the committee.

## Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

### What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

### Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

## What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has already been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

### How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

### What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

### Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at [www.arita.com.au/creditors](http://www.arita.com.au/creditors).

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at [www.asic.gov.au](http://www.asic.gov.au) (search "insolvency information sheets").