

20 FEBRUARY 2020

RECEIPT OF NO-OBJECTION FROM THE SGX-ST FOR DELISTING

1. Introduction

We, Richard Scott Tucker and John Allan Bumbak of KordaMentha, in our capacity as joint and several deed administrators ('**Deed Administrators**') of Alita Resources Limited (subject to Deed of Company Arrangement ('**DOCA**')) (the '**Company**') refer to the previous announcements made to the ASX and the Singapore Exchange Securities Trading Limited ('**SGX-ST**') on 14 January 2020 ('**Previous Announcement**') in relation to the application for relief under section 444GA of the Corporations Act 2001 (Cth) ('**Section 444GA Application**') which has been filed by the Deed Administrators in the Supreme Court of Western Australia ('**Court**') (proceeding number COR 251 of 2019) and which contemplates the transfer of 100% of the shares in the Company to the proponent of the Deed of Company Arrangement ('**DOCA Proponent**') for nil consideration ('**Compulsory Transfer**').

2. Application for Delisting of the Company from the SGX-ST

In connection with the Section 444GA Application and the Compulsory Transfer, the Deed Administrators wish to announce that the Deed Administrators had on 14 January 2020, through the Company's sponsors, submitted an application to the SGX-ST ('**SGX Application**') to seek its confirmation that it has no objections to the delisting of the Company from Catalist, the sponsor-supervised listing platform of the SGX-ST ('**Catalist**') (the '**Delisting**') in connection with the Compulsory Transfer (subject to the Court's order for the Compulsory Transfer being obtained), on the following grounds:

(a) Waiver from compliance with the delisting requirements under Rule 1307

Pursuant to Rule 1307 of the Listing Manual Section B: Rules of Catalist ('**Catalist Rules**') ('**Rule 1307**'), the SGX-ST may agree to an application by the Company to delist from the SGX-ST if, *inter alia*:

- (i) the issuer convenes a general meeting to obtain shareholder approval for the delisting; and
- (ii) the resolution to delist the issuer has been approved by a majority of at least 75% of the issuer's total number of issued shares excluding treasury shares and subsidiary holdings held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting. The Offeror Concert Party Group must abstain from voting on the resolution.

However, in this case, the Compulsory Transfer is not subject to prior approval or agreement of the shareholders of the Company ('**Shareholders**') and will take place automatically after the Deed Administrators successfully obtain leave from Court. It is envisaged that, barring any unforeseen circumstances, the Compulsory Transfer will complete within seven (7) days from the issue of the Court's order. Thereafter, the DOCA Proponent will be the sole Shareholder of the Company. If the Delisting of the Company is to be put to a vote pursuant to Catalist Rule 1307 by the DOCA Proponent, being the sole Shareholder of the Company, the DOCA Proponent would be able to unilaterally determine the outcome of the resolution to approve the Delisting. In view of the certainty that the Delisting would be approved, the Deed Administrators consider that it would be neither meaningful nor justifiable to incur the unnecessary expenditure of time and costs to convene a general meeting for the DOCA Proponent as the sole Shareholder to approve the Delisting. Further, prior to the final court hearing, the Shareholders will nonetheless be availed various avenues to voice their concerns and even oppose to the Compulsory Transfer, further details on which is set out in paragraph 2(c) below.

In addition, pursuant to Rule 1308 of the Catalist Rules ('**Rule 1308**'), if an issuer is seeking to delist from the Exchange:

- (i) an exit offer must be made to the issuer's shareholders and holders of any other classes of listed securities to be delisted. The exit offer must:
 - (A) be fair and reasonable; and
 - (B) include a cash alternative as the default alternative; and

- (ii) the issuer must appoint an independent financial adviser to advise on the exit offer and the independent financial adviser must opine that the exit offer is fair and reasonable.

As mentioned above, the Compulsory Transfer will be undertaken at nil consideration because, due to the financial position of the Company, the shares have no value. This is supported by the Expert Report which is expected to indicate that the quantum of the Company's debts outweigh its assets and that there is accordingly zero recovery value to the Company's shares in a liquidation scenario. Further, during the sale process conducted by the Administrators of the Company, no offers to acquire the assets of the Company or to acquire the shares of the Company through any method other than a Compulsory Transfer for nil consideration were received. In these circumstances, the interests of the creditors outweigh the interests of shareholders – the proposal that produces the best return for creditors is the DOCA and that involves the Compulsory Transfer at nil consideration. No proposals were received by the Administrators that would result in shareholders receiving a return on their investment.

