

**ASX/MEDIA RELEASE**  
Tuesday, 3 July 2018

## **AL HADEETHA RESOURCES - FIRST INTERNATIONAL JV TO RECEIVE COPPER MINING LICENCE IN OMAN**

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to report on a public ceremony at which the Public Authority for Mining (**PAM**) of Oman named Al Hadeetha Resources as the recipient of the first copper mining licence since 2004 and identified the beginning of a new chapter for copper mining in the Sultanate.



### ***Al Hadeetha Mining Licence Public Launch***

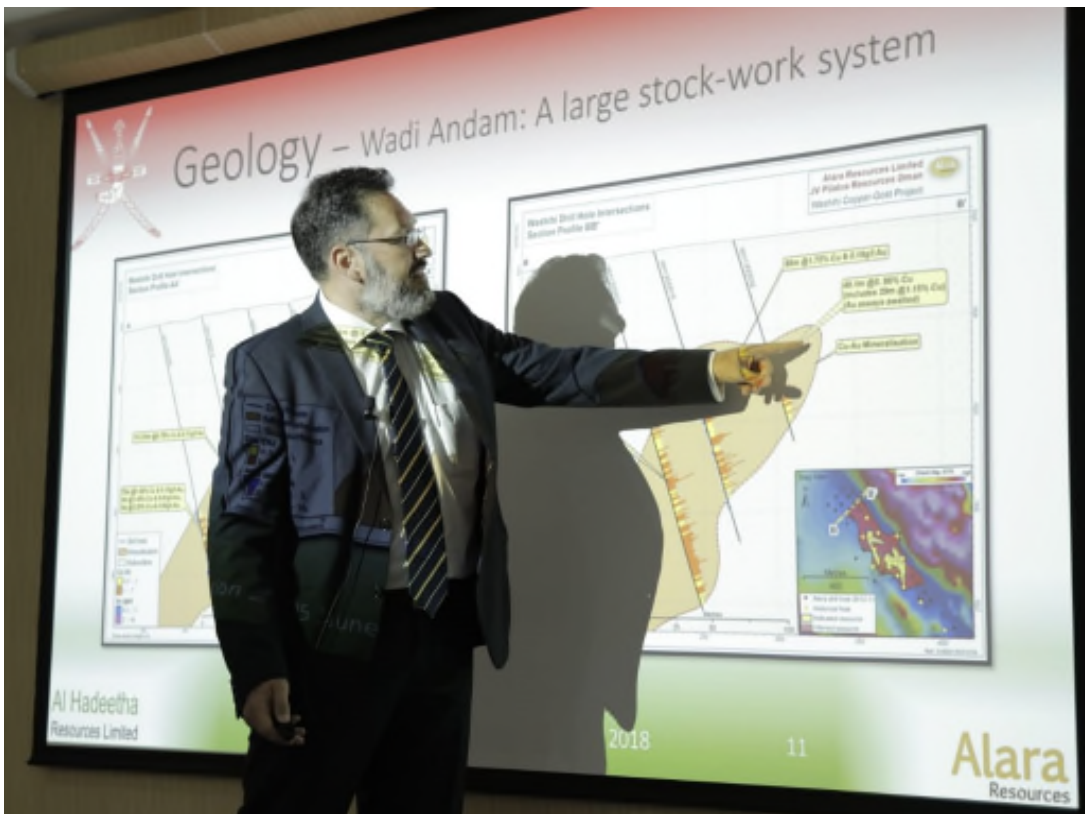
Over 100 government authorities, community leaders, VIPs and other honoured guests attended an official launch of the Al Hadeetha Mining licence, hosted by the Public Authority for Mining last week.

The event received widespread media coverage in Oman<sup>1</sup>, including every major newspaper, plus television and social media reports, boosting the profile of the Project and the future of copper mining in Oman.

Dr. Salim Al Mahrougi, Director General for Minerals Investment Affairs, gave the opening address. He highlighted the rich history of copper mining in the Sultanate, the significance of Al Hadeetha Resources being the first company in Oman to receive a copper mining licence in 14 years and signalled further opportunities for working together to develop copper opportunities in Oman.

Alara's JV partner Sayyid Khalid bin Hamed Al Busaidi, Chairman of the Al Naba Group, graciously recognised his partnership with Alara and the >US\$11m (~AUD\$15m) investment made in the Project thus far.

Alara Managing Director Mr Justin Richard was introduced to deliver the concluding address. Mr Richard's presentation gave an overview of the Project history, highlighting Alara's seven years of work which had led to this point. He also highlighted the global growth in copper usage and what that meant in terms of improved Project economics and the future of copper mining in Oman.



### **Mr Richard Delivering the Concluding Address**

After the meeting, His Excellency, Eng. Hilal Al Busaidi, CEO of the PAM, spoke to media identifying the benefits of the Project to the economy of Oman and as a catalyst to future growth and development.

The Company is very pleased to be working closely with PAM at a time when the Sultanate is so focused on developing the mining sector, particularly copper.

Alara is now focused on the appointment of the EPC contractor and the execution of financing terms.

Mr Riad Faour, CEO of Progesys has been working closely with Alara's management team and the EPC bidders to finalise the award.

Mr Venkat Ganesan, Managing Director of Avalon Global has also been engaged and is working closely with Alara on the financing side. It is noted that the first instalment payment under the offtake agreement (announced 23 March 2017) has now been received.

This is an important period of advancement for the Company and further announcements, including updates on the status of its MOUs and other agreements are expected to follow shortly.

### **JORC Code Competent Persons Statements**

(Competent Persons Statements are at the end of the attached Presentation.)

**ENDS**

## For further information, please contact:

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## About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Washihi, Mullaq and Al Ajal exploration licences in Oman and a Feasibility Study for the Al Hadeetha Copper Gold Project, Washihi ore reserve. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: [www.alararesources.com](http://www.alararesources.com)

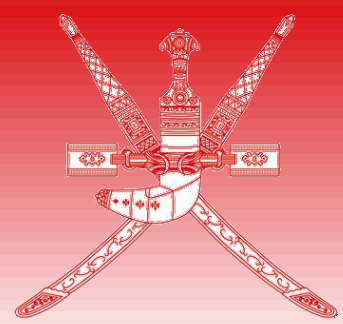
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<sup>1</sup> Press coverage includes:

<http://www.omanobserver.om/copper-mining-all-set-to-resume-in-oman/>  
<http://beta.timesofoman.com/article/136961/Business/Economy/Copper-to-begin-in-Mudhaibi>  
<https://www.muscatdaily.com/Archive/Business/Mining-authority-announces-launch-of-copper-project-in-Oman-59rp>  
<http://www.omanobserver.om/contract-award-for-oman-copper-concentrator-plant-soon/>

The production target and mine life in the articles are based on the same information as is contained in the Company's ASX announcements: for example, the announcement titled *Oman Activities Update* dated 24 Jan 2017. The financial information in the articles are journalist's summaries of corresponding high-case information from the feasibility study, such information having been previously released to the market in the Company's ASX announcements: for example, *Oman Activities Update* referred to above. Since the above articles were published, the Company has released updated feasibility study information – see the Company's ASX announcement titled *Oman Copper Project Update – Base Case NPV at US\$90m* dated 28 June 2018. Investors are referred to that latest announcement, in place of the articles, for the production target, mine life, actual financial information in USD and all other Project information.

