

ASX Code: AUQ

DIRECTORS

James Phipps
Non-Executive Chairman

Justin Richard
Managing Director

Atmavireshwar Sthapak
Executive Director

Vikas Jain
Non-Executive Director

COMPANY SECRETARY
Stephen Gethin

CHIEF FINANCIAL OFFICER
DINESH AGGARWAL

Wednesday, 31 October 2018

Summary

- Al Hadeetha Resources Awarded its First Mining Licence
- Project Office established at Al Naba Office Complex
- Project Finance
- Working with Tanfeedh
- Exploration Pipeline
- New Doors in Saudi

CONTACT DETAILS

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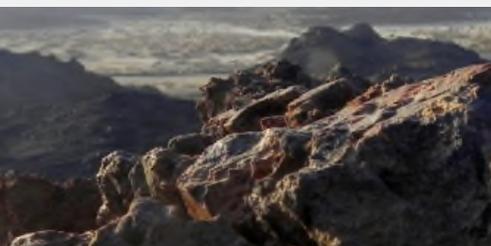
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Oman

Grant of Mining Licence for Al Hadeetha Copper Project

In July, the Company reported on the award of a copper mining licence to its JV entity Al Hadeetha Resources. The licence award ceremony hosted by the Public Authority for Mining marked the first copper mining licence issued in Oman since 2004 (the first ever to an international JV Company) and the beginning of a new chapter for copper mining in the Sultanate.

The Al Hadeetha Project is on track to become the first in a string of new copper mining operations in Oman, and a key component of the Government's economic diversification to grow the mining sector.

The Project is receiving close attention and support from 'Tanfeedh', a Government initiative focussed on linking the public and private sectors to accelerate execution of economic diversification plans and increase GDP.

Perimeter fencing for the site has been surveyed and an installation contract awarded.

Al Hadeetha - New Project Office



Al Hadeetha Project Office at Al Naba Office Complex.

Al Hadeetha Resources has established a Project office at the new Al Naba Office Complex in Ghala Industrial estate, Muscat.

The Project office is in close proximity to the Al Hadeetha joint venture partners and Head Office of Al Naba Group.

The Al Naba Group is one of the largest employers in Oman and operates a range of multifaceted business and commercial activities, including some services which could support Al Hadeetha's project activities.

Alara's other joint venture businesses, including Daris Resources LLC (a 50/50 joint venture on copper exploration Block 7) and Alara Resources LLC (a JV entity which going forward will be primarily focused on providing drilling and exploration services in Oman and GCC) are continuing to operate from their existing office location in Azaiba, Muscat.



Project Finance

On the back of proposed financing terms, financing applications progressed during the period and are advancing toward the final approval stage.

Based on feedback received there is solid interest from a number of banks. The Company is working with these banks and other financiers to endeavour to agree on loan covenants acceptable to all parties. In regard to security, certain equipment suppliers have also indicated a willingness to provide third party guarantees, subject to specified equipment being used.

The Company is now looking to issue a limited notice to proceed with detailed engineering, prior to bank finance being finalised and a final contract award being issued.

Outlook for Copper

The world's biggest copper consumer, China, exceeded demand expectations with imports of copper concentrate up 31% Y/Y in July to set a new monthly record high during the quarter. Forward demand growth forecasts show China's copper demand growing at 2.9% p.a. over 2018-20 and demand in emerging markets growing at 3.5% p.a. This compares with average growth rates of ~3% per annum since 1990. Trade tensions and relatively low supply disruptions of ~1.1% YTD helped ease rising price pressure, but are unlikely to remain so far below the ~5% average with future supply deficits still expected¹.

MOUs and Partnerships

Alara continued discussions with potential project equity partners in Oman.

In regard to the offer for Alara Saudi Operations Pty Ltd (**ASOPL**)², the disclosure of details of the offer lead to the buyer attempting to make its purchase of ASOPL for SAR 1,000,000³ subject to a pre-condition that Alara also sell it the Khnaiguiyah Project Feasibility Study. This pre-condition was rejected by Alara, hence the ASOPL sale was not completed.

Working with Tanfeedh

In connection with Oman's economic diversification focus, Tanfeedh's Implementation Support and Follow-up Unit⁴ has been actively working with Al Hadeetha and other relevant parties, including Haya Water and Mazoon, to facilitate progress on the Al Hadeetha Project. Tanfeedh's involvement is proving to be of valuable assistance to all stakeholders and is helping clarify parties' expectations and avert potential obstacles.

Exploration Pipeline



New core shed and storage yard near Al Hadeetha Project site.

In March, the Company announced it had entered an agreement with Awtad Copper LLC. The Awtad Copper Project is located at Block 8, which adjoins the copper exploration licence held by Al Tammam (Alara's JV partner on Block 7).

Proposed exploration programs have now been submitted to the Public Authority for Mining across several exploration licences issued to Al Hadeetha Resources and Alara's other JV entities.

Saudi Arabia

During the quarter a major breakthrough occurred in Saudi Arabia when the long-standing court proceedings commenced by Alara's former JV partner were dismissed by the Board of Grievances. The full impact of this decision is still crystalizing, however it removes what was considered an obstacle by Government officials seeking to advance the project in connection with Vision 2030 (see: vision2030.gov.sa/en/node/259).

Next Quarter

Next quarter is expected to bring further positive developments for the Al Hadeetha Copper Project, including progress on engineering and construction work parcels. The exploration pipeline will also be developed to further build the Company's copper portfolio in Oman.

New doors are being opened in Saudi Arabia which are expected to figure more prominently in the Company's future activities after an extended period of stalled activity.

¹ Equity Research, Copper Top Projects, October 4, 2018, Goldman Sachs.

² Refer to the Company's 3 October 2018 announcement titled: "Saudi Court Judgement Issued".

