

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2019

*Alita Resources Limited (formerly Alliance Mineral Assets Limited) (ASX: A40; SGX: 40F, **Alita** or the **Company**) is pleased to report to shareholders its activities for the quarter ended 30 June 2019 (**Quarter**).*

Highlights

Bald Hill Mine, Western Australia, Operations

Production

- **Record Quarterly Production of 38,717wmt** of lithium concentrate grading 6.2% Li₂O, slightly above the March 2019 quarter of 38,291wmt due to increased throughput rates.
- Grade for the Quarter averaged 0.90% Li₂O (0.89% Li₂O March 2019 quarter) while **gross recovery averaged 67%** (68% March 2019 quarter).
- **18,669dmt** lithium concentrate shipped during the Quarter to Jiangxi Bao Jiang Lithium Industrial Limited.
- Stockpiles of 32,296wmt lithium concentrate at Quarter end.
- Recovery of 38,877lbs of saleable Ta₂O₅, up 13.1% from the March 2019 quarter.
- Parcel containing 13,426 Lbs Ta₂O₅ shipped during the Quarter.
- Continued Bald Hill production of high quality lithium (+6% Li₂O, <0.5% Fe, <0.5% mica) and tantalum (~30% Ta₂O₅) concentrates.
- Production Cash Costs¹ for the Quarter were approximately **A\$774 (US\$545)** per wmt lithium concentrate produced, which were in line with March 2019 Quarter costs of A\$772.
- Average selling price for the Quarter was **A\$1,070 (US\$749)** per dmt lithium concentrate sold.

Exploration update

- 17,945m of infill and exploration drilling completed during the Quarter.
- Initial infill drilling coming to an end allowing extensional and exploratory drilling to commence.
- Assays pending for initial extension drilling, detailed update expected by August 2019.

September 2019 Quarter Outlook

- Production guidance of 65,000 to 80,000 tonnes of lithium concentrate (6% Li₂O) for the six months between June and December 2019.
- Negotiations on the lithium hydroxide downstream joint venture agreement with Jiangxi Special Electric Motor Co., Ltd and Offtake negotiations for the unallocated long-term production expected to be completed during the September quarter.

Corporate

Funding

- During the Quarter, the Company executed strategic placements with Galaxy Resources Limited and Jiangxi Special Electric Motor Co., Ltd group for total gross proceeds of A\$32.5 million to primarily advance Bald Hill capital projects and exploration.
- On 31 May 2019, the placement of 112,500,000 ordinary shares to Galaxy Resources Limited completed and Galaxy Resources Limited became Alita's largest shareholder.

¹ Production cash costs per wmt of spodumene concentrate produced is a non-IFRS measure and includes all mining, processing, transport, port and site based general and administration costs, an allocation of corporate administration/overhead costs, but is net of tantalum by-product credits and waste deferral costs and excludes royalty costs.



MOU executed for downstream JV to produce and sell Lithium Hydroxide

- Alita executed a non-binding memorandum of understanding (**MOU**) with Jiangxi Special Electric Motor Co., Ltd to develop the terms on which the parties will cooperate in a 50:50 joint venture to produce and sell battery-grade lithium hydroxide.
- The MOU provides a unique opportunity for Alita to participate in the downstream lithium products market within the next 6 to 12 months, without incurring capital costs and exposure to the risk associated with the construction of a conversion facility.

Bald Hill Mine

The Bald Hill Lithium and Tantalum Mine (**Bald Hill Mine**) is located 50km south east of Kambalda in the Eastern Goldfields region of Western Australia. The Bald Hill Mine comprises mineral tenure totalling 774km².

Safety and Environment

Safety management focused on targeted safety matter being addressed at safety toolbox and prestart meetings and increased workplace inspections and interactions to arrest incident trends where required. Various DMIRS and DWER inspections were completed with actions implemented.

The 12-month moving average Total Recordable Injury Frequency Rate (**TRIFR**) for the Quarter was 2.33. This has increased as a result of the one lost time injury and three medically treated injuries which occurred in the Quarter. Various initiatives have been implemented in an effort to curtail the soft tissue injuries that contributed to the reported medical treated injuries.