Statements in the articles to the effect that: "Total Project resources are estimated at 16mn tonnes of copper", are summaries of the information about the Project's JORC Mineral Resource estimate which was fully disclosed, in appropriate categories, in for example the Company's ASX announcement titled *Oman Activities Update* dated 24 Jan 2017. A portion of that announced Mineral Resource has also been converted to an Ore Reserve - see the Company's announcement titled *Maiden Ore Reserve Al Hadeetha Copper Gold Project* dated 15 December 2016.

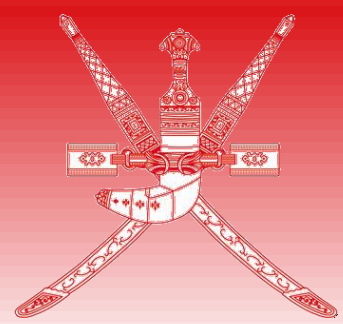


# Welcome

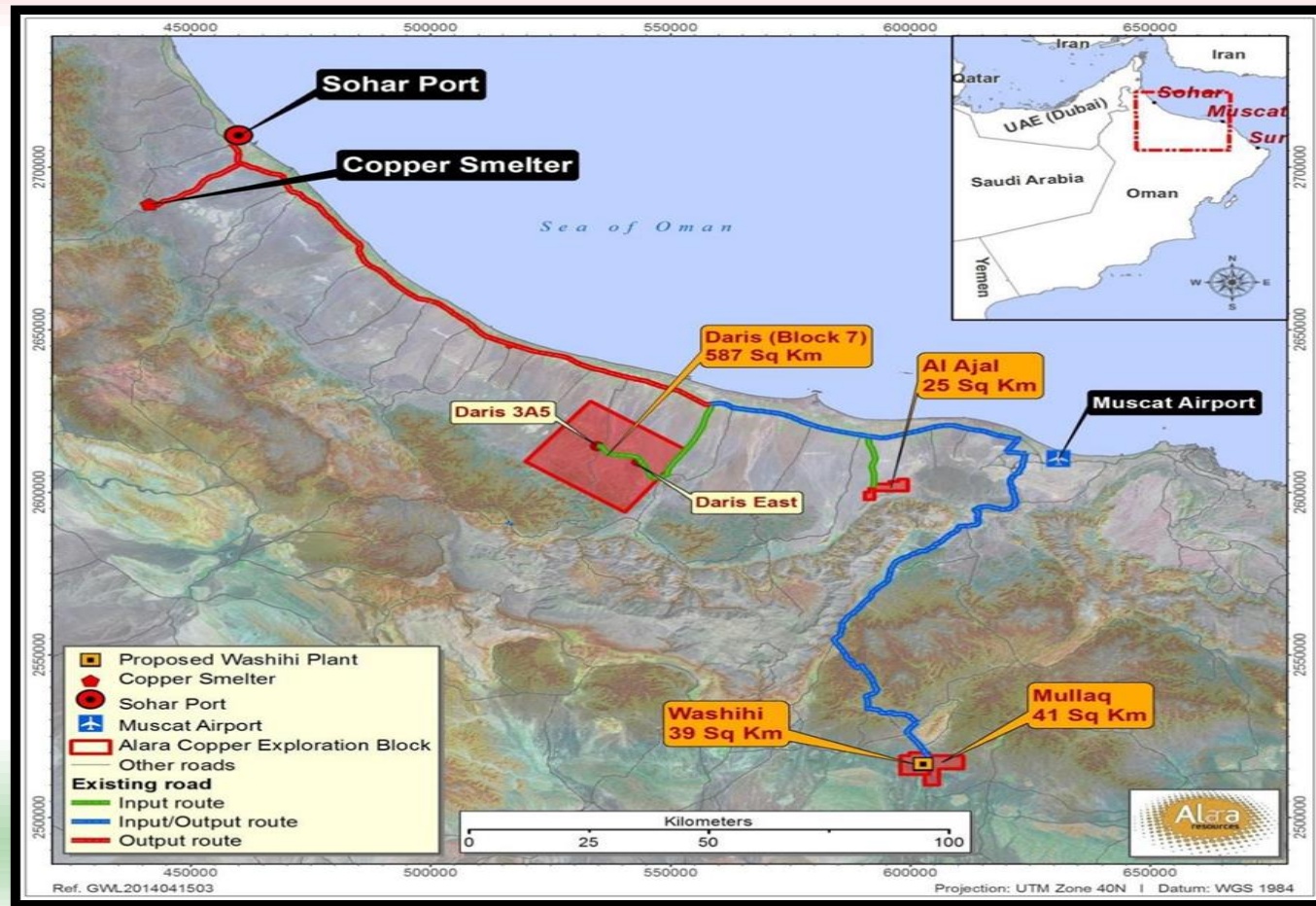
We are pleased to present to you the

## Al Hadeetha Copper Project

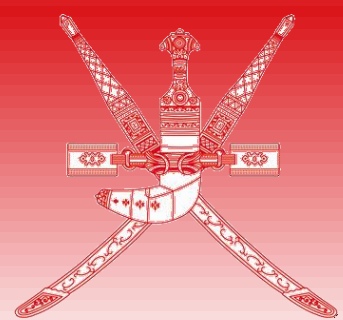




# Project Location - Regional Overview



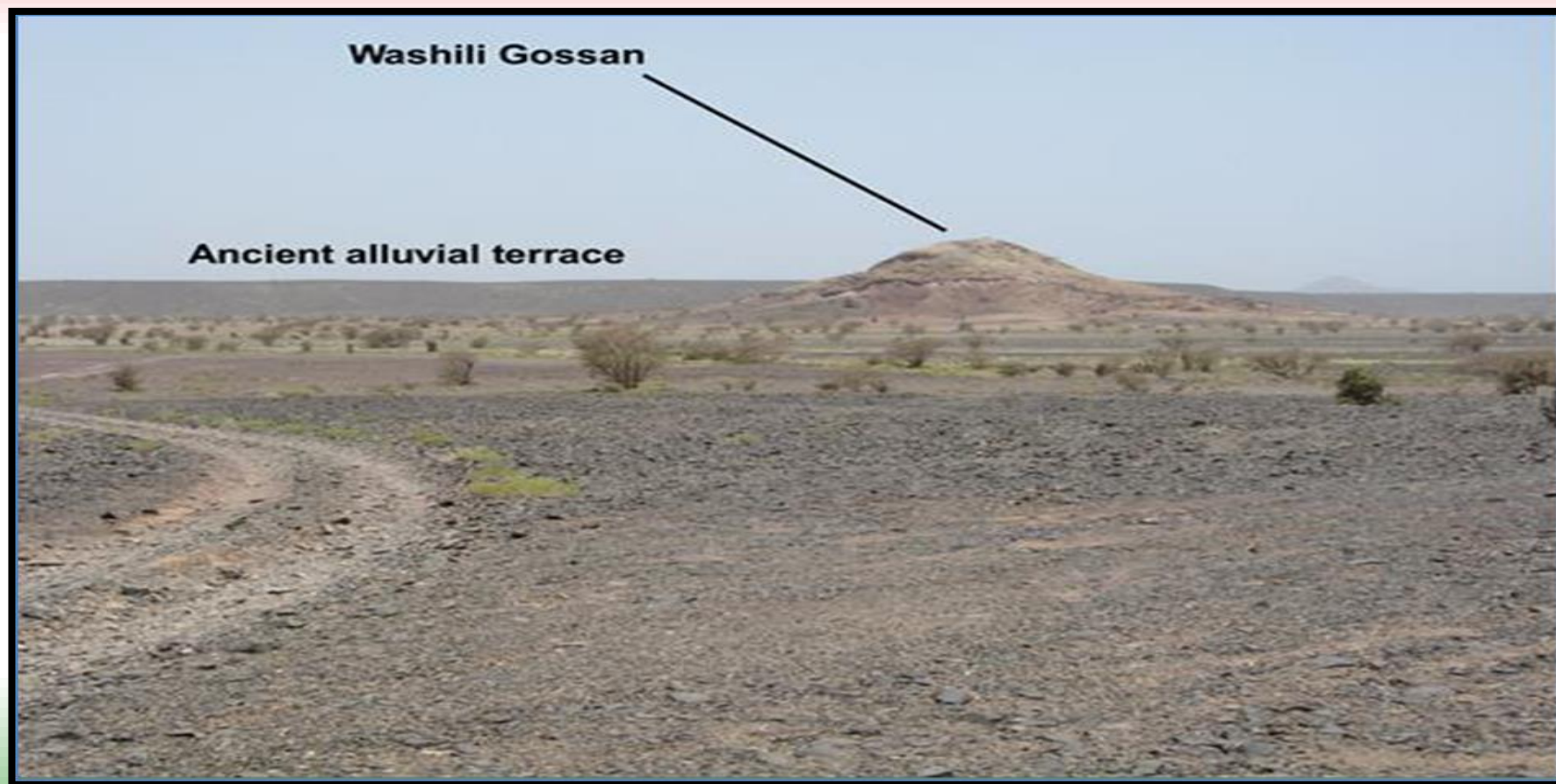
- Muscat
  - 160km on Nizwa-Sinaw Highway to the Wadi Andam Mine Site
- Sohar Copper Smelter
  - 370 km to the Mine Site
- Sohar Port
  - 355 km to Mine Site

