

ASX/MEDIA RELEASE

Monday, 3 February 2020

AL HADEETHA RESOURCES SIGNS 10 MILLION RIAL FINANCE OFFER

PERTH: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to announce Al Hadeetha Resources LLC (**Al Hadeetha**) has accepted an offer from Alizz Islamic Bank (**Alizz**), headquartered in Oman, for finance of OMR 10 million (~AUD 38 million).

Managing Director Justin Richard said: *“These new financing arrangements signify another key milestone for the flagship Al Hadeetha Copper-Gold project in Oman. The funds will be used to procure major equipment for the copper processing plant at Wash-hi which remains on track to become the next producer of copper concentrate in the Gulf.”*¹

Key terms of the finance agreement are:

- Alizz will invest OMR 10 million into Al Hadeetha for development of the Al Wash-hi - Majaza Copper Project (the **Project**) repayable by Al Hadeetha.
- The investment will be applied principally to support construction of mine-site infrastructure for a 1mtpa copper processing plant² at the Project.
- The profit rate for Alizz is in the range of 5.92 – 6.92% per annum, reviewable annually.
- The finance amount is repayable in 28 quarterly instalments with a three-year grace period applying to principal payments.
- The investment will be secured over Al Hadeetha’s mining licence and related assets.
- Joint and several corporate guarantees by shareholders of Al Hadeetha, and other security from local shareholders will be provided to Alizz.

This is an Islamic finance transaction with an Islamic bank and is, therefore, structured to avoid any interest of any kind. Even so, analysts sometimes compare profit rate and interest rate when considering comparative transaction costs of Islamic versus conventional financing arrangements. The profit rate is within the parameters of the Project financial model³.

ENDS

¹ Al Hadeetha’s copper processing plant is to be located ~160km south of Muscat and will be underpinned by an initial ten year mine life – refer Alara’s ASX announcements below for further details.

² Alara’s ASX Announcement dated 24 January 2017 contains the information required by ASX Listing Rule 5.16 regarding the stated production target. All material assumptions underpinning the production target as announced on that date continue to apply and have not materially changed.

³ Alara’s ASX Announcements dated 24 January 2017 and 28 June 2018 contain the information required by ASX Listing Rule 5.17 regarding the stated forecast financial information. All material assumptions underpinning the financial information and production target on which it is based as announced on 24 January 2017, except to the extent that those assumptions were updated in the announcement of 28 June 2018 have not materially changed. Except for construction and production timelines, which have been extended, the updated assumptions in the announcement of 28 June 2018 have not materially changed.

