



**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)  
And entities listed at Annexure A  
ACN 147 393 735  
(Alita Group)**

**Initial Information for Creditors**

The secured creditor of the Alita Group appointed John Bumbak and Richard Tucker of KordaMentha as Receivers and Managers of the Alita Group on 4 December 2020 (**Receivers**). Subsequent to their appointment, Rob Brauer and I were appointed Administrators of the Alita Group on 4 December 2020 (**Administrators**).

We have been appointed to represent the interests of all creditors. We are responsible for investigating the Alita Group's affairs, reporting and providing opinions to creditors and holding meetings of creditors to make decisions on the future of the Alita Group. Meanwhile, the Receivers have assumed control of the Alita Group's affairs and have entered into possession of its assets.

According to the Alita Group's records, you may be a creditor of the Alita Group.

The purpose of this document is to provide you with information about the voluntary administration and your rights as a creditor.

**Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

We enclose our DIRRI. Our independent status and who appointed us is outlined in our DIRRI.

**What you should do**

You should:

- read the enclosed information;
- decide whether you are going to participate in the first meeting; and if so
- complete and return your proof of debt and proxy form (if required) by 15 December 2020.

**Meetings of creditors**

As voluntary administrators, we are required to hold two meetings of creditors.

***First meetings of creditors***

The first meeting of creditors will be held as follows:

Date: 16 December 2020  
Time: 11:00 AM  
Address: Level 19, 2 The Esplanade, Perth WA 6000

The purpose of this meeting is to consider:

- our appointment; and
- whether to appoint a Committee of Inspection.

We enclose a notice of meeting. To participate in this meeting, you must submit a proof of debt to substantiate your claim. If the creditor is a person and will attend the meeting, this is all that is required. However, if the creditor is another type of entity (such as a company), they must also appoint a person – a "proxy" or person authorised under a power of attorney – to vote on behalf of the creditor at the meeting. A proxy should also be appointed if the creditor is a person, but is not available to attend the meeting.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.



Proof of debt and proxy forms are enclosed, together with guidance notes to assist you when you complete them. Your completed proof of debt and, if applicable, proxy form must be returned to Sam Saker by post or by email to [ssaker@mcgrathnicol.com](mailto:ssaker@mcgrathnicol.com) by 15 December 2020. Email communication is preferred given the current delays with delivery of the post. If you are using the post to return your forms, please ensure you use the 'express post' option.

We also enclose general information for attending and voting at meetings of creditors.

### ***Committee of Inspection***

At the first meeting, creditors will consider whether a Committee of Inspection (**COI**) should be appointed. The role of a COI is to consult with the voluntary administrators and receive reports on the conduct of the administration. A COI can also approve the voluntary administrators' fees.

It is our opinion that a COI is not required for this voluntary administration as there are a limited number of creditors. However, it is for creditors to decide if they would like to form a COI in this voluntary administration.

### ***Second meeting of creditors***

We will also, in due course, call a second meeting of creditors (**Second Meeting**).

In the ordinary course, the Administrators would convene the Second Meeting within 5 business days (before or after) the end of the convening period as set out in section 439A of the Corporations Act 2001 (*Cth*) (**Act**).

The Administrators note, however, that the Federal Court of Australia granted orders on 8 December 2020 to allow the convening period for the Second Meeting to be varied so that the Second Meeting may be convened at the earliest date determined by the Administrators. The Administrators will consider these orders and convene the Second Meeting when determined appropriate or, at the latest, in accordance with the Act.

The purpose of the Second Meeting is for creditors to consider our report and make a decision on the future of the Alita Group.

Before that meeting you will be sent the notice of meeting and a detailed report which will set out the options for the Alita Group's future. We will also provide our opinion as to what option we think is in the best interests of creditors.

You are encouraged to attend these meetings and participate in the voluntary administration process.

### **What do you need to know?**

| Question                                   | Answer   |
|--|--|
| <b>What is a voluntary administration?</b> | <p>A voluntary administration, or VA, is a process initiated by the director(s) of a company or a secured creditor of a company when they form the view that the company is, or is likely to become, insolvent. 'Insolvent' means that the company is, or is likely to become, unable to pay its debts when they fall due. Less commonly, a VA is commenced by a liquidator of the company. In this case, the VA appointment was made by the secured creditor of the company.</p> <p>The objective of a voluntary administration is to preserve as much as possible of the business of the company or, if that is not feasible, seek a better outcome for creditors than an immediate liquidation of the company. The process involves the appointment of a voluntary administrator to the company to administer and investigate the business, property, affairs and financial circumstances of the company. A voluntary administrator must complete investigations, form an opinion about the company's financial position and its future and issue a detailed report to creditors of the company. Creditors are then given the opportunity to vote on the future of the company.</p> |



