

17 FEBRUARY 2021

UPDATE ON DEED OF COMPANY ARRANGEMENT

Alita Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (SGX: 40F) ('**Alita**') provides the following update on the Deeds of Company Arrangement executed by Alita ('**Parent DOCA**') and by Alita's subsidiaries; Tawana Resources Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) and Lithco No. 2 Pty Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ('**Subsidiary DOCA**') as detailed in the announcement dated 23 December 2020.

On 21 December 2020, Galaxy Resources Limited (ASX: GXY) ('**Galaxy**') made an urgent application to the Supreme Court of Western Australia to restrain the meetings of creditors of the Alita companies on 23 December 2020. Galaxy's application was unsuccessful and Galaxy was ordered to pay the Deed Administrators' costs associated with the application.

As set out in Alita's 23 December 2020 announcement, on 23 December 2020 the Parent DOCA and Subsidiary DOCA, as proposed by Austroid Corporation ('**Austroid**'), a US-registered company which is Alita's sole creditor, were executed.

Austroid is committed to the Bald Hill Mine, which was Alita's core asset, and has been working with Alita's receivers and managers and the deed administrators towards executing a plan that would allow the speedy resumption of mining operations at Bald Hill and the associated significant employment and economic benefits that are expected to flow to the region.

After execution of the Parent DOCA and Subsidiary DOCA, Lithium Investments (WA) Pty Ltd ('**LWA**') made an urgent application in the Supreme Court of Western Australian to restrain the effectuation (completion) of the Subsidiary DOCA and to set aside the Parent DOCA and Subsidiary DOCA ('**Application**'). LWA's Application was filed on 31 December 2020 and heard by the Supreme Court on 3 January 2021, 6 January 2021, 13 January 2021 and 11 February 2021, with the result that Her Honour Justice Hill (Justice Hill) of the Supreme Court made orders (among others) that effectuation of the Subsidiary DOCA be restrained until 19 February 2021.

LWA is an Australian company. Its sole director and secretary is Mark Rowsthorn and its sole shareholder is Glenthorn Pty Ltd – in respect of which Mark Rowsthorn is the sole director and shareholder. Mark Rowsthorn is a director of SMS Innovative Mining Pty Ltd ('**SMS**'), one of the previous creditors of the Alita group.

It is a requirement of a party seeking a restraining order in the Supreme Court of WA to provide an undertaking as to damages. The entity providing the undertaking must have sufficient assets for the undertaking to be made good. As LWA does not have sufficient assets, Galaxy has provided the undertaking. We are not aware of any relationship between Mark Rowsthorn, LWA, SMS and Galaxy, other than as set out above. On 9 February 2021, LWA made an application to join Galaxy and SMS as plaintiffs to the Proceeding, which was heard on 11 February 2021 ('**Joinder Application**'). The Joinder Application was successful. We note that the Joinder Application was neither consented to nor opposed by the defendants.

It was a condition of the restraining order that Galaxy provides an undertaking to pay the Deed Administrators and Austroid amounts incurred in preserving and protecting Alita's tenements. A hearing has been listed before Justice Hill on 19 February 2021 to determine the amount that Galaxy is required to pay pursuant to the undertaking.

On the basis that Galaxy (or SMS or LWA) makes payment of the amount ordered by the Court on 19 February 2021, the Application has been listed for trial on 12 to 16 April 2021.

Authorised by:

Richard Tucker
Receiver and Manager
Alita Resources Limited

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