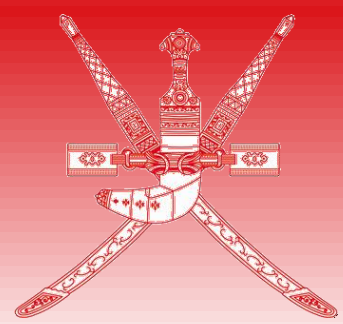


# Wadi Andam Copper Deposit

## Geological Expression

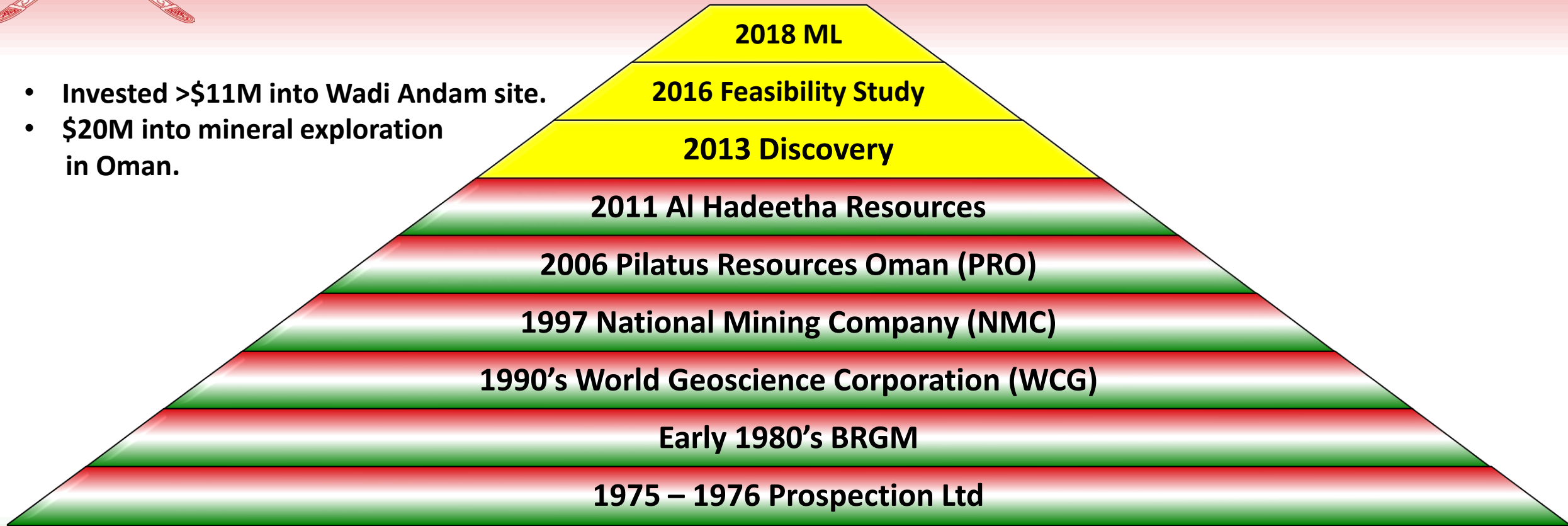
- A conspicuous gossan surrounded by alluvial terraces is the surface expression of the Wadi Andam copper deposit. Immediate area is devoid of any other outcrops





# Discovery Timeline

- Invested >\$11M into Wadi Andam site.
- \$20M into mineral exploration in Oman.





