



Entertainment Holdings, Inc.

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Entertainment Holdings, Inc. (OTC: XRXH)

XRXH INTENDS TO MAKE A PROPORTIONAL CASH OFFER FOR ATHENA RESOURCES LIMITED AND MAKE BOARD CHANGES

Entertainment Holdings (**XRXH**), announces that it intends to make a conditional, proportional off-market offer to acquire 2 out of every 10 shares in Athena Resources Limited (**Athena**) held by Athena shareholders that it does not already hold a relevant interest in for \$0.003 per share, from which XRXH will deduct any dividends or distributions declared, determined or paid after 26th March 2024 (**Offer**).

Conditions of the Offer

The Offer's conditionality will be limited to:

1. The Appointment of 2 Directors to the Athena's Board Nominated by XRXH within 2 months of this announcement.
2. Resignation of Ed Edwards and Hau Wan Wai as Directors of Athena within 2 months of this announcement.
3. Within 1 month upon Appointment of the XRXH nominated Directors there is no Material Adverse discrepancy between Athena's reported state of affairs and actual state of affairs;
(Items 1-3 referred to as the **Board Conditions**)
4. To the extent required, Shareholder approval to the Offer is obtained under rule 36 of Athena's constitution.
5. No prescribed occurrences condition happening;
6. No material adverse change occurring; and
7. No regulatory action.

Full details of the conditions to the Offer are set out in Annexure A of this announcement. The Offer is subject to any regulatory requirements in the United States of America and Australia.

Increase to bid price

Where the Board Conditions are satisfied within 2 months, XRXH will increase the bid price of its Offer to \$0.006 per Athena share.

The Offer, if increased to \$0.006 per Athena Share, represents a 100% premium to Athena's 3-month VWAP of \$0.003 per share. We believe the Offer represents the opportunity for shareholders to realise cash for a portion of their illiquid shareholding while maintaining a shareholding to participate in future improvement in Athena performance.

XRXH will make its Offer within 2 months of this announcement and intends to despatch its Bidder's Statement as soon as practicable unless the conditions on which XRXH's Offer is made are triggered

and XRXH does not waive the event that triggered the condition or release the Offer from the condition triggered.

Reasons to accept the Offer

XRXH considers this Offer to be compelling for Athena shareholders, offering the following advantages:

- The offer price where increased to \$0.006 per share if Board Conditions are satisfied within the time stipulated is at a premium to Athena's recent trading prices and represents a:
 - 200% premium to the last close of \$0.003 on 20 March 2024
 - 200% premium to the 3-month VWAP of \$0.003 on 20 March 2024.
- The Offer will allow shareholders to participate in any future improvement in Athena's performance by continuing to retain 80% of your Athena shareholding.
- Assuming full acceptance of all offers, following close of the Offer, XRXH and its associates will hold less than 20% of all Athena shares on issue.

XRXH's concerns

We consider existing Athena directors Messrs. Wai and Edwards have not appropriately managed the affairs of Athena in a manner required to fully exploit the potential of the Byro Base Metals project.

Notwithstanding that the Company has undertaken three capital raises in 18 months introducing approximately \$5,000,000 in capital, it has not yet completed its long awaited feasibility study. From the financial years 2010 to 2023, based on published reports, Athena has paid directors a total of \$3.19m in fees, with Mr. Edwards receiving \$2.16m of that amount. During this period the Company has continued to make losses amounting to approximately \$4.7m. Based on these reported figures, it appears the directors' fees made up almost 70% of those losses.

According to:

- Athena's 2023 Annual Report, in the financial year ending 30 June 2023, Director remuneration comprised more than 40% of total expenditure. Director remuneration totalled \$399,123 and total expenses for the financial year were \$946,730.
- Athena's Appendix 5B quarterly cash flow report for the quarter ending 30 September 2023:
 - staff costs for termination payouts and administration and corporate costs totalled \$433,372 for the period;
 - only \$231,073 was spent in the corresponding period towards exploration and evaluation;
 - the company has less than 2 quarters of funding available and has not taken any steps to raise further capital but notes that it believes that if and when it resolved to raise additional capital that it will be successful.

Over the past 12 months Athena's share price has declined by approximately 70%. Due to the poor performance of Athena, Athena shares present as a relatively illiquid market with little growth opportunities presented which would indicate any improvement in the current liquidity or share price. Given the current finances of the Company it would seem that the Company will need to raise further capital at a discount to its current share price resulting in further dilution to existing shareholders.

XXRH is of the view that Athena, if properly managed, is of significant value and as set out in the Conditions, XXRH is seeking a renewal of the Board to one which is able to remedy the current deficiencies. XXRH wishes to participate in the potential upside alongside the existing shareholders of Athena and believes the greatest value for shareholders is for Athena to remain listed on the ASX and widely held.

Should the Board Conditions be satisfied, XXRH will immediately seek to suspend all Board fees and work to develop and clearly articulate a plan and timeline to commercialise the Byro Base Metals Project as soon as possible.

Financing

XXRH has entered into a term sheet with Komodo Capital to secure the necessary funds to meet the maximum cash consideration required and all transaction costs.

Bidder's Statement

Detailed information about the Offer will be submitted in the Bidder's Statement to be released to Athena shareholders in the near future.

Advisors

Komodo Capital have been retained as Corporate Advisors.