| Question  | Answer  |
|---|---|
| <p><b>What are your rights as a creditor?</b></p>                       | <p>We enclose a copy of the information sheet "Creditor Rights in Voluntary Administrations" issued by the Australian Restructuring Insolvency &amp; Turnaround Association (<b>ARITA</b>). It includes information on your rights to:</p> <ul style="list-style-type: none"> <li>▪ make reasonable requests for information;</li> <li>▪ give directions to the Administrators;</li> <li>▪ appoint a reviewing liquidator; and</li> <li>▪ replace us as Administrators.</li> </ul>  |
| <p><b>What happens to your debt?</b></p>                                | <p>All creditors of the Alita Group are now creditors in the voluntary administration and your debt will be dealt with in the voluntary administration.</p> <p>It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the company into liquidation or act on a personal guarantee. If you have leased property to the Alita Group, have a retention of title claim or have a registered personal property security interest in relation to the Alita Group, please contact Sam Saker on 08 6363 7634 as soon as possible.</p>   |
| <p><b>What has happened in the voluntary administration so far?</b></p> | <p>As previously stated, the Receivers have entered into possession of the assets of the Alita Group. We understand they are continuing to trade the business of the Alita Group.</p> <p>The Administrators' work performed to date has been limited to (i) our initial statutory requirements and notifications arising from our appointment, (ii) entering into a Loan Facility Agreement with Austroid Corporation, the Alita Group's secured creditor, and (iii) conducted initial investigations into the Alita Group's affairs.</p> <p>In addition, the Administrators note we have received a Deed of Company Arrangement (<b>DOCA</b>) proposal from Austroid Corporation. We are urgently assessing this DOCA proposal and will provide an update and recommendation to creditors in due course.</p> |
| <p><b>What is the cost of the voluntary administration?</b></p>         | <p>We get paid out of the Alita Group's money, including realisations from assets or from money paid to us by others, such as the Alita Group's directors. If there is not enough money in the voluntary administration, we do not get paid in full.</p> <p>We enclose our Initial Remuneration Notice which provides you with information about how we propose to be paid for undertaking the voluntary administration.</p> <p>We will seek your approval of our remuneration at the second meeting of creditors, unless that remuneration is approved earlier by a COI (if one is appointed). We will provide you with detailed information about what tasks we have undertaken and the costs of those tasks.</p>   |
| <p><b>What happens next with the voluntary administration?</b></p>      | <p>We will proceed with the voluntary administration, which will include:</p> <ul style="list-style-type: none"> <li>▪ preparing for and holding the meetings of creditors;</li> <li>▪ investigating Alita Group's affairs;</li> <li>▪ analysing any offer for a DOCA that is proposed; and</li> <li>▪ preparing our report to creditors.</li> </ul> <p>As discussed above, you will receive further correspondence from us before the second meeting of creditors.</p>   |



| Question                                   | Answer   |
|--|--|
| <b>Where can you get more information?</b> | <p>ARITA provides information to assist creditors to understand voluntary administrations and insolvency. This information is available from ARITA's website at <a href="http://www.arita.com.au/creditors">www.arita.com.au/creditors</a>.</p> <p>A copy of the information sheet, "Insolvency information for directors, employees, creditors and shareholders", issued by the Australian Securities and Investments Commission (<b>ASIC</b>) is also enclosed for your information.</p> |

If you have any queries, please contact Sam Saker. For further information about this engagement, please refer to the website <https://www.mcgrathnicol.com/creditors/alita-group/>.

Dated: 9 December 2020

Rob Kirman  
*Administrator*

Enclosures:

- 1 Annexure A – Alita Group entities
- 2 ARITA Information Sheet - Creditor Rights in Voluntary Administrations
- 3 Declaration of Independence, Relevant Relationships and Indemnities
- 4 Notice of Meeting
- 5 Proof of Debt Forms (Form 535)
- 6 Proof of Debt Guidance Notes
- 7 Proxy Forms
- 8 Proxy Form Guidance Notes
- 9 General information for attending and voting at meetings of creditors
- 10 ARITA Information Sheet – Committees of Inspection
- 11 Initial Remuneration Notice
- 12 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders



***Annexure A: the Alita Group – entities over which Administrators are appointed***

| <b>Alita Group (Receivers &amp; Managers Appointed) (Administrators Appointed)</b> |   |                                 |             |
|--|---|---------------------------------|-------------|
| <b>Company name</b>  | <b>Receivers and Managers Appointed</b> | <b>Administrators Appointed</b> | <b>ACN</b>  |
| Alita Resources Limited  | Yes                                     | Yes                             | 147 393 735 |
| Lithco NO.2 Pty Ltd  | Yes                                     | Yes                             | 612 726 922 |
| Tawana Resources Pty Ltd   | Yes                                     | Yes                             | 085 166 721 |

Annexure A - group summary

In association  
with

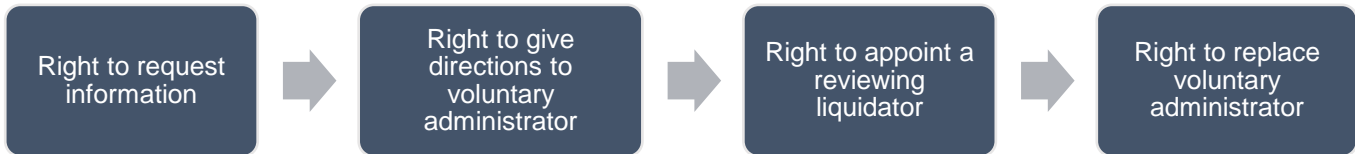


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**ADVISORY  
RESTRUCTURING**

# Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

## Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**



## **Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 147 393 735

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 612 726 922

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 085 166 721

**(collectively "Alita Group" or "the Companies")**

The purpose of this document is to assist creditors with understanding any relationships that the Administrators have and any indemnities or upfront payments that have been provided to the Administrators. None of the relationships disclosed in this document are such that the independence of the Administrators is affected.

This information is provided to you to enable you to make an informed assessment on any independence concerns, so you have trust and confidence in our independence and, if not, can act to remove and replace us if you wish.

This declaration is made in respect of ourselves, our partners, the firm McGrathNicol, which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership and McGrathNicol Services Pty Ltd.

### **A. Independence**

We, Robert Kirman and Robert Brauer, of the firm McGrathNicol have undertaken an assessment of the risks to our independence prior to accepting the appointment as Administrators of the Alita Group in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

### **B. Declaration of Relationships**

#### **B1. *Circumstances of appointment***

This appointment was referred to us by Lavan, solicitors acting for Austroid Corporation (**Austroid**), the Alita Group's secured creditor from 2 December 2020, and China Hydrogen Energy Limited (**CHEL**), the Alita Group's secured creditor up to 2 December 2020 when the debt was assigned to Austroid. Lavan provides legal advice from time to time to assist McGrathNicol's restructuring and advisory projects and Lavan periodically refer engagements to McGrathNicol. We believe this referral does not result in a conflict of interest or duty because:

- the referral is unconditional;
- these engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders;
- McGrathNicol has not undertaken any previous work or had prior involvement with the Alita Group either on referral from Lavan or otherwise;
- each professional engagement referred by Lavan in relation to a particular entity is conducted on an entirely separate bases which has no bearing on this appointment; and
- referrals from lawyers, accountants and other professional advisers are commonplace and don't impact our independence in carrying out our duties as Administrators.





On 18 November 2020, Robert Kirman received a phone call from Lavan, acting as solicitors for CHEL, to discuss the Alita Group's ongoing Deed of Company Arrangement (**DOCA**) and the potential options for the Companies. Later that day, Robert Kirman attended a meeting with representatives from Lavan and Liatam Mining Pty Ltd (**Liatam Mining**), both acting as advisors to CHEL, to discuss:

- the current status of the DOCA for the Alita Group;
- the potential need for plan B voluntary administrators following the effectuation of the DOCA; and
- generally discussing the Alita Group's financial position.

On 19 November 2020, Robert Kirman attended a meeting with representatives from Lavan, Liatam Mining and PCF Capital, all acting as advisors to CHEL to discuss similar matters as at the meeting on 18 November 2020.

On 2 December 2020, Robert Kirman and a senior staff member at McGrathNicol, attended a meeting with representatives from Liatam Mining and PCF Capital, acting as advisors for Austroid, to discuss similar matters as at the meeting on 18 November 2020.

On 4 December 2020, Austroid appointed Rob Kirman and Rob Brauer as Administrators of the Alita Group.

These meetings did not involve any consideration of the effectiveness or validity of the security held by Austroid and we understand they have separate legal representation in relation to this issue.

We received no remuneration for attending these meetings or for the advice provided.