# Typical Exploration Program

Project Planning

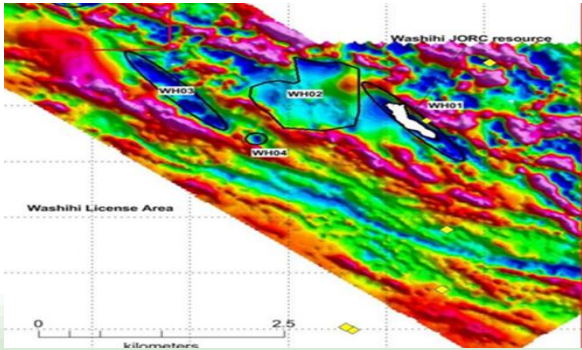
Reconnaissance Surveying



Follow-up Surveying



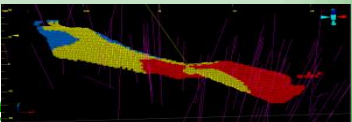
Target Identification



Target Testing



Resource Delineation/Evaluation



Mining License

20-50 % of original area

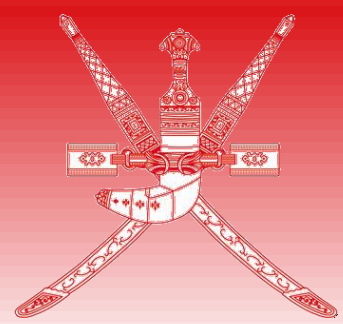
5-20% of original area

1-5% of original area

< 1% of original EL

Feasibility Study



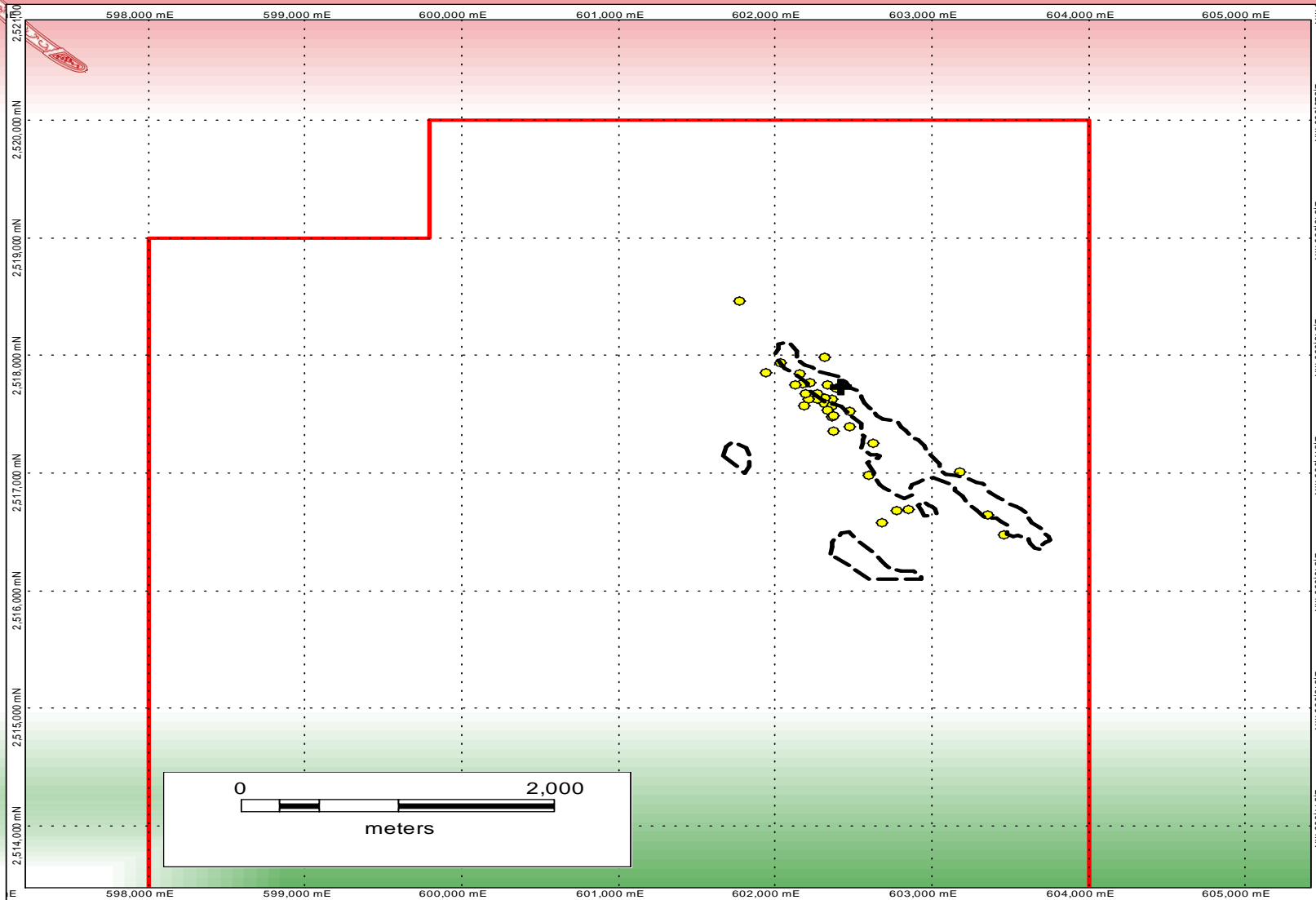
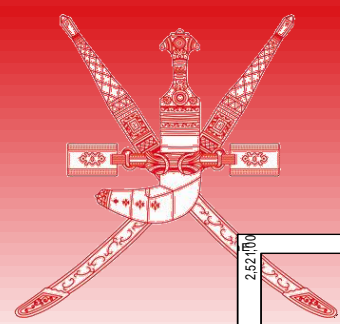


# Oman Projects Activity Summary

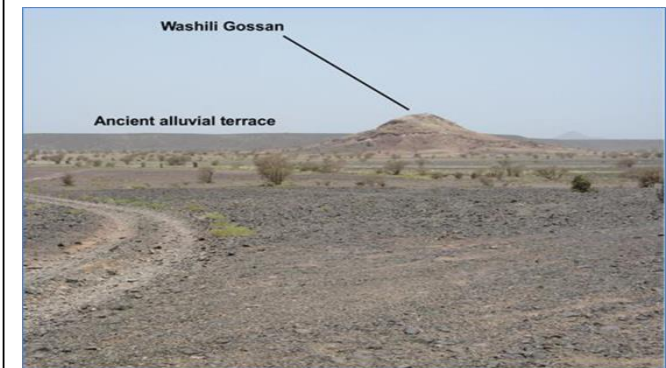
- Airborne Geophysics: + 1300 line kms
- Ground Geophysics: +1200 line kms
- Drilling: +17,000m completed
- Feasibility Study Complete
- High potential exploration targets and open mineralisation to pursue
- Over US\$ 11m already invested



# Wadi Andam – An exploration discovery

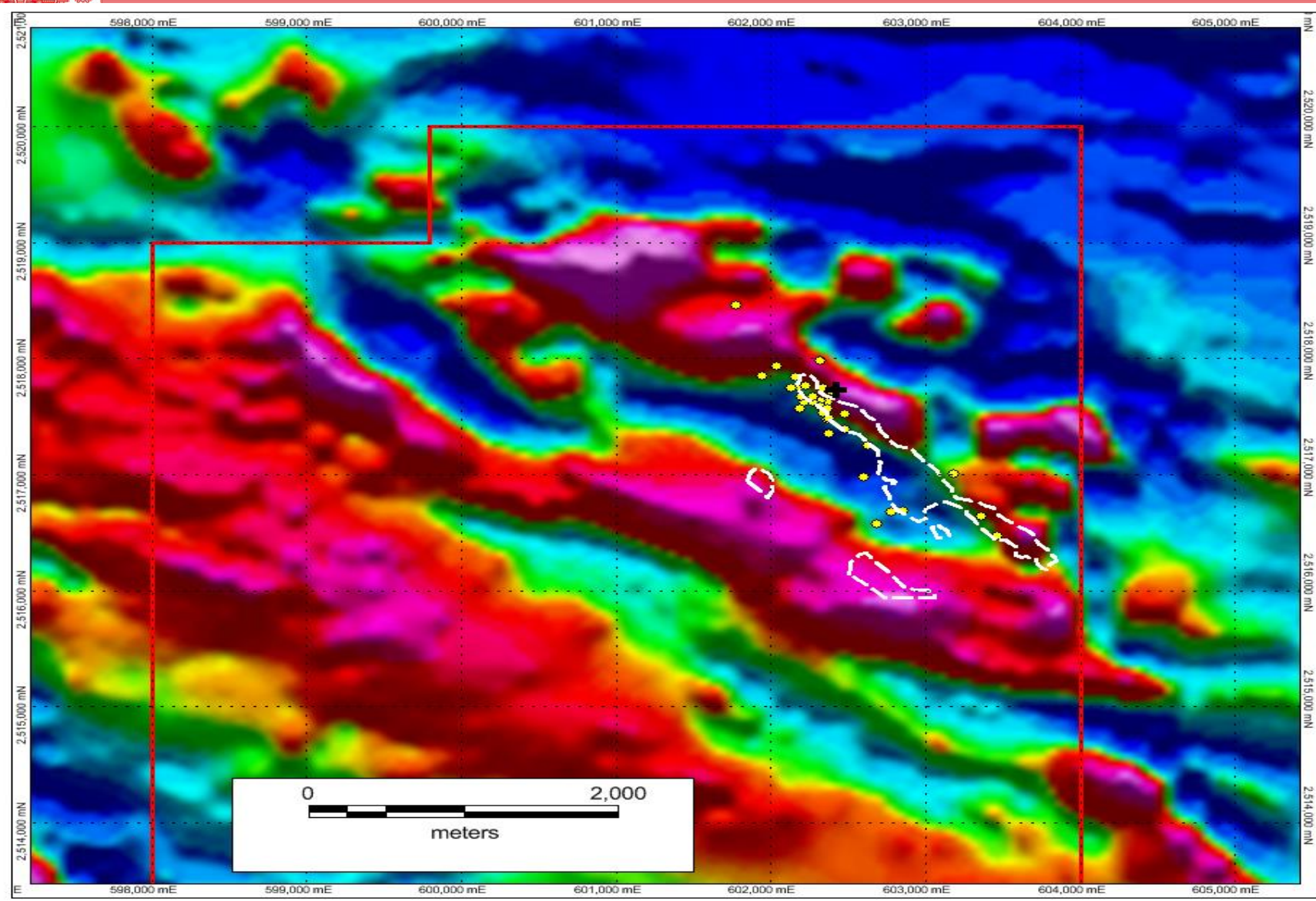
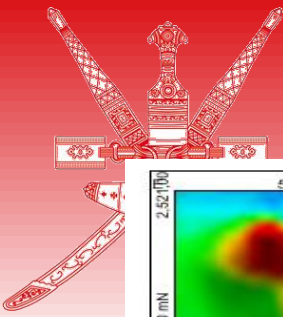


