

ASX Code: AUQ

#### DIRECTORS

**James Phipps**  
Non-Executive Chairman

**Justin Richard**  
Managing Director

**Atmavireshwar Sthapak**  
Executive Director

**Vikas Jain**  
Non-Executive Director

**Stephen Gethin**  
Non-Executive Director

**Avi Sthapak**  
Non-Executive Director

#### COMPANY SECRETARY

Stephen Gethin

#### CHIEF FINANCIAL OFFICER

Dinesh Aggarwal

**31 October 2019**

## Summary

- AI Hadeetha Copper Project Developments
- ARL Joint Venture Update
- New Saudi Ministry

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# Oman Activity Report

## Al Hadeetha Project Development

The Project consists of one mining license (Washihi – Mazzaza) and three exploration licenses (Washihi – Mazzaza, Mullaq and Al Ajal).

### ***Washihi – Mazzaza Copper Project***

Preparatory work for plant construction continued during the quarter. Key activities during the period included:

*Project Construction:* Detailed project documents (including BOQs and engineering) were sent to selected construction companies last quarter. Construction contract tenders were received from several invited bidders. Tenders received indicate there is no likely change from capital expenditure forecasts. Appointment of a local construction contractor will occur once project engineering is completed.

*Project Engineering & Procurement:* McNally Bharat Engineering Company Limited (**MBE**) experienced delays in completing basic and detailed engineering for a 1 MTPA copper concentration plant<sup>1</sup> and associated infrastructure. Their work of preparing and submitting engineering designs effectively came to a halt after MBE sought a one-month time extension and some variations to procurement terms. While discussions with MBE continued, additional quotations were received, and preparations began to appoint an alternate contractor (N.B. an MOU was signed late September with another service provider for project execution under a full EPC contract. Both MBE and the other service provider have demonstrated track records of delivering copper processing plants. More details will be provided once further EP/C contract term are executed).

*Mining Contractor:* A preliminary commercial agreement was reached between Al Hadeetha Resources LLC (**AHRL**) and Alara Resources LLC (**ARL**) for a \$100m+ mining contract over ten years, with AHRL issuing a letter of intent for the same to ARL. A complete mining contract is expected to follow within weeks and preparations are underway to commence pre-stripping at the mine site.

*Project Water Supply:* Approval was received from Ministry of Housing for a 28km water supply pipeline route from the proposed Sewerage Treatment Plant (**STP**) site in Al Mudhaibi to the project site. Similar approvals are also being sought from other Government authorities such as ROP, the Telecommunication Authority, the Ministry of Agriculture and Municipalities.

Much of the wastewater produced in the project area surrounds is currently not being recycled or treated. Alara is investigating potential methods of accessing this water, so it may be treated at an STP to supply the Al Hadeetha project. Alternative plans to access water from PDO wells or other ground water options are also being developed.

The Company also investigated the option of having an external provider supply an STP on a Build, Own and Operate (**BOO**) model. Discussions with the proponent revealed that the potential to achieve savings via this approach were not substantial.

*Project Power supply:* The most plausible, 4km, route for a 33kv power supply line has been submitted to power authority Mazoon for approval.

*Industrial License:* AHRL has added copper concentrate processing to its commercial registration in preparation for receiving an industrial license to operate a copper processing plant.

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<sup>1</sup> Alara's ASX Announcement dated 24 January 2017 contains the information required by ASX Listing Rule (LR) 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.

An EIA was resubmitted to the MECA prior to the industrial licence application being lodged with the Ministry of Commerce and Industry. The Implementation Support and Follow Up Unit (**ISFU**) advised that MECA had approved the application. The industrial licence is expected next quarter.

*Project Consolidation:* Consolidation strategies have been the subject of various discussions among copper players in Oman over past years. Areas of particular interest to Alara include: making smaller deposits commercially viable, enhancing returns for projects that are already viable and effectively utilising planned and existing infrastructure to reduce further capital expenditure requirements. The Company remains committed to pursuing these aims as it develops its copper portfolio in Oman and is continuing discussions with the Public Authority of Mining, Tanfeedh and other mining and exploration companies regarding the potential for consolidating copper projects in areas where Alara operates.