In our opinion, these meetings do not affect our independence for the following reasons:

- It is recognised by the Courts and Australian Restructuring, Insolvency and Turnaround Association's (**ARITA**)'s CoPP that advice on the insolvency process and available options is necessary and does not amount to an impediment to accepting an appointment;
- It is recognised by the Courts that developing an evolving contingency plan for the potential voluntary administration is appropriate and does not represent a threat to the independence of the potential appointees should the appointment proceed; and
- The nature of the advice provided was such that it would not be subject to review and challenge during the course of the Administration. Nor would the advice influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administration in an objective and impartial manner.

We have provided no other information or advice to the Alita Group, CHEL, Austroid and its advisors prior to our appointment beyond that outlined in this DIRRI.

## **B2. *Prior professional services to the Insolvent***

Neither we, nor our firm, have provided any professional services to, or in relation to, the Alita Group in the previous 24 months.



**B3. Relevant Relationships (excluding professional services to the Insolvent)**

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

| Name        | Nature of relationship   | Reasons   |
|-------------|--|---|
| <b>KPMG</b> | Andrew Smith, Martin Jones and Matthew Woods, partners at KPMG, were appointed Receivers and Managers of the Alita Group for the period from 29 August 2019 to 29 November 2019.<br><br>KPMG undertakes accounting and taxation advisory services from time to time on instructions from McGrathNicol. | We believe this relationship does not result in a conflict of interest or duty because: <ul style="list-style-type: none"><li>▪ Each professional engagement undertaken by KPMG in relation to a particular entity or group of entities for McGrathNicol insolvency appointments is conducted on an entirely separate basis which has no bearing on this appointment.</li><li>▪ These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.</li></ul> Given these factors, our independence in acting as voluntary administrator of the Alita Group has not been affected. |

**B4. Group appointments**

As specified on page one of this Declaration, the Administrators have been appointed as Administrators of three companies within the Alita Group.

The Administrators are of the view that the appointment to the group of companies will have significant benefits to the conduct of the administration, including cost-savings and enabling an as accurate as possible view to be obtained of the activities and financial position of the companies as a whole. The Administrators understand that the inter-company loans between the entities within the Alita Group were extinguished on effectuation of a Deed of Company Arrangement prior to our appointment. To the extent the inter-company loans are continuing or are expected to continue in the future, the Administrators are not aware of any potential conflicts of interest arising from the appointments over the various group members. However, to the extent it becomes apparent that pre-appointment dealings between companies in the group may give rise to a conflict which may impact the outcome for creditors of a particular company, then the Administrators undertake to disclose any such conflicts to the creditors and, as appropriate, seek Court directions regarding how to resolve the potential conflict.

**B5. No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Alita Group, an associate of the Alita Group, a former insolvency practitioner appointed to the Alita Group or any person or entity that is entitled to enforce a security interest in the whole or substantially the whole of the Alita Group's property that should be disclosed.



**C. Indemnities and up-front payments**

We have been provided with the following loan facility agreement for remuneration and expenses incurred in the conduct of this administration:

| Name     | Relationship with the Alita Group   | Nature of indemnity or payment   |
|----------|-------------------------------------|--|
| Austroid | Secured creditor of the Alita Group | <p>The Administrators executed a Loan Facility Agreement with Austroid on 7 December 2020 to provide funding up to \$5.0 million to the Administrators primarily for the payment of the Administrators' costs, expenses including legal fees and remuneration.</p> <p>Conditions of the funding being (i) the funding be unsecured, (ii) funding be limited recourse to the assets of the Alita Group only, and (iii) funding be drawn down in accordance with required notice provisions and approved purpose.</p> <p>The Administrators have obtained approval from the Court in relation to the limited recourse aspect of the funding.</p> <p>To the extent they are available for this purpose, a request for funds under the Loan Facility Agreement will not be made to meet our remuneration until such time that it is approved as required by the Corporations Act 2001.</p> |

This does not include statutory indemnities. We have not received any other indemnities or up-front payments that should be disclosed.

Dated: 9 December 2020

.....  
**Robert Kirman**

.....  
**Robert Brauer**

Note:

If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors. For Creditors' Voluntary Liquidations and Voluntary Administrations, this document and any updated versions of this document are required to be lodged with ASIC.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.