Mining

Mining during the Quarter continued in Stages 1, 2 and 3 of the pit with ore supply coming from Stages 1 and 2. Mining continued at a rate of approximately 705kbcm per month for a total of 2.12mbcm of material including 472,697 tonnes of lithium ore at 0.76 % Li₂O and 284 ppm Ta₂O₅. An additional 29,085wmt of low-grade tantalum ore grading 284 ppm Ta₂O₅ was also mined.

The strip ratio for the Quarter was 10.3:1 which was lower than the average strip ratio of 11.5:1 planned for calendar year 2019 as a result of concentrating in Stages 1 and 2.

Source	Units	June 2019 Quarter	March 2019 Quarter	Movement
Waste BCM's	<i>bcm</i>	1,927,748	2,025,449	-5%
Total Mined BCM's	<i>bcm</i>	2,117,073	2,155,725	-2%
Strip Ratio	<i>W:O</i>	10.3	15.5	-34%
Ore Tonnes (Lithium)	<i>wmt</i>	472,697	322,470	+47%
Ore Tonnes (Tantalum)	<i>wmt</i>	29,085	22,759	+28%
Mined Lithium Grade	<i>%Li₂O</i>	0.76	0.81	-6%
Ore Grade (Tantalum)	<i>ppm</i>	284	296	-4%

Processing

Processing during the Quarter had a total of 405,892 tonnes of lithium and tantalum ore grading 0.90%Li₂O and 310ppm Ta₂O₅ being fed to the plant. 81,211 tonnes of sub-1mm fines were stockpiled after removal of tantalum concentrates containing 35,970lbs of saleable Ta₂O₅. The remaining 324,681 tonnes grading 1.00% Li₂O was processed through the DMS circuit for recovery of 38,717wmt of spodumene concentrate. Lithium recovery was 67% (net 76%, taking into account unprocessed fines).



	Units	June 2019 Quarter	March 2019 Quarter	Movement
Processed Tonnes (Gross) of Lithium & Tantalum ore	wmt	405,892	387,139	+5%
Lithium Feed Grade	%Li ₂ O	0.90	0.89	+1%
Processed Tonnes (Net of unprocessed stockpiled fines and middlings) of Lithium and Tantalum ore	wmt	324,681	291,988	+11%
Lithium DMS Feed Grade	%Li ₂ O	1.00	1.02	-2%
Lithium Concentrate Produced	wmt	38,717	38,291	+1%
Recovery (gross) (including stockpiled fines)	%	67	68	-1%
Recovery (net) (excluding stockpiled fines)	%	76	78	-3%
Tantalite Produced	Lbs	38,877	34,380	+13%
Throughput (Gross)	tph	224	230	-3%

The Bald Hill Mine currently produces a high quality spodumene concentrate containing **+6% Li₂O**, **<0.5% Fe**, **<0.5% mica**, **<3% H₂O**, **<1% K₂O** and >99% of concentrate greater than 1mm.

High grade tantalum concentrates containing 35,970 lbs of Ta₂O₅ was recovered from fines through the spirals and tables circuit.

Stage 2 Plant Upgrade - Fines Circuit

The plant upgrade involves lowering the Dense Media Separation (**DMS**) bottom size from 1mm to 0.5mm and increasing plant processing throughput capacity from the current 220tph to 300tph. As announced by the Company on 25 July 2019, the construction of the fines circuit has been temporarily postponed pending an outcome of a strategic review by the Company.

Sales and Marketing

During the Quarter, Alita sold a total of 18,669dmt of spodumene concentrate.

Alita also shipped a high-grade tantalum concentrate parcel (approximately 30% contained Ta₂O₅) containing 13,426 Lbs Ta₂O₅. It is anticipated that sales of tantalum concentrate will continue to be made to H.C. Starck Tantalum and Niobium GmbH (**H.C. Starck**) on a regular basis while discussions with H.C. Starck in relation to a long-term offtake for the high-grade tantalum concentrate production from Bald Hill Mine progress.

Costs

Production Cash Costs² for the Quarter were approximately A\$774 (US\$545) per tonne of spodumene concentrate produced, which were in line with the March 2019 Quarter costs.