- ✚ Gossan cap
- ⊕ Historic drilling
- ⬭ WGS IP Anomaly



- Prospection Ltd (1976-1978)
- MPM (1981-82)
- BRGM (1982-1985)
- WGC (1996-97)
- NMC (1993-1999)
- Pilatus PRO (2008-2010)

# Wadi Andam-Exploration discovery



- ✚ Gossan cap
- ⊕ Historic drilling
- ⬭ WGS IP Anomaly

Previous evaluations  
(Non JORC – but since  
superseded by JORC estimates –  
see slide 12)

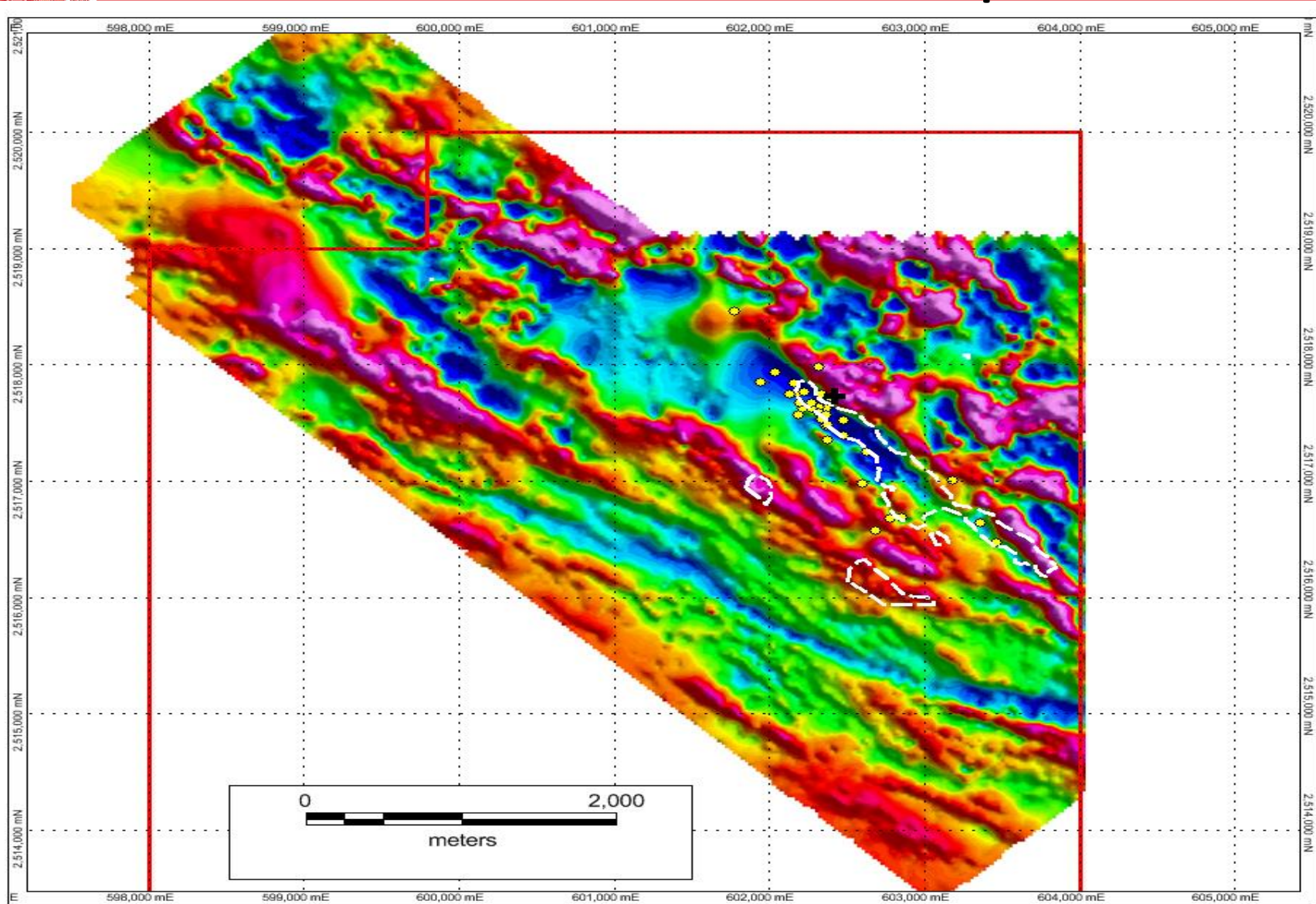
1.30 Mt @ 0.67% Cu

3.36 Mt @ 0.79 % Cu