## Notice of Meeting

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 147 393 735**

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 085 166 721**

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 612 726 922**

**(Alita Group)**

### NOTICE OF MEETING OF CREDITORS OF COMPANIES UNDER EXTERNAL ADMINISTRATION

1. Notice is now given that a meeting of the creditors of the Alita Group will be held at Level 19, 2 The Esplanade, Perth WA 6000 on **16 December 2020 at 11:00 AM**.
2. The purpose of the meeting is to consider:
  - a. Our appointment; and
  - b. Whether to appoint a Committee of Inspection.
3. The effect of Insolvency Practice Rules (Corporations) section 75-85 (entitlement to vote as a creditor at meetings of creditors) is:
  - a. A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
  - b. Subject to subsections (c) and (d), each creditor is entitled to vote and has one vote.
  - c. A person is not entitled to vote as a creditor at a meeting of creditors unless:
    - i. his or her debt or claim has been admitted wholly or in part by the external administrator; or
    - ii. he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
      - those particulars; or
      - if required—a formal proof of the debt or claim.
  - d. A creditor must not vote in respect of:
    - i. an unliquidated debt; or
    - ii. a contingent debt; or
    - iii. an unliquidated or a contingent claim; or
    - iv. a debt the value of which is not established; unless a just estimate of its value has been made.
4. Proofs of debt and proxies must be submitted by 5:00 PM on 15 December 2020.



5. Should a person, or the proxy or attorney of a person, wish to participate in the meeting using electronic facilities, please contact Sam Saker on 08 6363 7634 to obtain the details and give to the convenor, not later than 5:00 PM on 15 December 2020, a written statement setting out:
  - a. the name of the person and of the proxy or attorney (if any);
  - b. an address to which notices to the person, proxy or attorney may be sent; and
  - c. a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Dated: 9 December 2020

Rob Kirman  
*Administrator*

McGrathNicol  
GPO Box 9986  
Perth WA 6848  
Australia  
+61 8 6363 7600

**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Alita Resources Limited (Receivers and Managers  
Appointed) (Administrators Appointed)

ACN 147 393 735

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
\_\_\_\_\_ (name of creditor)  
of \_\_\_\_\_ (address of creditor)  
for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

| Date | Consideration (state how the Debt arose) | Amount<br>\$ c | Remarks (include details of voucher substantiating payment) |
|------|--|----------------|---|
|      |  |                |   |

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

| Date | Drawer | Acceptor | Amount \$c | Due Date |
|------|--------|----------|------------|----------|
|      |        |          |            |          |

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |

4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No

If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_

**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Lithco NO.2 Pty Ltd (Receivers and Managers  
Appointed) (Administrators Appointed)

ACN 612 726 922

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
\_\_\_\_\_ (name of creditor)  
of \_\_\_\_\_ (address of creditor)  
for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

| Date | Consideration (state how the Debt arose) | Amount<br>\$ c | Remarks (include details of voucher substantiating payment) |
|------|--|----------------|---|
|      |  |                |   |

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

| Date | Drawer | Acceptor | Amount \$c | Due Date |
|------|--------|----------|------------|----------|
|      |        |          |            |          |

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |



4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No

If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_

**FORM 535**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Tawana Resources Pty Ltd (Receivers and  
Managers Appointed) (Administrators Appointed)

ACN 085 166 721

"the Company"

To the Liquidator/Administrator of the Company

1. This is to state that the Company was on 4 December 2020 \_\_\_\_\_, and still is, justly and truly indebted to:  
\_\_\_\_\_ (name of creditor)  
of \_\_\_\_\_ (address of creditor)  
for \$ \_\_\_\_\_ and \_\_\_\_\_ cents (GST inclusive) GST amount \_\_\_\_\_

| Date | Consideration (state how the Debt arose) | Amount<br>\$ c | Remarks (include details of voucher substantiating payment) |
|------|--|----------------|---|
|      |  |                |   |

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

| Date | Drawer | Acceptor | Amount \$c | Due Date |
|------|--------|----------|------------|----------|
|      |        |          |            |          |

3. Select which of the below applies (choose one):

- |  |  |
|--|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of the company   | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership  |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of the Company |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees)                              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor  |  |

4. If you are a related party, state your relationship \_\_\_\_\_

5. Is this debt claimed on the basis of an assignment? Yes  No

If so, what consideration was paid for the debt? \_\_\_\_\_

This debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature ..... Dated .....

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: \_\_\_\_\_



### **Proof of Debt Guidance Notes**

(Please read carefully before filling in Form 535 or Form 536)

It is a creditor's responsibility to prove their claim to our satisfaction.

When lodging claims, creditors must ensure:

- the proof of debt form is properly completed in every particular; and
- evidence, as set out under "Information to support your claim", is attached to the Form 535 or Form 536.

