



**SHAREHOLDERS UPDATE – STATUS OF BALD HILL MINE
ALITA RESOURCES LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 147 393 735
(ALITA)**

We refer to Alita's explanatory statement dated 20 August 2021 and its announcement dated 25 March 2022 (**25 March Announcement**) in relation to the status of the Bald Hill Mine. All capitalised terms used in this announcement have the same meanings ascribed to them in the explanatory statement and the 25 March Announcement (as the context may require).

(A) Updates on Bald Hill Mine

We understand the following matters based on information provided to us by Lithco:

- As detailed in our 25 March Announcement, Lithco has commenced preconditioning operations at Bald Hill. Labour shortages and global supply chain issues impede the ability to operate at full capacity and we understand, from information provided by Lithco, that it will take approximately six months before the plant can operate at full capacity.
- Through these preconditioning operations, the plant has processed low grade lithium concentrate with an estimated 5% grade. This compares to market grades of approximately 6%.
- Pursuant to the offtake agreement with Yihe, two lithium concentrate shipments were made in April and July 2022 with estimated 5% grade. The Deed Administrators understand that Lithco is working towards further shipment(s) in late 2022.
- In the meantime, Lithco remains engaged in negotiations with the Ngadju Native Title Aboriginal Corporation in relation to the grant of mining leases, and is also in the process of preparing a new mining proposal to be submitted to the Department of Mines, Industry Regulation and Safety for approval in due course.
- Lithco has advised that Bald Hill may reach full capacity at the same time as the mining leases and new mining proposals are granted.

(B) Impact on the 2020 Deed of Company Arrangement in respect of Alita (Alita DOCA)

To assist Alita's shareholders to understand the impact of the resumption at Bald Hill, the Deed Administrators wish to provide the following commentary:

Control of Subsidiary Entities

Rob Kirman and Rob Brauer are the Deed Administrators of Alita.

Rob Kirman and Rob Brauer are the former Deed Administrators of Lithco and Tawana Resources Pty Ltd (**Tawana**) (together, the **Subsidiaries**).

The Deed of Company Arrangement in respect of the Subsidiaries (**Subsidiary DOCA**) effectuated on 19 March 2021 when the Receivers and Managers of the Subsidiaries retired and control of the Subsidiaries returned to the directors of those entities. The Deed Administrators are not directors of the Subsidiaries. As such, from 19 March 2021, the directors of the Subsidiaries have had full management of the strategic and operational direction and day to day conduct of the Subsidiaries.

Furthermore, clause 14.8 of the Alita DOCA provides that the Receivers and Managers, in their capacity as Receivers and Managers of Alita, have had sole and absolute control of Alita's shares in the Subsidiaries



after effectuation of the Subsidiary DOCA. There is no requirement for the directors of the Subsidiaries or the Receivers and Managers of Alita to consult, seek guidance or approval from the Deed Administrators in respect of any actions taken by the Subsidiaries.

Although there is commonality between the directors of Alita and the Subsidiaries, the powers of Alita's directors have been suspended from the commencement of the voluntary administration / receivership of Alita on 4 December 2020. Control of Alita rests with the Receivers and Managers (and only to the extent of effectuation of the Alita DOCA, the Deed Administrators). Broadly speaking, this position will continue until (i) the Receivers and Managers have been retired, and (ii) the Alita DOCA effectuates.

The role of the Deed Administrators in respect of Alita is therefore to complete the Alita DOCA so that its terms can be satisfied and control of Alita returned to Alita's directors. It is not the responsibility of the Deed Administrators to consider nor investigate the actions and operations of the Subsidiaries.

No impact on Alita DOCA

The Deed Administrators do not consider the change in status at the Bald Hill mine to have any impact on the Alita DOCA as the Alita DOCA provides for the transfer of Alita's shares to Austroid (or its nominee) for nil consideration, subject to conditions precedent being satisfied.

The conditions precedent comprise: (1) obtaining Orders from the Court confirming the shares have no value (**444GA Orders**); (2) SGX de-listing of Alita, (3) ASIC section 606 relief, and (4) FIRB approval.

In respect of condition precedent (1), the Supreme Court of Western Australia has granted the 444GA Orders. As part of the court process, the Deed Administrators obtained expert reports on the value of the Bald Hill assets and Alita's shares, which confirmed the shares in Alita had no value, and which were accepted by the Court.

The subsequent resumption of operations does not impact the terms of the 444GA Orders nor its binding nature and the Deed Administrators are not required to make any further applications to the Court in the circumstances.

Conditions precedent (2), (3) and (4) remain outstanding for completion of the Alita DOCA to occur before 31 January 2023 (being the 'sunset' date for completion of the DOCA).

(C) What Shareholders can do in relation to the foregoing updates

Shareholders have the option to present their questions to the Deed Administrators by either:

- Calling the Deed Administrators' Perth office; or
- Emailing the dedicated email address for Alita – Alita@mcgrathnicol.com.

There is no timeline or deadline for shareholders to provide queries to the Deed Administrators.

Consistent with the approach adopted by the Deed Administrators throughout their appointment, the Deed Administrators will respond to shareholder queries received and provide additional information where this is considered necessary to comply with their statutory duties and obligations under the Corporations Act and the Alita DOCA.



McGrathNicol

Alita will provide further updates as and when there are further material developments in relation to the Alita DOCA.

If you have any further queries, these should be emailed to alita@mcgrathnicol.com or should be directed to McGrathNicol's Perth office at +61 8 6363 7600.

Dated: 14 July 2022

Yours faithfully

Alita Resources Limited (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement)

Rob Kirman
Deed Administrator