### ***Mullaq and Al Ajal***

Renewal of the Exploration Licenses at these sites is with the Public Authority for Mining in Oman. Discussions on exploration expense commitments are being held in the context of Al Hadeetha Resources obtaining assurances regarding mining license grants over existing copper/gold mineralization.

### **Block 7 - Daris Copper-Gold Project**

The Daris East Mining License application, which covers an area that includes measured, indicated and inferred JORC copper resources<sup>2</sup>, was opposed by the Ministry of Housing due to its proximity to recently allotted residential land. Review of a petition supporting the application lodged by Daris is underway at PAM.

The Daris 3A5 application for a Mining License is also progressing with the Government. The Ministry of Environment and Climate Affairs have sought changes to proposed ML boundary.

### **Alara Resources LLC (ARL)**

Two KORES-1200 drill rigs and associated drilling accessories, pictured below, were delivered to ARL in Oman.

AHRL placed a US\$618,750 work order with ARL for work at the Al Hadeetha Project. As stated above, the AHRL and ARL Boards have also agreed the terms for the award of a \$100m+ mining contract over ten years to ARL.



ARL drill crew members are undergoing the visa application process for entry into Oman. Work is expected to commence once the immigration formalities are complete.

<sup>2</sup> The Company has disclosed full details of these resources to investors on various occasions in a form which complies with the 2012 edition of the JORC Code. See, for example, the Company's 2018 Annual Report to shareholders, pp 14-15 and 72-73.

ARL has also received approaches from Saudi Arabia, which has a shortage of drilling companies. ARL is in the process of qualifying as a supplier with a prominent Saudi mining company.

With a new mining law now in effect in Oman, PAM has ambitious plans to award 110 new multi-commodity exploration and mining licenses in Oman<sup>3</sup>. The procurement of these drill rigs by ARL and the provision of professional drilling services in the country is aligned with the Government's economic development plans.

## Saudi Arabia

Management met with key Government and mining sector leaders in Saudi Arabia, facilitated by the Australian Ambassador. The future potential of the Company's Khnaiguiyah Zinc Copper project was discussed along with potential to increase cooperation between Saudi and Australian mining companies.

Following the creation of the new Ministry of Industry and Mineral Resources, it is hoped previous impediments to development of the Khnaiguiyah Project will be removed in connection with the Saudi Vision 2030.

## Next Quarter

- Project engineering to recommence and enable placement of equipment orders for copper processing plant.
- Industrial licence grant and appointment of a construction contractor.
- ARL's new drill rigs to begin operations in Oman.

## Tenement Status

### Oman Copper-Gold Projects

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Alara has joint venture interests in five copper-gold deposits located within four Exploration Licences in Oman extending over 692km<sup>2</sup>. These deposits are also covered by 5 Mining Licence applications pending grant, totalling ~9km<sup>2</sup>.

The Washihi/Mullaq<sup>4</sup> prospects are located ~160km south-southwest of Muscat (the capital of Oman) and the Al Ajal Prospect is located about 65 km southwest of the capital. The Daris Copper-Gold Project<sup>5</sup> is located ~150km west of Muscat. Both projects are located very close to high-quality bitumen roads.

No interests in mineral tenements were acquired or disposed of during the quarter.

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<sup>3</sup> See for example [http://www.tradearabia.com/news/IND\\_351573.html](http://www.tradearabia.com/news/IND_351573.html)

<sup>4</sup> Refer to Alara's 8 December 2011 ASX Announcement: Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman.

<sup>5</sup> Refer to Alara's 30 August 2010 ASX Announcement: Project Acquisition - Daris Copper Project in Oman.