#### **Directions for completion of a Proof of Debt**

1. Insert the full name and address of the creditor.
2. Under "Consideration" state how the debt arose, for example "goods sold to the company on \_\_\_\_\_".
3. Under "Remarks" include details of any documents that substantiate the debt (refer to the section "Information to support your claim" below for further information).
4. Where the space provided for a particular purpose is insufficient to contain all the information required for a particular item, please attach additional information.

#### **Information to support your claim**

Please note that unless you provide evidence to support the existence of the debt, your debt is not likely to be accepted. Detailed below are some examples of debts creditors may claim and a suggested list of documents that should accompany a proof of debt to substantiate the debt.

#### **Trade Creditors**

- Invoice(s) and statement(s) showing the amount of the debt; and
- Advice(s) to pay outstanding invoice(s) (optional).

#### **Guarantees/Indemnities**

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

#### **Judgment Debt**

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

#### **Deficiencies on Secured Debt**

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

#### **Loans (Bank and Personal)**

- Executed loan agreement; and



- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

#### **Tax Debts**

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

#### **Employee Debts**

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

#### **Leases**

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

**PROXY FORM**

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 147 393 735**

**APPOINTMENT OF PROXY**

I/We (if a firm, strike out "I" and set out the full name of the firm) \_\_\_\_\_ of

\_\_\_\_\_ (insert address)

a creditor of **Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (insert name, address and description of the person appointed)

or in his or her absence

\_\_\_\_\_ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 16 December 2020 at 11:00 AM or at any adjournment of that meeting.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor

**Proxy forms should be completed and returned by no later than 5:00 PM on 15 December 2020.**

RETURN TO: **Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699

**PROXY FORM**

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 612 726 922**

**APPOINTMENT OF PROXY**

I/We (if a firm, strike out "I" and set out the full name of the firm) \_\_\_\_\_ of

\_\_\_\_\_ (insert address)

a creditor of **Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (insert name, address and description of the person appointed)

or in his or her absence

\_\_\_\_\_ (insert name, address and description of the person appointed)

as my/our (choose one):

general proxy

special proxy

to vote at the meeting of creditors to be held on 16 December 2020 at 11:00 AM or at any adjournment of that meeting.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_



Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor

**Proxy forms should be completed and returned by no later than 5:00 PM on 15 December 2020.**

RETURN TO: **Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699

**PROXY FORM**

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**

**ACN: 085 166 721**

**APPOINTMENT OF PROXY**

I/We (*if a firm, strike out "I" and set out the full name of the firm*) \_\_\_\_\_ of

\_\_\_\_\_ (*insert address*)

a creditor of **Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)** appoint

\_\_\_\_\_ (*insert name, address and description of the person appointed*)

or in his or her absence

\_\_\_\_\_ (*insert name, address and description of the person appointed*)

as my/our (*choose one*):

general proxy

special proxy

to vote at the meeting of creditors to be held on 16 December 2020 at 11:00 AM or at any adjournment of that meeting.

DATED this \_\_\_\_\_ day of \_\_\_\_\_ 20

Name \_\_\_\_\_

Signature \_\_\_\_\_

Select which of the below applies (choose one):

The creditor is a company and I am signing as a director of the company

The creditor is a partnership and I am signing as a partner of the partnership

The creditor is a company and I am signing as an authorised representative/duly constituted attorney of the company

I am signing in my personal capacity as a member or contributory of Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)

I am an individual and I am signing in my personal capacity (which includes employees)

Other: \_\_\_\_\_

The creditor is a sole trader and I am signing as the proprietor

**Proxy forms should be completed and returned by no later than 5:00 PM on 15 December 2020.**

RETURN TO: **Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
of care of McGrathNicol  
Address: GPO Box 9986, Perth WA 6848, Australia  
Phone: +61 8 6363 7600  
Fax: +61 8 6363 7699



### **Proxy Guidance Notes**

- Insert full name and address of creditor, contributory or member on the top line.
- On the second line, insert the address of the creditor, contributory or member.
- On the next line insert the name of the person you appoint as your proxy. You may insert "the Chairperson of the meeting" if you wish.
- You may appoint an alternate proxy on the fourth line who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
- Make sure you select whether the proxy is a general or special proxy.
- A general proxy is where you leave it to the proxy to decide how to vote on each of the resolutions put before the meeting.
- A special proxy is where you specify how the proxy is to vote on each resolution and the proxy must vote in accordance with that instruction.
- If the proxy is a special proxy, the form must include details of each resolution and whether the proxy holder is to cast their vote in favour or against each resolution or abstain from voting.
- Date and sign the Proxy form, indicating in which capacity you are signing the form. The person signing must be authorised to do so.



