

2 March 2022

Update to shareholders

**Palla Pharma Limited (Administrators Appointed) (ASX:PAL)
ACN 107 872 453 ('the Company')**

We refer to the appointment of Craig Shepard and Bryan Webster as Administrators of the Company on 17 December 2021 pursuant to Section 436A of the *Corporations Act 2001* (Cth).

Report to creditors

The Administrators of the Company today released their report to creditors, recommending that creditors resolve to place the Company into liquidation at the second meeting of creditors to be held on 9 March 2022. This follows an extensive sale process, where no going concern or recapitalisation offer for the Company was received, and the Administrators subsequently commenced winding down the Company's business operations on 15 February 2022.

The Administrators anticipate a distribution of 100 cents in the dollar to priority employee creditors and between 6 cents in the dollar and 84 cents in dollar to unsecured creditors. The quantum and timing of any distribution is heavily dependent on the outcome of the wind-down of the Australian operations, realisation of the Company's overseas subsidiaries and any litigation. At this stage, the Administrators do not anticipate a return to shareholders.

Second meeting of creditors

The Administrators of the Company notified creditors today that the second meeting of creditors of the Company will be held on 9 March 2022.

At this meeting, the creditors will be asked to decide on the future of the Company including:

1. the Company execute a Deed of Company Arrangement ('DOCA'),
2. the Administration to end, or
3. the Company be wound up.

A DOCA has not been proposed, so this option will not be available to be considered.

A copy of the report to creditors is available for download from KordaMentha's website:
<https://www.kordamentha.com/creditors/palla-pharma-limited>.

If shareholders have any queries, please contact the Administrators on the below details.

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