



McGrathNicol

Alita Resources Limited (In Liquidation)

ACN 147 393 735

(Alita)

Circular to shareholders

We refer to the Liquidators' recent updates to shareholders.

Enclosed at Annexure 1 of this circular is a list of questions raised by the SGX together with the Liquidators' responses to each.

The Liquidators will continue to provide further information to shareholders as it becomes available.

Date 11 March 2024

Yours faithfully

Alita Resources Limited (In Liquidation)

Rob Kirman
Liquidator



Annexure 1

| # | SGX question | Liquidators' response |
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| 1 | <p>It was announced that the ATO has issued Alita with the notice of assessment for 2019, 2022, 2023 and 2024 financial years in the amount of \$202.8 million (Assessments) in the liquidation of Alita. Please disclose the amount from the Assessments that is attributable to the following:</p> <ol style="list-style-type: none">The Share Sale Agreement with MinRes executed in November 2023 (i.e. the capital gains tax or CGT) which is to be borne by the Liquidators from the assets of Alita; andthe operations of Tawana and Lithco up to the sale of the entities by the Group. | <ol style="list-style-type: none">The ATO has confirmed that it has not yet assessed CGT. As such any amount of CGT payable would be in addition to the amounts assessed.The quantum of tax allocated to the operations of Tawana and Lithco up to the date of the sale has yet to be quantified and further work is required by Alita's tax consultants to quantify this amount. The timetable with completing this work has been impacted by the Notices of Assessment issued by the ATO and the Termination Application commenced by the directors. At this stage, an updated timetable has not been agreed with Alita's tax consultants however this will be agreed following the outcome of the Termination Application. |
| 2 | <p>Under the Share Sale Agreement, it is acknowledged that <u>Tawana and Lithco (and not Alita)</u> will be liable to the extent that any tax liability relates to the affairs of Tawana and/or Lithco (as opposed to the affairs of Alita). With the completion of the Share Sale Agreement with MinRes Purchasing Entity, please disclose if Alita can claim the attributable tax liability owed/payable to the ATO that is attributable to the affairs of Lithco and Tawana, from MinRes Purchasing Entity. If so, what is the arrangement? If not, why not?</p> | <p>Under the terms of the Share Sale Agreement, Alita can only seek payment of this tax amount from Lithco and/or Tawana. This amount is not payable by the MinRes Purchasing Entity but it is obliged to procure payment of this amount by Lithco and Tawana to the extent the Attributable Tax Liability is recoverable by the ATO from Alita.</p> <p>The Liquidators, the ATO and MinRes are in advanced negotiations for the provision of a guarantee to the ATO and Alita in respect of this liability by MinRes. Under the terms of the guarantee, it would become effective if the liquidation of Alita is terminated.</p> |



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| 3 | <p>Under the Share Sale Agreement, the MinRes Purchasing Entity agreed to pay Alita <u>such additional amount</u> as may be required to ensure that, after all adjustments to amounts payable to Alita have been made under the Share Sale Agreement, the purchase price is sufficient to ensure that <u>Alita has at least \$25,000,000 (after all taxes payable by Alita, and the Alita TCG, in respect of the Transaction have been satisfied in full)</u>. Any residual amounts after payment of the CGT, would be available to pay Alita's liabilities and subsequently for distribution to Alita's shareholders. Please disclose the total amount owed by Alita to unsecured creditors which is to be paid out of the assets of Alita.</p> | <p>The quantum of (i) tax payable, and (ii) other unsecured creditors from the assets of Alita is currently unknown.</p> <p>Alita has engaged tax consultants to engage with the ATO and quantify the actual amount of tax payable by Alita. Material further work is required to complete this and a further update cannot be provided at this juncture.</p> <p>The Liquidators have not called for proofs of debt in the liquidation of Alita and for this reason, the Liquidators are unable to confirm if other unsecured creditors exist. Notwithstanding this, the Liquidators do not expect to receive any further creditor claims in the liquidation of Alita.</p> |
| 4 | <p>Please provide an update on the status of the 50/50 arrangement.</p> | <p>Negotiations are at an advanced stage and the Liquidators will provide further details if / when an agreement is reached.</p> |
| 5 | <p>Please disclose if there is any material information that shareholders should be aware of regarding the implications of whether the liquidation is terminated or not terminated.</p> | <p>All material facts currently known have been disclosed to shareholders in the shareholder circulars and explanatory memorandum announced via SGXNet to-date.</p> |