**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 147 393 735

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 085 166 721

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
ACN 612 726 922

**(Alita Group)**

### **General Information for Attending and Voting at Meetings of Creditors**

#### **Time and Place of Meeting**

Pursuant to *Insolvency Practice Rules (Corporations) (IPR) 75-30*, a meeting of creditors must be convened at the time and place the Chairperson believes are convenient for the majority of creditors entitled to receive notice of the meeting.

#### **Quorum**

Pursuant to IPR 75-105, unless a quorum is present, a meeting must not act for any purpose other than:

- the election of a chairperson; and
- the proving of debts; and
- the adjournment of the meeting.

A quorum is present if two (2) or more persons are entitled to vote and at least two (2) persons are present at the meeting in person, by proxy or by power of attorney.

A quorum is present if only one (1) person is entitled to vote and that person is present at the meeting in person, by proxy or by power of attorney.

A person who participates in the meeting using electronic facilities is taken to be present in person at the meeting.

A meeting is sufficiently constituted if only one (1) person is present in person, if the person represents personally or by proxy or otherwise a number of persons sufficient to constitute a quorum.

#### **Chairperson**

Pursuant to IPR 75-50, the external administrator is appointed Chairperson of the meeting. Alternatively, pursuant to IPR 75-50 and IPR 75-152 the external administrator may appoint someone else to act as chairperson of the meeting and authorise that person to use any proxies held by the external administrator on the external administrator's behalf.

For the second meeting of creditors in a Voluntary Administration, the Administrator must chair the meeting pursuant to IPR 75-50.



## **Voting**

Pursuant to IPR 75-85, creditors will not be eligible to vote at the meeting unless they have lodged particulars of their debt or claim prior to or at the meeting.

Accordingly, creditors who intend to vote at the meeting should ensure that they lodge a formal proof of debt with the external administrator prior to or at the meeting.

Pursuant to IPR 75-110, a resolution put to the meeting is to be decided on the voices or by a poll, if one is requested.

A poll may be requested by:

- the chairperson; or
- a person participating and entitled to vote at the meeting.

Pursuant to IPR 75-115, should a poll be requested:

- a resolution is passed if a majority in number and a majority in value vote in favour of the resolution; and
- a resolution is not passed if a majority in number and a majority in value vote against the proposed resolution.

In the event of a deadlock, the chairperson may exercise a casting vote. In such situations, the minutes of the meeting must specify the chairperson's reasons for exercising, or not exercising, their casting vote.

## **Proxies**

Pursuant to IPR 75-150, a person entitled to vote at a meeting may, in writing, appoint an individual as their proxy to attend and vote at the meeting on their behalf.

Accordingly, creditors who are unable to attend the meeting but who wish to be represented should ensure that a validly executed proxy form is lodged with the external administrator prior to the meeting.

## **Corporate Creditors**

Corporate creditors who wish to attend the meeting should note that an individual may only represent them if the corporation validly grants that person a proxy or power of attorney.

## **Committee of Inspection**

Pursuant to IPR 80-5, a person may only serve as a member of a Committee of Inspection if the person is:

- a creditor of the company personally; or
- the attorney of a creditor under a general power of attorney; or
- authorised in writing by a creditor; or
- a representative of the Commonwealth if a FEG claim has been, or the Commonwealth considers a claim is likely to be, made in relation to unpaid employee entitlements.

Corporate creditors who are members of a Committee of Inspection may be represented by an individual authorised in writing by the member to represent the member on the committee.

## Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

### What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

### Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

## What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.



A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has already been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

### How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice.

The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

### What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

### Where can you get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at [www.arita.com.au/creditors](http://www.arita.com.au/creditors).

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at [www.asic.gov.au](http://www.asic.gov.au) (search "insolvency information sheets").



## Initial Remuneration Notice

**Alita Resources Limited (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 147 393 735**

**Tawana Resources Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 085 166 721**

**Lithco NO.2 Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)**  
**ACN 612 726 922**

**(Alita Group)**

The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the administration will be set.

### 1 Remuneration methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner in an administration. They are:

- A. Time based/hourly rates:** This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.
- B. Fixed Fee:** The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration.
- C. Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- D. Contingency:** The practitioners' fee is structured to be contingent on a particular outcome being achieved.

### 2 Method chosen

Given the nature of this external administration, we propose that our remuneration be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the external administration will determine the staff to be utilised for this appointment.

We have chosen the time based method because:

- This method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the administration, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that creditors are only charged for work that is actually performed in the administration.
- We are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC and distributing funds in accordance with the provisions of the *Corporations Act*.