4.50 Mt @ 0.71 % Cu and  
0.27 g/t Au



# Wadi Andam - Exploration discovery



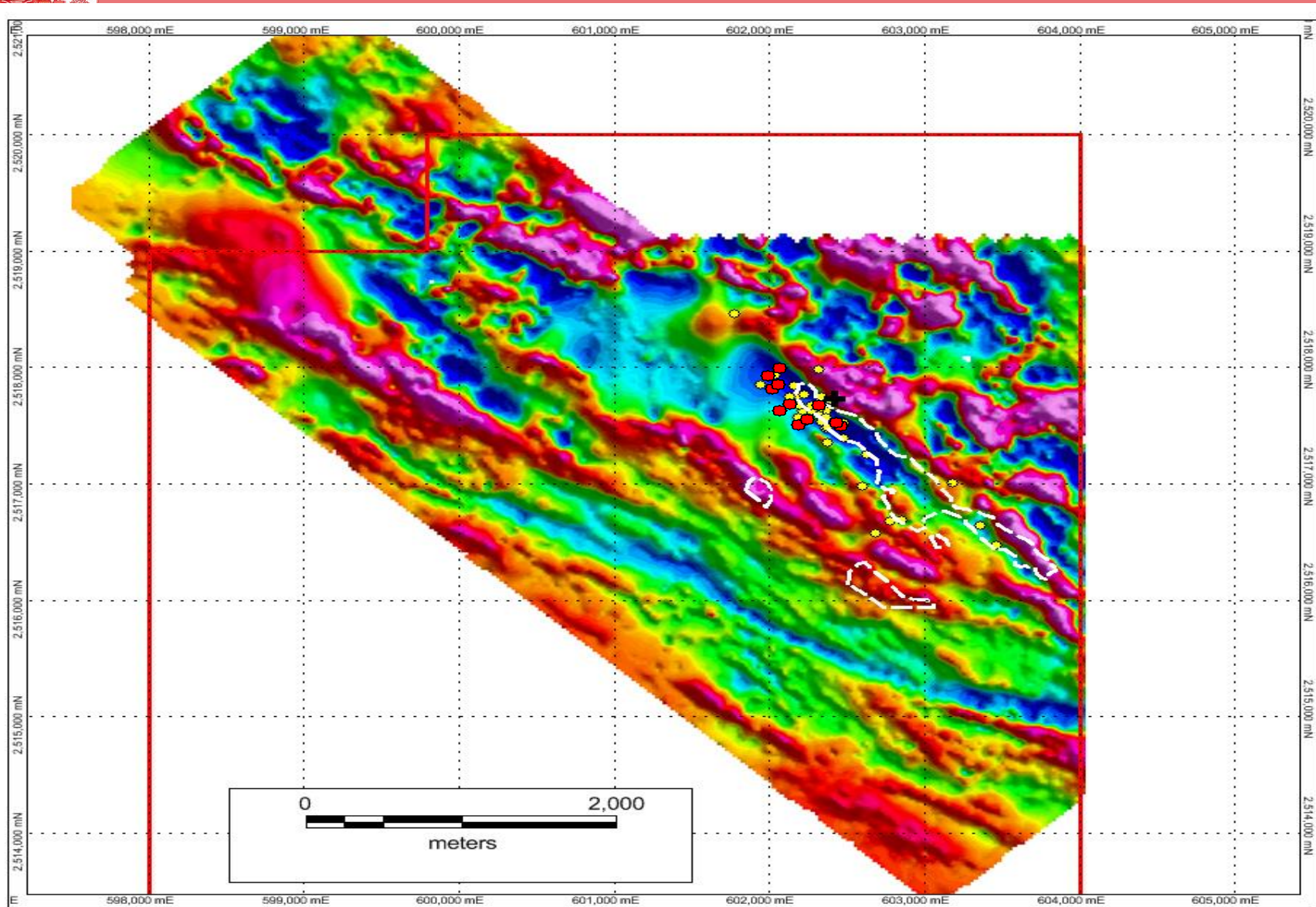
- ✚ Gossans hill
- ✚ Historic drilling
- ⬇ WGS IP Anomaly

Work since 2011

- Geophysics
- Geochemistry
- Drilling
- Scoping studies
- Option studies
- Feasibility studies

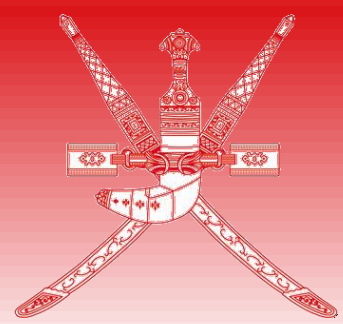


# Wadi Andam - Exploration discovery

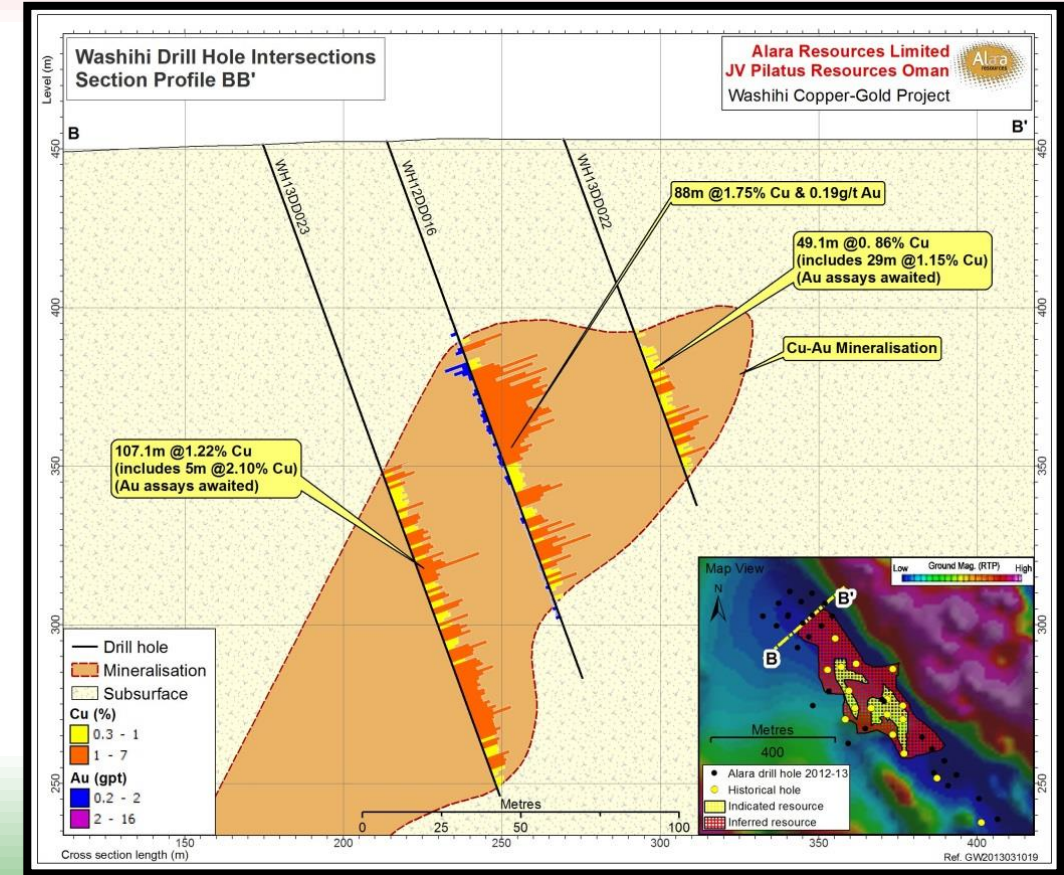
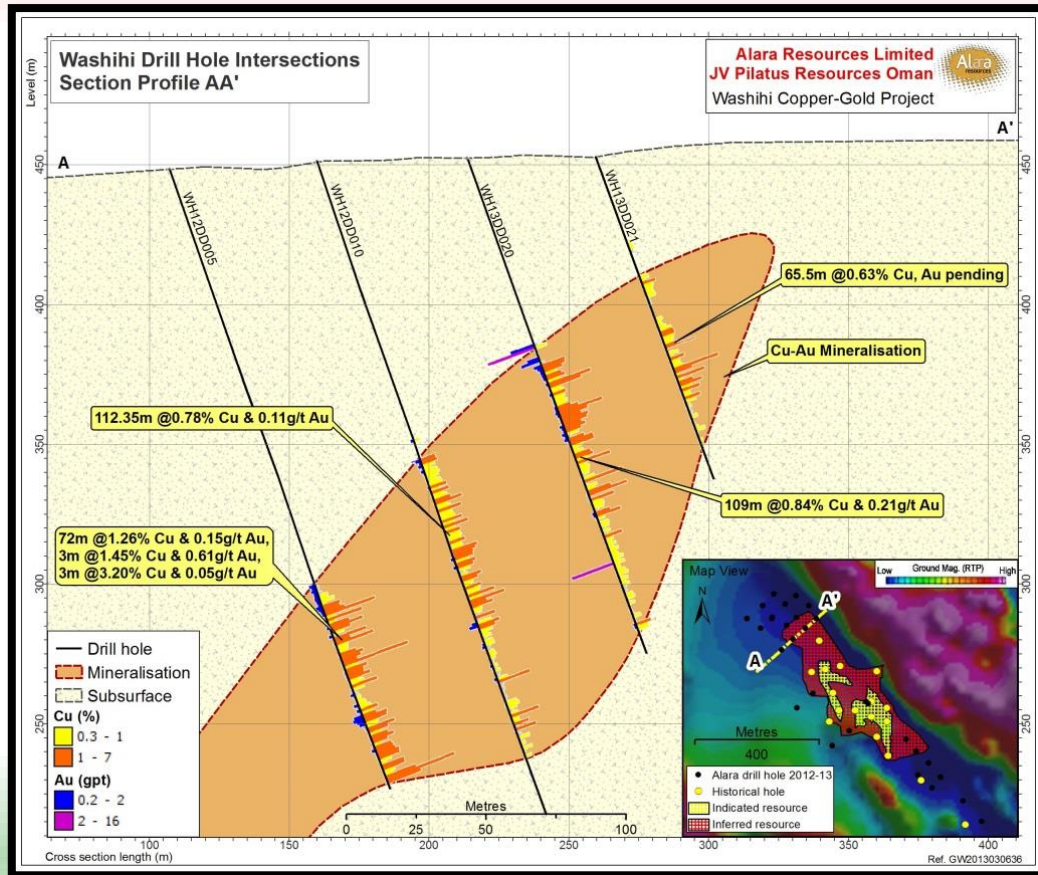


