

25 FEBRUARY 2021

## UPDATE ON COURT HEARING

Further to the announcement dated 17 February 2021, Alita Resources Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (SGX: 40F) ('Alita') provides the following update on the Deeds of Company Arrangement executed by Alita ('Parent DOCA') and by Alita's subsidiaries; Tawana Resources Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) and Lithco No. 2 Pty Ltd (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ('Subsidiary DOCA') as detailed in the announcement dated 23 December 2020.

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

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

As set out in the 17 February 2021 announcement:

- After execution of the Parent DOCA and Subsidiary DOCA, Lithium Investments (WA) Pty Ltd ('LWA') made an urgent application in the Supreme Court of Western Australia to restrain the effectuation (completion) of the Subsidiary DOCA and to set aside the Parent DOCA and Subsidiary DOCA ('Application').
- It is a requirement of a party seeking a restraining order in the Supreme Court of Western Australia to provide an undertaking as to damages. The entity providing the undertaking must have sufficient assets for the undertaking to be made good. As LWA does not have sufficient assets, Galaxy Resources Limited (ASX: GXY) ('Galaxy') has provided the undertaking ('Undertaking').
- The Undertaking was to pay the Deed Administrators and Austroid amounts incurred in preserving and protecting Alita's tenements.
- At a hearing held on 11 February 2021, on the application of LWA, Galaxy and SMS Innovative Mining Pty Ltd were joined as plaintiffs to the Proceeding.

Alita now provides the following update on the hearing held in the Supreme Court of Western Australia on 19 February 2021 and 22 February 2021 ('Court Hearing') before Her Honour Justice Hill ('Justice Hill').

The Court Hearing was to, among other things, determine the amount that Galaxy is required to pay pursuant to the Undertaking.

Justice Hill made orders (among others) that Galaxy is required to pay amounts under the Undertaking as set out below, which we estimate will be approximately \$3.1 million for the period January 2021 to April 2021 inclusive. The amounts are to be paid within 7 days of the costs being incurred and evidence being provided. The breakdown of the estimated amount to be paid is as follows:

- c. \$2.6 million to Austroid for actual fees and costs, and estimated fees and costs.
- c. \$0.5 million to the Deed Administrators for actual fees and costs, and estimated fees and costs.

Justice Hill made orders (among others) that conditional on payment of the above amounts by Galaxy, effectuation of the Subsidiary DOCA be restrained to completion of the trial, or until further orders of the Court. Pursuant to the orders, Galaxy is required to initially pay **at least \$776,729 by no later than 1 March 2021**.

At a hearing on 24 February 2021, the trial dates were amended to a listing between 22 March 2021 to 26 March 2021.

Authorised by:

Richard Tucker  
Receiver and Manager  
Alita Resources Limited  
(Receivers and Managers Appointed)  
(Subject to Deed of Company Arrangement)