- We have a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the administration.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.

### 3 Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table, together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

| Title             | Description   | Hourly rate (excl GST) |
|-------------------|---|------------------------|
| Appointee/Partner | Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.  | \$650                  |
| Director 1        | Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner. | \$615                  |
| Director          | Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.  | \$600                  |
| Senior Manager    | Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.                  | \$550                  |
| Manager           | Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.             | \$495                  |
| Assistant Manager | Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.  | \$450                  |
| Senior Accountant | Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.                                   | \$395                  |



| <b>Title</b>                              | <b>Description</b>  | <b>Hourly rate (excl GST)</b> |
|---|---|-------------------------------|
| Accountant                                | Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.                                 | \$325                         |
| Undergraduate/Cadet                       | Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.  | \$190                         |
| Practice Services Director                | National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.   | \$600                         |
| Senior Treasury staff                     | Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff. | \$445                         |
| Senior Client Administration and Treasury | Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.  | \$350                         |
| Administration                            | Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.   | \$200                         |

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this external administration.

#### 4 **Estimated remuneration**

We estimate that this administration will cost approximately \$150,000 to \$200,000 (excluding GST) to complete, subject to the following variables may have a significant effect on this estimate and that we are unable to determine at this early stage:

- the time that may be required to obtain books and records from the parties that hold them;
- the number and value of claims that may be received in the external administration and work that may be required to adjudicate on those claims for voting and/or dividend purposes;
- investigations that may be required to ascertain the existence and location of any other assets, including potential legal actions that may be available to the external administrator;
- any identified matters that are required to be reported to statutory authorities such as ASIC; and
- where alternate Deed of Company Arrangement proposals are received, evaluating these proposals and commence potential negotiations.



5 **Disbursements**

Disbursements are divided into two types:

- **External disbursements** – these are recovered at cost. Examples are travel, accommodation, postage, advertising, couriers and search fees.
- **Internal disbursements** – these disbursements are charged at a rate which recoups both fixed and variable costs and may include an element of profit or advantage to the External Administrator or a related party of the External Administrator. Examples are printing and data storage. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

We are not required to seek creditor approval for disbursements paid to third parties where I am recovering at cost what was incurred on behalf of the administration, but must account to creditors. We must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor’s consent for the payment of a disbursement where we, or a related entity of ours, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve our disbursements prior to these disbursements being paid from the administrators.

Details of the basis of recovering disbursements in this external administration are provided below.

For clarity, it is noted that any time costs of any employee of McGrathNicol or any associated entity will be reported as part of our remuneration, for which approval may be sought.

***Basis of disbursement claim***

| <i>Disbursement type</i>  | <i>Rate<br/>(GST exclusive)</i>   |
|---|---|
| <b>External disbursements</b>   |   |
| Postage   | At cost   |
| Stationery and other incidental disbursements                                   | At cost   |
| Conference call phone charges   | At cost   |
| Searches  | At cost   |
| Advertising   | At cost   |
| Courier   | At cost   |
| Staff per diem travel allowance*  | \$89.00 per day**   |
| Staff vehicle use   | \$0.72 per km**   |
| ASIC user pays levy   | At cost   |
| <b>Internal disbursements (that may have an element of profit or advantage)</b> |   |
| Data processing – data loading & processing fee                                 | \$20-\$60 per gigabyte (GB)***, minimum \$3,000 for matters less than 50GB.                         |
| Data hosting – monthly hosting fee  | \$10 per GB, per month. Minimum \$1,000 for small matters. Large matters are priced on application. |



| <i>Disbursement type</i>   | <i>Rate<br/>(GST exclusive)</i> |
|----------------------------|---------------------------------|
| Printing – black and white | \$0.09 per page                 |
| Printing – Colour          | \$0.28 per page                 |

\* Tiered pricing model depending on volume of data to be hosted

\*\* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight

\*\*\* These rates are deemed reasonable by the Australian Taxation Office

***Further explanation of data hosting disbursements***

In the conduct of this administration, we may use McGrathNicol's Forensic Technology team to extract, aggregate, electronically process and/or host electronic data, which could be used for the:

- trade or sale of the business or assets; and/or
- investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol's Forensic Technology team, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

**9 December 2020**



**ASIC**  
Australian Securities &  
Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

### List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [INFO 45](#) Liquidation: A guide for creditors
- [INFO 46](#) Liquidation: A guide for employees
- [INFO 54](#) Receivership: A guide for creditors
- [INFO 55](#) Receivership: A guide for employees
- [INFO 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

### Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.