ANNEXURE A – OFFER CONDITIONS

The following are the bid conditions referred to in the accompanying announcement by XRXH (the Bidder):

1.1 Board Conditions

The Appointment of 2 Directors Nominated by XRXH:

- a) 1 XRXH Director Nominee is appointed as the sole Managing Director by the Board pursuant to rules 3.3 and 7.1 the Target's constitution; and
- b) Such number of Directors to the Board resign so that the Directors Nominated by XRXH comprise a minimum of 50% of the Board.
- c) Within 1 month upon Appointment of the XRXH nominated Directors there is no Material Adverse discrepancy between Athena's reported state of affairs and actual state of affairs

1.3 Proportional takeover bid approval by Target shareholders

The Target obtaining its shareholders approval for the Offer under the Target's partial takeover rules of its constitution (if required) as set out in rule 36.

1.4 No prescribed occurrences

During the period from the Announcement Date to the end of the Offer Period (each inclusive), none of the following events occur:

- a) the Target converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- b) the Target or a Subsidiary of the Target resolves to reduce its share capital in any way;
- c) the Target or a Subsidiary of the Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- d) the Target or a Subsidiary of the Target issues shares (other than as a result of the exercise of Target Options or Target Performance Rights) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- e) the Target or a Subsidiary of the Target issues, or agrees to issue, convertible notes;
- f) the Target or a Subsidiary of the Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- g) the Target or a Subsidiary of the Target charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- h) the Target or a Subsidiary of the Target resolves to be wound up;
- i) a liquidator or provisional liquidator of the Target or of a Subsidiary of the Target is appointed;
- j) a court makes an order for the winding up of the Target or of a Subsidiary of the Target;
- k) an administrator of the Target or of a Subsidiary of the Target is appointed under section 436A, 436B or 436C of the Corporations Act;
- l) the Target or a Subsidiary of the Target executes a deed of company arrangement; or
- m) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of the Target or a Subsidiary of the Target,

provided that a prescribed occurrence will not include any matter, the undertaking of which the Bidder has previously approved in writing.

1.5 No prescribed occurrences between the Announcement Date and the date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (m) of paragraph 1.4 happen.

1.6 No material adverse change

During the period from the Announcement Date to the end of the Offer Period (each inclusive), no act, omission, event, change, matter, circumstance or condition occurs, is announced or becomes known to the Bidder (whether or not it becomes public) where (whether individually or aggregated with other acts, omissions, events, changes, matters, circumstances) has or has resulted in, or could reasonably be expected to have or result in a material adverse effect on:

- a) the assets, financial or trading position, profitability or prospects of the Target Group, taken as a whole; or
- b) the status or terms of any material approvals, licences, tenements or permits issued by any Public Authority to any entity within the Target Group,

other than changes, events or conditions:

- c) required or permitted by the Offer or the transactions contemplated by them;
- d) fully and Fairly Disclosed by the Target in an ASX Announcement prior to the Announcement Date;
- e) which do not relate specifically to the Target Group and which are beyond the control of Target and which arise from:
 - i) changes in commodity prices, exchange rates or interest rates;
 - ii) general economic, political or business conditions; or
 - iii) changes in laws, regulations and standards (including accounting standards); or
- f) which took place with the prior written consent of the Bidder.

1.7 No material adverse change between the Announcement Date and the date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (f) of paragraph 1.6 happen.

1.8 No regulatory action

During the period from the Announcement Date and the end of the Offer Period (each inclusive):

- a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- b) no action or investigation is commenced by any Public Authority; and
- c) no application is made to any Public Authority (other than by the Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) which restrains, impedes or prohibits (or if granted could restrain,

impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Shares under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of the Bidder in respect of the Target, or requires the divestiture by any entity within the Bidder Group of any Target Shares, or requires the divestiture of any assets of the Bidder Group or Target Group.

1.9 No regulatory action between the Announcement Date and the date of the Bidder's Statement

During the period from the Announcement Date to the date that is the day before the date of the Bidder's Statement (each inclusive), none of the events listed in sub-paragraphs (a) to (c) of paragraph 1.8 happen.

Definitions for Bid Conditions

Announcement Date means the date of announcement of the Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means the ASX Limited or the Australian Securities Exchange as appropriate.

Bidder means XRXH.

Bidder Group means the Bidder and its Subsidiaries.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

Corporations Act means the Corporations Act 2001 (Cth).

Encumbrance means a mortgage, lien, charge, pledge, assignment by way of security, security interest, title retention, preferential right or trust arrangement, claim, covenant, profit a prendre, easement or any other security arrangement or any other arrangement having a similar effect.

Fairly Disclosed means sufficient information has been disclosed that a sophisticated investor, experienced in transactions of the nature of the Offer and familiar with the business of the Target would be aware of the substance and significance of the information.

Notice of Meeting means Athena's notice of annual general meeting dated 27 October 2023.

Offer means an off-market offer to be made by the Bidder under Chapter 6 of the Corporations Act to acquire a proportion of the Target Shares on the terms announced by the Bidder on the Announcement Date or subsequently amended and announced by the Bidder.

Offer Period means the period during which the Offer remains open for acceptance by Target Shareholders.

Option means an option, issued by the Target prior to the Announcement Date, to subscribe for one Target Share.

Performance Rights means performance rights issued by the Target prior to the Announcement Date and pursuant to which, subject to terms and conditions of the applicable plan, the holder may be issued Target Shares.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Bodies Corporate has the meaning given to that term in section 9 of the Corporations Act.

Subsidiary has the meaning given to that term in the Corporations Act.

Target means Athena Resources Limited ACN 113 758 900.

Target Group means the Target and its Subsidiaries.

Target Shares means ordinary shares issued in the capital of the Target.