Further information regarding costs and revenue will be included in the Company's Annual Financial Statements scheduled to be announced by 30 August 2019 in accordance with SGX Catalist Rule 705(2).

² Production cash costs per wmt of spodumene concentrate produced is a non-IFRS measure and includes all mining, processing, transport, port and site based general and administration costs, an allocation of corporate administration/overhead costs, but is net of tantalum by-product credits and waste deferral costs and excludes royalty costs.



Exploration

Drilling continued throughout the quarter with the completion of about 14,758m of RC drilling and 2,197m of diamond core drilling. About 75% of the completed drilling was for infill and sterilization purposes. The eastern and southern portions of the current inferred mineral resource have now been substantially infilled drilled.

Limited step out extensional drilling has been successful in increasing the footprint of known pegmatites. About half of the extensional holes are pending assay and a detailed exploration update is expected to be completed by August 2019.

Corporate

Funding

As announced on 16 May 2019, Alita entered into separate subscription agreements to raise total gross proceeds of \$32.5 million at a price of A\$0.20 per placement share with Galaxy Resources Limited (A\$22.5 million) (**Institutional Placement**) and with Weier Antriebe und Energietechnik GmbH, a wholly owned subsidiary of Jiangxi Special Electric Motor Co., Ltd (A\$10 million) (**Conditional Placement**).

As announced on 31 May 2019, the Institutional Placement was completed and the following new fully paid ordinary shares in the Company were issued during the Quarter: 112,500,000 Shares for gross proceeds of A\$22.5 million to Galaxy Resources Limited, 5,625,000 Shares as Placement Fee Shares to the Lead Manager and 2,500,000 as Advisor Shares in lieu of a portion of the financial advisory fee payable.

Shareholder approval has been obtained for the Conditional Placement on 11 July 2019, and it was accordingly completed on 25 July 2019, subsequent to Quarter end.

MOU executed for downstream JV to produce and sell Lithium Hydroxide

As announced on 29 April 2019, Alita has executed a non-binding memorandum of understanding (**MOU**) with Jiangte to develop the terms on which the parties will cooperate in a 50:50 joint venture to produce and sell battery-grade lithium hydroxide (**Hydroxide JV or Joint Venture**).

The Hydroxide JV provides a unique opportunity for Alita to participate in the downstream lithium products market within the next 6 to 12 months, without incurring capital costs and exposure to the risk associated with the construction of a conversion facility.

Subsequent to the Quarter end, the Company entered into a term sheet with Jiangte to progress the formal terms of the Joint Venture. The term sheet sets out the key commercial principles of the Joint Venture, and legally commits the parties to continue working on the structure of the Joint Venture, logistics, accounting and marketing arrangements to give effect to those agreed key commercial principles. Please refer to the announcement on 25 July 2019 for further details.

Change of Company Name

- Subsequent to the Quarter end, the Company announced the formal change of its Company name to Alita Resources Limited with effect from 16 July 2019. This follows approval by shareholders of the name change at the Company's Extraordinary General Meeting held on 11 July 2019.

Results of EGM

- Subsequent to the Quarter end, the Company announced it had held its Extraordinary General Meeting of shareholders and confirmed that each of the resolutions were put to the EGM and were passed on a poll. Drewcorp Services Pte Ltd was appointed as scrutineer of the polling process.
- Mr Arnold Chan did not seek re-election and resigned from the Alita Board effective at the conclusion of the EGM. The Board thanked Mr Chan for his contribution to the Company and wished him well in his future endeavours.
- Ms Wei (Vicki) Xie was appointed as a member of the Remuneration and Nominating Committee to replace Mr Chan. The Remuneration and Nominating Committee now comprises Mt Robert Vassie (Chair), Mr Geoff McNamara and Ms Xie.

Cash Position and Movements

As at 30 June 2019, Alita held A\$20.1 million in cash (31 March 2019: A\$15.6 million).



For further details in the movements in cash during the June 2019 Quarter, please refer to the Appendix 5B released separately today.

About the Bald Hill Mine

The Bald Hill Mine produces premium coarse lithium concentrate with very low levels of Fe, K, Mica, H₂O and less than 2% ultra-fines (<500 microns).