- ✚ Gossans hill
- ✚ Historic drilling
- ⬭ WGS IP Anomaly
- Alara Initial drilling



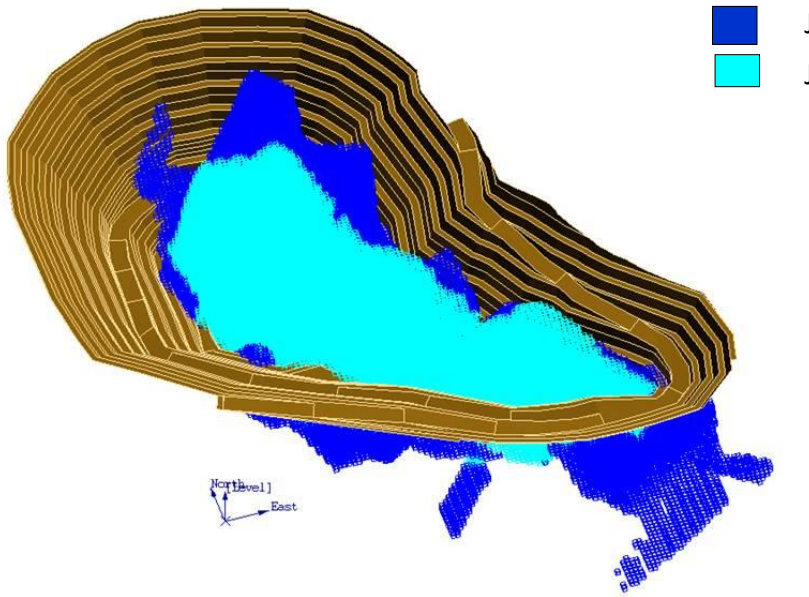


# Geology – Wadi Andam: A large stock-work system

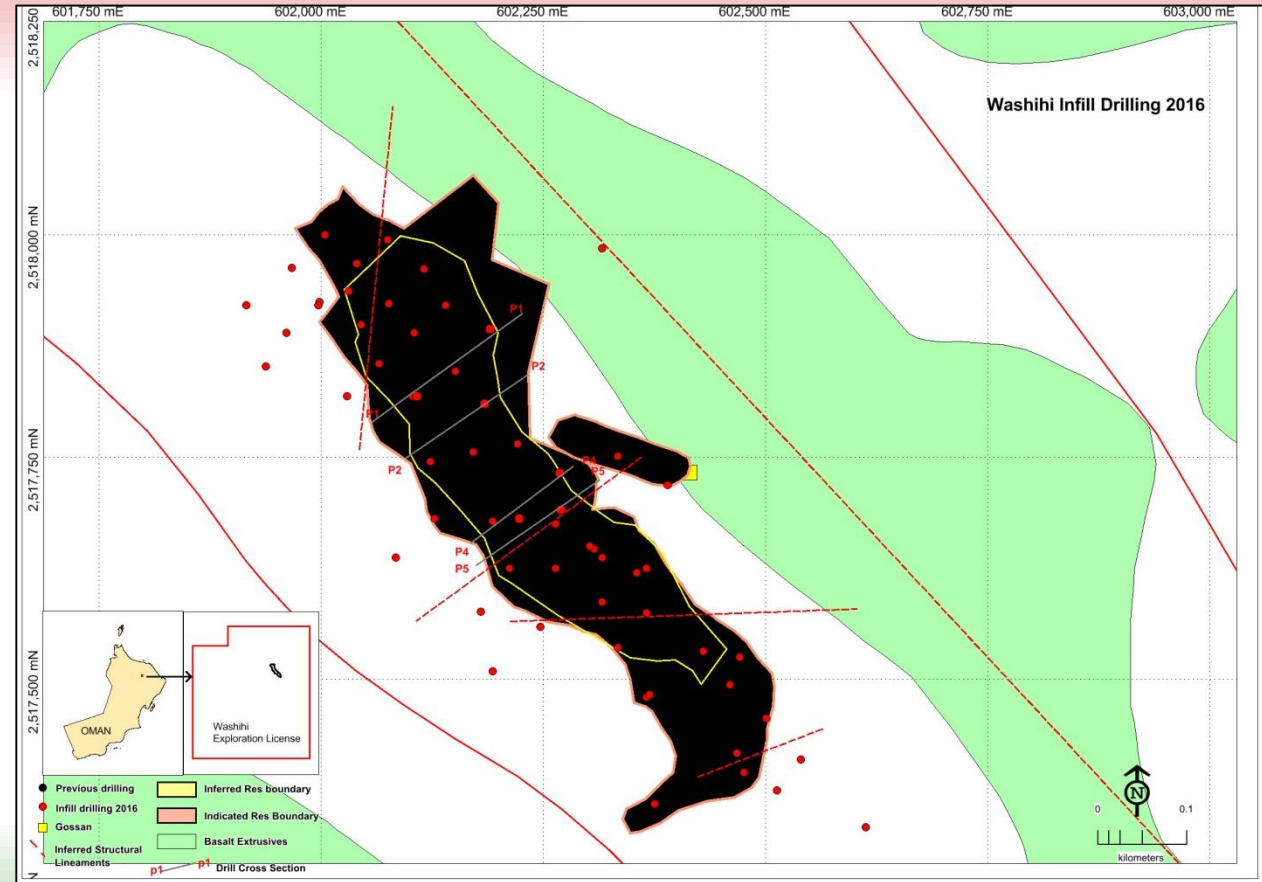


# Wadi Andam- Copper Resource

Complete Resource	Tonnes millions	Cu %
Indicated	12.4	0.89
Inferred	3.7	0.79
<b>Total</b>	<b>16.1</b>	<b>0.87</b>