³ SAR is an abbreviation for Saudi Riyal. The SAR amount the equivalent of ~AUD 376,729 as at 31 October 2018 (Source: xe.com)

⁴ See tanfeedh.gov.om/en/

Securities Information

as at 30 October 2018

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	629,017,589	-	629,017,589
\$0.04 (9 Mar 2020) Options	-	3,000,000	3,000,000
Total	629,017,589	3,000,000	632,017,589

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	887	301,637	0.05%
1,001 - 5,000	280	661,991	0.11%
5,001 - 10,000	134	1,124,907	0.18%
10,001 - 100,000	342	13,274,519	2.11%
100,001 - and over	271	613,654,535	97.56%
Total	1,914	629,017,589	100%

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Mr Vikas Malu	57,142,050	9.08
2.	Ms Meng	40,454,437	6.43
3.	Citicorp Nominees Pty Limited	39,618,624	6.3
4.	Mr Vikas Jain	34,285,230	5.45
5.	Mr Justin Richard	34,119,526	5.42
6.	Al Hadeetha Investment Services LLC	31,500,000	5.01
7.	Metal Corners Holdings Co	31,012,217	4.93
8.	Mr Piyush Jain	22,856,820	3.63
9.	Whitechurch Developments Pty Ltd <Whitechurch S/F A/C>	20,575,550	3.27
10.	Mr Tyrone James Giese	17,456,189	2.78
11.	BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH DRP>	17,038,487	2.71
12.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	14,782,988	2.35
13.	Mr Warren William Brown + Mrs Marilyn Helena Brown	10,628,572	1.69
14.	J P Morgan Nominees Australia Limited	10,223,239	1.63
15.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery <Flannery Family S/F A/C>	10,085,464	1.6
16.	Ferguson Superannuation Pty Ltd <Ferguson Superfund A/C>	10,000,000	1.59
17.	Mr Peter Kelvin Rodwell	9,422,858	1.5
18.	Mr Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C>	8,501,304	1.35
19.	Mr Mohammed Saleh Alalshaikh	7,856,387	1.25
20.	Mr Albert Moses	5,700,000	0.91
Total		433,259,942	68.88

Disclaimer

This report contains 'forward-looking statements' and 'forward-looking information', including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral resources, and studies. Often, but not always, forward-looking information can be identified by the use of words such as 'plans', 'expects', 'is expected', 'is expecting', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates', 'believes' or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might', or 'will' be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results.

The purpose of forward-looking information is to provide readers with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alara and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and copper, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Alara believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Alara does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in the Middle East. Alara has completed Bankable Feasibility Studies for the Al Hadeetha Copper Project in Oman and the Khnaiguiyah Zinc-Copper Project in Saudi Arabia and an Advanced Scoping Study on the Daris Copper-Gold Project in Oman. In June 2018, Al Hadeetha Resources became the first international joint venture company to be awarded a copper mining licence in the Sultanate of Oman. The Company is now establishing itself as a mine developer and producer of base and precious metals. For more information, please visit: www.alararesources.com.



'Alara' is generally regarded as the founder of the Napatan royal dynasty by his 25th Dynasty Nubian successors. During his lengthy reign, The Nubian King Alara was responsible for unifying the upper kingdom, with precious metals becoming an important part of his kingdom's flourishing economy.

Image: Cartouche of Alara

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

ALARA RESOURCES LIMITED

ABN

27 122 892 719

Quarter ended ("current quarter")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(405)	(405)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(28)	(28)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(5)	(5)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(437)	(437)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item10)	-	-
(c) investments	-	-
(d) other non – current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non – current assets	-	-
2.3 Cash flows from loans (to) / from other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents At beginning of period	3,346	3,346
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(437)	(437)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates On cash held	10	10
4.6 Cash and cash equivalents at end of period	2,919	2,919

5. Reconciliation of cash and cash equivalents At the end of the quarter (as shown in the Consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	1,205	2,131
5.2 Call deposits	1,714	1,215
5.3 Bank overdrafts	-	
5.4 Other (provide details)	-	
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,919	3,346

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

Current quarter \$A'000
51
-

- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Directors' salaries, fees and entitlements
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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

N/A

8. Financing facilities available

Add notes as necessary for an understanding of the position

- 8.1 Loan facilities
8.2 Credits and by-arrangements
8.3 Other (please specify)

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	2,768	596
8.2	-	-
8.3	-	-

- 8.4 Include below description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered in too rare proposed to be entered into after quarter end, include details of those facilities as well.

Pursuant to the Shareholders' Agreement with Al Hadeetha Investments LLC (**AHI**), Al Hadeetha Resources LLC (**AHR**) (a controlled entity of Alara Resources Limited) executed a Loan Agreement of up to USD 2 million with AHI on 16 April 2017. Under the Loan Agreement, interest accrues at a rate of LIBOR plus 2%. The loan is repayable (alongside the loan of approximately AUD 7.09 million from Alara Resources Limited and its controlled entities) from profits of AHR prior to any dividends being issued to the shareholders of AHR, or in the event that AHI ceases to be a shareholder of AHR. AHI and / or Alara Resources Limited may elect to convert all or part of the loan into equity in AHR.

9. Estimated cash out flows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	189
9.5 Administration and corporate costs	(86)
9.6 Accommodation and Travel	48
9.7 Consultancy Costs	43
9.8 Premises Costs	12
9.9 Other (provide details if material)	4
9.10 Total estimated cash out flows	210

10.Changes in tenements (items 2.1 (b) and 2.2 (b)above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interest in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.1 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: 
Company Secretary

Date: 23 October 2018

Print name: Justin Richard

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: *Exploration for and Evaluation of Mineral Resources* and AASB107: *Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.