## Al Hadeetha Copper-Gold Project

The current status of all licences/applications for this project is presented in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Licence				Mining Licence within EL		
			Area	Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Washihi-Mazzaza ML 10003075.	Al Hadeetha Resources LLC	51%	39km <sup>2</sup>	Jan 2008	Nov 2016	Active*	3km <sup>2</sup>	2019	Active
Mullaq	Al Hadeetha Resources LLC	51%	41km <sup>2</sup>	Oct 2009	Nov 2016	Active*	1km <sup>2</sup>	Jan 2013	Pending
Al Ajal	Al Hadeetha Resources LLC	51%	25km <sup>2</sup>	Jan 2008	Nov 2016	Active*	1.5km <sup>2</sup>	Jan 2013	Pending

\*Pursuant to Ministerial decree (38/2013) which declares that the exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence, in which case the duration for the exploration licence extends until the date that a determination is made on the mining application.

## Daris & Awtad Copper-Gold Projects

The current status of all licences/applications for this project is presented in the table below.

Block Name	Licence Owner	Alara JV Interest	Exploration Licence				Mining Licences within EL		
			Area	Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC	50% (earn in to 70%)	587km <sup>2</sup>	Nov 2009	Feb 2016	Active*	Daris 3A5 & East	Resubmitted 2018	Pending
Block 8	Awtad Resources LLC	10% (earn in to 70%)	597km <sup>2</sup>	Nov 2009	Oct 2013	Renewal pending	NA	NA	NA

\*Pursuant to Ministerial decree (38/2013) which declares that the exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence, in which case the duration for the exploration licence extends until the date that a determination is made on the mining application.

## Saudi Arabia - Khnaiguiyah Zinc-Copper Project

The Khnaiguiyah Zinc-Copper Project<sup>6</sup> is located approximately 170km south-west of the Saudi Arabian capital city of Riyadh. The mining licence (held by a former JV partner) was cancelled in December 2015. Alara as sole funder of the Definitive Feasibility Study, is poised to restart the project once the licence is re-issued and is working with relevant parties in both the private and public sectors to prepare for this.

Project	Licence Owner	Status	Tenement	Grant/ Application Date	Area	Location/ Property Name	Country
Khnaiguiyah Zinc-Copper Project	TBC	Cancelled	Mining Lease No 2. Qaaf	2010	5.462km <sup>2</sup>	~170km west of Riyadh	Saudi Arabia

<sup>6</sup> Refer to Alara's 18 April 2013 ASX Announcement: Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project.

# Securities Information

as at 18 October 2019

## 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
<b>Total</b>	<b>629,017,589</b>	<b>3,000,000</b>	<b>632,017,589</b>

## Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	877	296,116	0.47%
1,001 - 5,000	269	624,401	0.09%
5,001 - 10,000	128	1,070,885	0.17%
10,001 - 100,000	331	12,12,680	2.00%
100,001 - and over	251	614,413,507	97.68%
<b>Total</b>	<b>1856</b>	<b>629,017,589</b>	<b>100%</b>

## 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	38,238,924	6.08
4.	Mr Vikas Jain	37,745,930	6.00
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	24,199,437	3.85
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>	16,528,066	2.63
12.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	15,650,000	2.49
13.	Mr Mohammed Saleh Alalshaikh	11,347,387	1.80
14.	Ferguson Superannuation Pty Ltd	10,000,000	1.60
15.	Mr Peter Kelvin Rodwell	9,422,858	1.50
16.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery <Flannery Family S/F A/C>	8,983,483	1.43
17.	Mr Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C>	8,848,381	1.40
18.	Mr Warren William Brown + Mrs Marilyn Helena Brown	8,664,286	1.38
19.	Mr Vikas Malu	7,000,000	1.11
20.	Mr Pradeep Kumar Goyal	6,794,426	1.08
<b>Total</b>		<b>427,835,877</b>	<b>69.70%</b>

## 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 a mine developer and producer of base and precious metals. For more information, please visit: [www.alararesources.com](http://www.alararesources.com).



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

Image: Cartouche of Alara