The Bald Hill Mine also produces high quality tantalum (~30% Ta₂O₅) concentrates with low levels of deleterious materials, including low specific activity.

The Bald Hill Mine is located in the southeast of the Goldfields-Esperance Region of Western Australia, approximately 105km south-southeast of Kalgoorlie. Kalgoorlie is the main hub in the region providing access to the Mine which can be accessed from Perth by air, rail and road.

The principal road access to the Bald Hill Mine is via the (sealed) Coolgardie-Esperance Highway (National Highway 94), and then the Binneringie Road, a distance of 65km of unsealed shire road. The Bald Hill Mine is approximately 350km by road from the Port of Esperance, via which lithium concentrate is shipped to overseas customers.

Alita Resources Limited Mining Tenements (as at 30 June 2019)

Tenement	Location	Registered Owner	Structure and Ownership*
M15/400	Western Australia	Alita Resources Limited	100%
M15/1470	Western Australia	Alita Resources Limited	100%
M15/1305	Western Australia	Alita Resources Limited	100%
M15/1308	Western Australia	Alita Resources Limited	100%
M15/1840 (application)	Western Australia	Alita Resources Limited	100%
M15/1851 (application)	Western Australia	Alita Resources Limited	100%
G15/28	Western Australia	Alita Resources Limited	100%
P15/5862	Western Australia	Alita Resources Limited	100%
P15/5863	Western Australia	Alita Resources Limited	100%
P15/5864	Western Australia	Alita Resources Limited	100%
P15/5865	Western Australia	Alita Resources Limited	100%
R15/1	Western Australia	Alita Resources Limited	100%
E15/1058	Western Australia	Alita Resources Limited	100%
E15/1212	Western Australia	Alita Resources Limited	100%
E15/1161	Western Australia	Alita Resources Limited	100%
E15/1162	Western Australia	Alita Resources Limited	100%
E15/1166	Western Australia	Alita Resources Limited	100%
E15/1353	Western Australia	Alita Resources Limited	100%
E15/1066	Western Australia	Alita Resources Limited	100%
E15/1067	Western Australia	Alita Resources Limited	100%
E15/1492	Western Australia	Alita Resources Limited	100%
E15/1493	Western Australia	Alita Resources Limited	100%
E15/1555	Western Australia	Alita Resources Limited	100%
E15/1556	Western Australia	Alita Resources Limited	100%
P15/6353 (application)	Western Australia	Alita Resources Limited	100%
P15/6354 (application)	Western Australia	Alita Resources Limited	100%
P15/6355 (application)	Western Australia	Alita Resources Limited	100%

* Lithco No.2 Pty Ltd, a wholly owned subsidiary of the Company, has a 50% beneficial interest in the tenements with the Company holding the other 50%.



Mining Tenements acquired: Nil
Mining Tenements disposed: Nil
Beneficial percentage interest held in farm-in or farm-out agreements: Nil
Beneficial percentage interest in farm-in or farm-out agreements acquired or disposed: Nil

Forward Looking Statements

This announcement contains certain forward-looking statements and projections including regarding estimated resources and reserves, production and operating costs profiles, capital requirements and strategies and corporate objectives. Such forward-looking statements/projections are estimates and should not be relied upon as a representation or warranty, express or implied, of Alita. They are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors many of which are beyond the control of Alita. The forward-looking statements/projections are inherently uncertain and may therefore differ materially from results ultimately achieved.

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Glossary

The following abbreviations and defined terms are used in this announcement.

bcm	bank cubic meters	Mt	million tonnes
CY	calendar year	ppm	parts per million
DMIRS	Western Australian Department of Mines, Industry Regulation and Safety	SC6%	6% Li ₂ O spodumene concentrate
DMS	dense media separation	Sustaining Capital	periodical investment of capital into the business to maintain current level of operations
dmt	dry metric tonnes	Ta₂O₅	tantalum pentoxide
DWER	Western Australian Department of Water and Environmental Regulation	tpa	tonnes per annum
FOB	Free on Board	tpd	tonnes per day
kbcm	thousand bench cubic metres	tph	tonnes per hour
Li₂O	lithium oxide	wmt	wet metric tonnes
mbcm	million bank cubic metres	W:O	waste to ore ratio