

13 January 2022

Update to shareholders

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

I refer to the appointment of Craig Shepard and Bryan Webster as voluntary administrators of the Company on 17 December 2021 pursuant to Section 436A of the Corporations Act.

Sale process

Shareholders are advised that shortly following our appointment, a process was commenced seeking proposals for the recapitalisation or sale of all or part of the assets controlled by the Company together with its shareholding in its 100% owned subsidiaries Palla Pharma Norway AS and Palla Pharma UK.

A summary of the proposed timetable is set out below. In consideration of the limited liquidity available, the Administrators have implemented an appropriate timeframe to undertake the process whilst reserving their rights to change the proposed timetable should circumstances provide.

Stage	Task	End date
Phase One	Submission of indicative bids	31 January 2022
	Short-listing of potential purchasers for Phase Two	4 February 2022
Phase Two	Submission of final binding offers	14 February 2022

To date the Administrators have undertaken numerous actions to attract interest including:

- Placed an advertisement in the Australian Financial Review on 29 December 2021 seeking expressions of interest.
- Written to a number of logical strategic buyers, including key industry players, identified through discussions with management, industry research, and review of books and records of the Company.
- Contacted several investment funds to determine any interest in the Company and assets for sale and/or recapitalisation.

In total, over 40 parties were provided communications directly from the Administrators.

Expression of interest to participate

The process is evolving rapidly, and we reserve our rights to amend/bring forward the timeframe if an offer is received that is capable of acceptance and in consideration of the liquidity available to the Company. Should you be interested in participating in the sale/recapitalisation process, please contact Steven Cunningham on (03) 8623 3464 or via email scunningham@kordamentha.com.

Application to extend convening period for Second Meeting of Creditors.

On 12 January 2022, an application was filed in the Federal Court of Australia seeking orders under sections 439A and 447A of the Corporations Act extending the time for us to convene the second meeting of creditors for a period of up to 90 days to 27 April 2022.

We consider the extension to be in the best interests of creditors for the following reasons:

- the complex and highly regulated nature of the business of the Company
- the Company having offshore operating subsidiaries in the United Kingdom and Norway
- in consideration of the above, we need additional time to adequately investigate the affairs of the Company and its subsidiaries
- the time we believe will be required to conduct the sale/recapitalisation process that may potentially result in a transaction, and
- the intervening Christmas and New Year holiday period.

Should you have any general queries as a shareholder of the Company, we request that you direct these to pallapharmashareholders@kordamentha.com.