

KordaMentha

Restructuring

SGX Announcement

4 December 2019

**Alita Resources Limited (Administrators Appointed), formerly Alliance Mineral Assets Limited
ACN 147 393 735 and its subsidiaries outlined in Schedule 1 ('the Group')**

ASX Code: A40

SGX Code: 40F

Refinancing of Senior Secured Debt Facility and Retirement of Receivers

Further to the announcement of 8 October 2019, the Administrators (Richard Tucker and John Bumbak) have undertaken a process to identify a suitable party to purchase or recapitalise the Group.

We advise that Alita and certain of its subsidiaries have entered into a binding AUD\$70 million loan facility ("Facility Limit") agreement ('Loan Facility Agreement') with China Hydrogen Energy Limited ('CHE') and related security arrangements. CHE is a special purpose vehicle for a Chinese party, which is expected to submit a DoCA proposal to acquire the Group's assets.

Orders have been obtained from the Supreme Court of Western Australia to the effect that, amongst other things, the Administrators are justified in entering into and performing the Loan Facility Agreement and related security agreements and the associated personal liability of the Administrators is limited to the available assets of the Group.

The funds available under the Loan Facility Agreement were applied by Alita to repay in full all amounts outstanding under the senior secured debt facility with its secured creditor, Galaxy Resources Limited ('Galaxy Facility') and the costs of CHE and the Administrators in preparing and executing the Loan Facility Agreement. The balance of the Facility Limit is available for draw down for working capital purposes, subject to the consent of CHE.

The Loan Facility Agreement contemplates that CHE or its nominee will submit a deed of company arrangement proposal ('CHE DoCA') for consideration by the Administrators and creditors of the Group at the second meeting of creditors that is expected to be held in the week commencing 16 December 2019. The Loan Facility Agreement provides short term bridging finance for the Group ahead of the proposed DoCA. Amounts outstanding under the Loan Facility Agreement will be repayable on the earlier of:

- two business days after the Administrators or Alita are funded to repay the amounts outstanding under the Loan Facility Agreement in accordance with the terms of the CHE DoCA;
- 13 February 2020 (or such other date agreed in writing by the parties); or
- if the CHE DoCA proposal is not approved at the second meeting of creditors, two business days after the date of the meeting.

In the event that the CHE DoCA proposal is not passed at the second meeting of creditors, provided that the CHE DoCA proposal was submitted on or before 5 January 2020, an early payment fee equal to 15% of the Facility Limit will be payable to CHE.

The Loan Facility Agreement provides for Alita Group to grant security over all their present and after acquired property, including mining tenements.

The Administrators consider that the benefits of entering into the Loan Facility Agreement for the Group and its creditors include:

- an improved interest rate of 5% per annum as compared to the variable interest rate under the Galaxy Facility of approximately 14% to 16%
- a reduction in ongoing external administration costs as a result of the retirement of the Receivers and Managers, and
- the facilitation of a DoCA proposal which, based on discussions with CHE and an indicative non-binding term sheet, the Administrators believe will deliver a superior outcome for creditors of the Group compared to other proposals received by the Administrators or an insolvent winding up of the Group.

The Administrators will prepare their report to creditors in the coming days, which will contain the Administrators' detailed report on the DoCA process and the basis of the Administrators' recommendations in respect of the Group's future. That report is expected to be released to the market in the week commencing 9 December 2019.

Following the repayment of the Galaxy Facility and the discharge of the related security, the Receivers and Managers (Martin Jones, Matthew Woods and Andrew Smith of KPMG) retired as receivers and managers of the relevant Group companies on 29 November 2019. With effect from the Receivers and Managers' retirement, the Voluntary Administrators will remain in control of the Group and its operations.

The contact details of the Voluntary Administrators are:

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About KordaMentha Restructuring

KordaMentha Restructuring is the distressed business division of KordaMentha, an advisory and investment firm that helps clients to grow, protect and recover value.

KordaMentha Restructuring works with companies in financial distress – to restructure and to stabilise the business or to recover value on behalf of stakeholders. They have over 170 professional staff with diverse backgrounds and deep experience from accounting and agriculture to mining and real estate.

Schedule 1

Company	ACN
Lithco No.2 Pty Ltd (Administrators Appointed)	612 726 922
Tawana Resources Pty Ltd (Administrators Appointed) formerly Tawana Resources NL	085 166 721