

18 AUGUST 2019

UPDATE ON LOAN FACILITY

Alita Resources Limited (ASX: A40; SGX: 40F) (**Company** or **Alita**) advises that on 16 August 2019 it received a notice of default from the consortium of lenders led by Tribeca Investment Partners Pty Ltd (**Lenders**) under the secured A\$40 million loan facility (**Facility**) asserting events of default.

The Company and Lenders have entered into a standstill agreement in respect of the events of default until 5pm (AEST) on 20 August 2019 (**Standstill**).

The asserted events of default relate to:

- non-acceptance by the Lenders of updated life of mine plan;
- alleged failure to comply with the physical parameters of the previously approved life of mine plan; and
- the Company suffering a material adverse effect to its business and financial performance as a result of the deterioration of the lithium spot price and weakened market demand for spodumene concentrate.

During the period of Standstill the Company will continue negotiations with the Lenders and other parties regarding the Facility refinancing options and recapitalisation proposals.

On 16 August 2019, Company's mining contractor commenced scaling back operations at the mine pending outcome of those negotiations. Although delivering an immediate reduction in mining costs, this change will also result in the event of default relating to mining parameters being triggered under the Facility. This event of default is covered by the Standstill while it is in force.

The Company will make further announcements on the above matters as and when there are material developments.

Alita Resources Ltd

Mark Calderwood
Managing Director