If the DOCA does not proceed in accordance with its terms, the only other likely alternative is an immediate liquidation of the Company. Given the order of priority payments set out in Section 556 of the Corporations Act 2001 (Cth), members will receive nothing in a liquidation scenario.

In view of the above, it is submitted that it would not be meaningful for the Company or the Deed Administrators to comply with the above delisting requirements before proceeding with the Delisting.

(b) No Prejudice to Shareholders' Rights

The Compulsory Transfer is a Court-supervised process and the Court may only grant leave if it is satisfied that such transfer would not unfairly prejudice the interests of the Shareholders. This ensures that the Shareholders are afforded a level of protection and consideration, through the Court process, while allowing creditors or others to acquire the equity interests in the Company when it is fair to do so.

Under the Section 444GA process, Shareholders, creditors, the Australian Securities and Investments Commission and any other interested persons have standing to oppose a court application for leave pursuant to the Section 444GA process. Shareholders may enter an appearance by 29 January 2020 (or such later date as may be announced, subject to the outcome of the extension application to the Court) if they wish to be heard by the Court.

However, the Deed Administrators are of the view that due to the financial position of the Company, the quantum of the Company's debts outweigh its assets and there is accordingly zero recovery value to the Company's shares in a liquidation scenario. The Deed Administrators are also of the view that there is no scenario where Shareholders will receive a return on their investment, given the order of priority payments set out in Section 566 of the Corporations Act 2001 (Cth). It is submitted that there is accordingly no unfair prejudice to the Shareholders in effectively divesting shares for nil consideration pursuant to the Compulsory Transfer.

(c) Opportunity to Shareholders to voice their concerns

Shareholders are able to oppose the Court application pursuant to the Section 444GA process, notwithstanding that the Compulsory Transfer is not subject to the Shareholders' prior approval or agreement at an extraordinary general meeting.

In this regard, the Deed Administrators have made arrangements to set up channels of communication with the Shareholders, through which the Shareholders may contact the Deed Administrators with their questions. In addition, pursuant to the SGX-ST's requirements under the Notice of Compliance dated 8 January 2020, the Deed Administrators are also making arrangements for an information session with the Shareholders and will provide further details in due course through an announcement. This would facilitate communication with the Shareholders to solicit and understand the views of Shareholders in relation to the Compulsory Transfer and the Delisting.

As stated in the announcements dated 20 December 2019 and 14 January 2020, the Deed Administrators have also informed the Shareholders that they may (a) provide the Deed Administrators with their views in writing (including any objection(s)) on the hearing in relation to the Section 444GA orders (which the Deed Administrators would furnish the same to the Court for its consideration), and/or (b) they can enter an appearance (by 29 January 2020 or such later date as may be announced, subject to the extension application to the Court) if they wish to oppose the application to Court.

The Deed Administrators intend to keep the Shareholders apprised of the Company's situation. In this regard, the Deed Administrators have on 14 January 2020 made available via SGXNET the Explanatory Statement (including a copy of the Expert Report) which outlines the transaction, valuations of the Company in an alternative scenario (liquidation) and the consequences for Shareholders of the application being granted, and such other relevant documents.

3. No Objection and Confirmation from the SGX-ST to the SGX Application

The Deed of Administrators wish to announce that the SGX-ST had on 18 February 2020, informed the Company that based on the Company's submissions and representations to the SGX-ST, the SGX-ST:

- (a) had no objections to the proposed Delisting of shares of the Company from the SGX-ST;
- (b) confirmed that Catalist Rule 1307 is non-applicable; and
- (c) confirmed that Catalist Rule 1308 is non-applicable.

(collectively, the '**No Objection and Confirmation**'), subject to the following:

- (1) the Company announcing the No Objection and Confirmation granted, the reasons for seeking the No Objection and Confirmation, and the conditions as required under Rule 106 of the Catalist Rules; and
- (2) submission of a written confirmation from the Company that the No Objection and Confirmation do not contravene any laws and regulations governing the Company and constitution of the Company (the '**Confirmation**').

The Deed of Administrators note that the No Objection and Confirmation will not be effective if any of the abovementioned conditions have not been fulfilled.

This Announcement is made in compliance with the condition set out in limb (1) above. The Deed Administrators will be submitting the Confirmation to the SGX-ST in due course.

The SGX-ST's decision is not an indication of the merits of the Delisting.

4. Others

The Company will provide updates on the date and time of the Delisting in due course in the event that the Court grants leave to the Section 444GA Application and as and when there are further material developments.

Richard Tucker

Deed Administrator

Alita Resources Ltd (Subject to Deed of Company Arrangement)