

20 DECEMBER 2019

SHAREHOLDER UPDATE – SECTION 444GA APPLICATION

Shareholder information

- 1 On 28 August 2019, Mr Richard Tucker and Mr John Bumbak (the **Deed Administrators**) were appointed as voluntary administrators to Alita Resources Limited (Subject to a Deed of Company Arrangement) ACN 147 393 735 (**Alita**). Since this time, the creditors, at a meeting convened on 17 December 2019 voted in favour of a resolution to recapitalise Alita pursuant to the terms of a deed of company arrangement (**DOCA**). On 17 December 2019 that DOCA was entered into with China Hydrogen Energy Limited (as **Lender**) and Liatam Mining Pty Ltd ACN 637 907 503 (**DOCA Proponent**).
- 2 The DOCA contemplates, inter alia:
 - (a) creation of two creditors' trusts;
 - (b) release and extinguishment of all claims by all unsecured creditors of Alita, upon certain conditions precedent being satisfied or waived; and
 - (c) transfer of all of the shares in Alita to the DOCA Proponent to be effected through the Deed Administrators' power to transfer shares with the leave of the Supreme Court of Western Australia (**Court**) under section 444GA of the Corporations Act 2001 (Cth) (**Act**) (**Compulsory Transfer**).
- 3 The Deed Administrators are continuing to work to complete the DOCA and have made an application to the Court for the Compulsory Transfer (further details below).

Section 444GA Application to Court

- 4 It is a condition of the DOCA that the Deed Administrators obtain a court order pursuant to section 444GA of the Act. The section 444GA court order will allow the Deed Administrators to transfer 100% of the shares in Alita (**Shares**) to the DOCA Proponent. The Court may only grant leave under s444GA of the Act if it is satisfied that the Compulsory Transfer would not unfairly prejudice the interests of the Shareholders.
- 5 On 18 December 2019, the Deed Administrators lodged an originating process in the Supreme Court of Western Australia seeking, inter alia, section 444GA orders.
- 6 The application for the section 444GA orders (**Application**) includes an application for an order, to the extent required, pursuant to section 447A(1) of the Act and section 90-15(1) of Schedule 2 to the Act. Section 444GA specifically provides for the transfer of the shares.
- 7 **Shareholders are entitled to be heard in relation to the Application, which includes the opportunity to object to the Application at the directions hearing on 30 January 2020. If you wish to be heard by the Court you must enter an appearance by 29 January 2020.**
- 8 The substantive hearing, at which the Court will determine whether to make the section 444GA orders will be as soon as possible after 7 February 2020.



- 9 If the Court makes the section 444GA orders, then 100% of the Shares will be automatically transferred to the DOCA Proponent for no consideration.
- 10 The Application is made on the basis that the Shares are of no value.
- 11 In order to determine the value of the Shares, the Deed Administrators are preparing an expert report in relation to (amongst other things) the value of Alita's assets, the total indebtedness of Alita and the likely return to shareholders if the Court refuses to make the section 444GA orders and Alita is placed into liquidation (**Expert Report**). The Expert Report is being prepared with the benefit of a mine valuation undertaken by independent third parties, Deloitte Financial Advisory Pty Ltd and technical input from SRK Consulting (Australasia) Pty Ltd.

Next steps

- 12 The Deed Administrators will make available to shareholders the Expert Report and an explanatory statement describing the section 444GA process (**Explanatory Statement**).
- 13 It is expected that the Expert Report and Explanatory Statement will be available for download from the following websites by 3 January 2020:
- (a) the Deed Administrator's website: <https://kordamentha.com/creditors>;
 - (b) Alita's website: <https://www.allianceminerals.com.au/>; and
 - (c) the SGXNET.
- 14 **It is highly recommended that you regularly review these websites, as the Deed Administrators intend to upload additional relevant documents to them, including orders made by the Court. A copy of the Expert Report and Explanatory Statement can also be emailed to you upon request, free of charge.**

Your rights as a shareholder

- 15 **If you have any concerns, objections or questions in relation to the section 444GA process, please contact the Deed Administrators as soon as possible by calling +61 (08) 9220 9333 or by emailing alita@kordamentha.com.**
- 16 Shareholders have the right to provide the Deed Administrators with their views (including any objection(s)) on the hearing in relation to the section 444GA orders. Please do so in writing so the Deed Administrators can provide your views to the Court, for the judge's attention.
- 17 You can also instruct a barrister or lawyer to appear on your behalf at the hearing. If you propose to take either of these steps, please provide a copy of your correspondence, or notice of your intention to appear at the hearing to the Deed Administrators, by no later than **29 January 2020**, by way of email to alita@kordamentha.com.
- 18 If you do not enter an appearance by the deadline of **29 January 2020**, the Court may determine that you are not entitled to be heard at any subsequent hearings in relation to the Application.



Alita Resources Ltd (Subject to Deed of Company Arrangement)

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