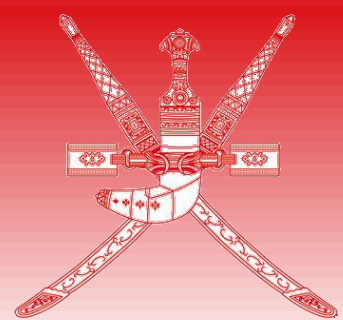


■ JORC Inferred  
■ JORC Indicated



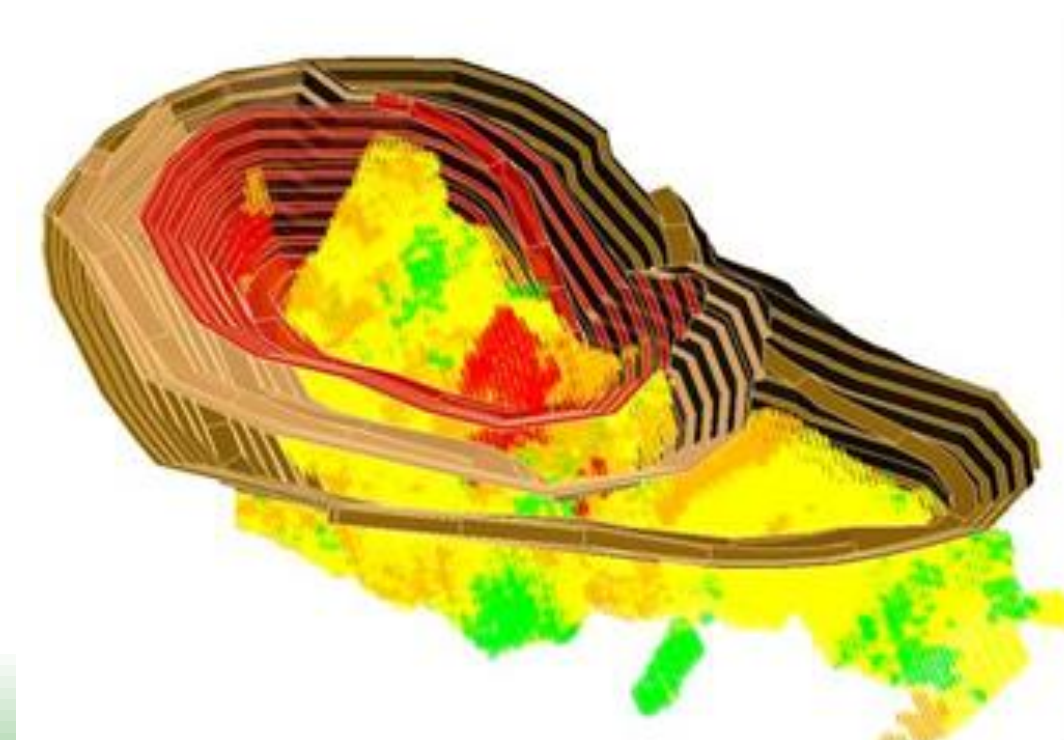
- Significant Intersection outside current resource limits



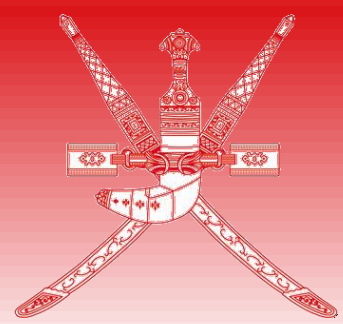


# Wadi Andam – JORC Ore Reserve

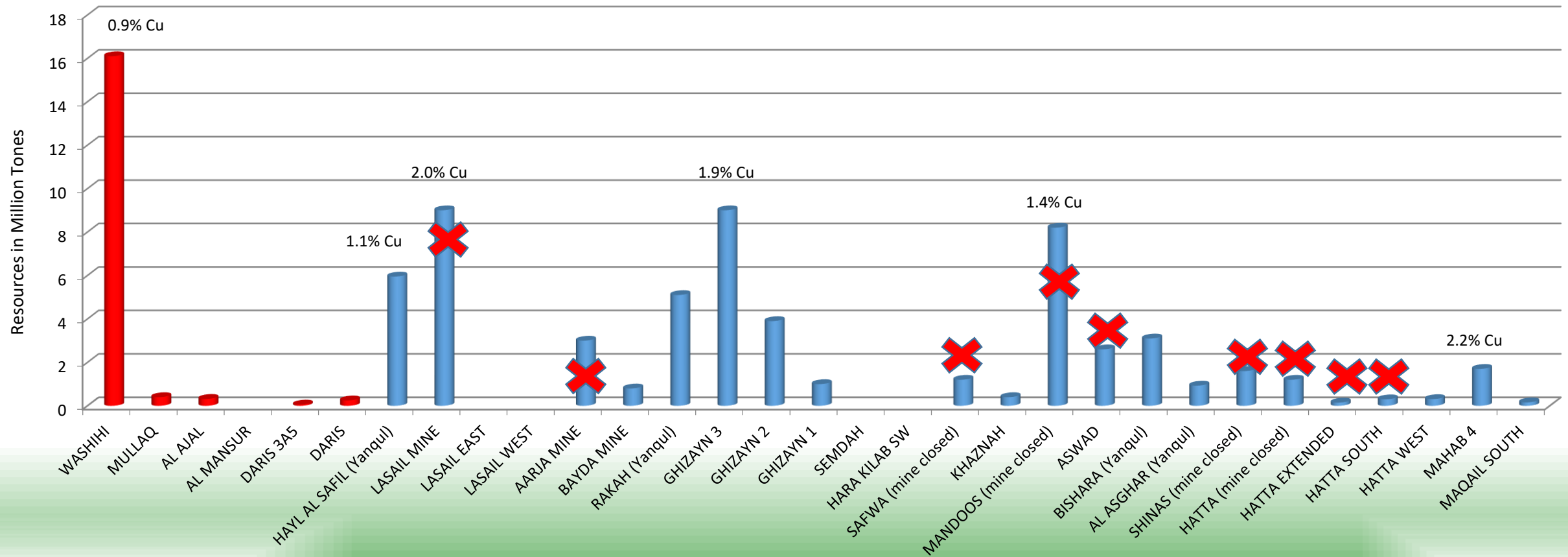
In Pit Resources JORC 2012 Category	Tonnes millions	Cu %	Au g/t
Probable Reserves	9.70	0.88	0.22
Inferred Resource	0.35	0.65	0.22
<b>Total</b>	<b>10.05</b>	<b>0.87</b>	<b>0.22</b>

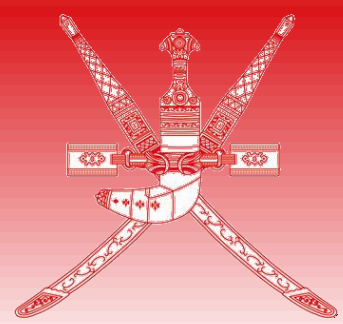






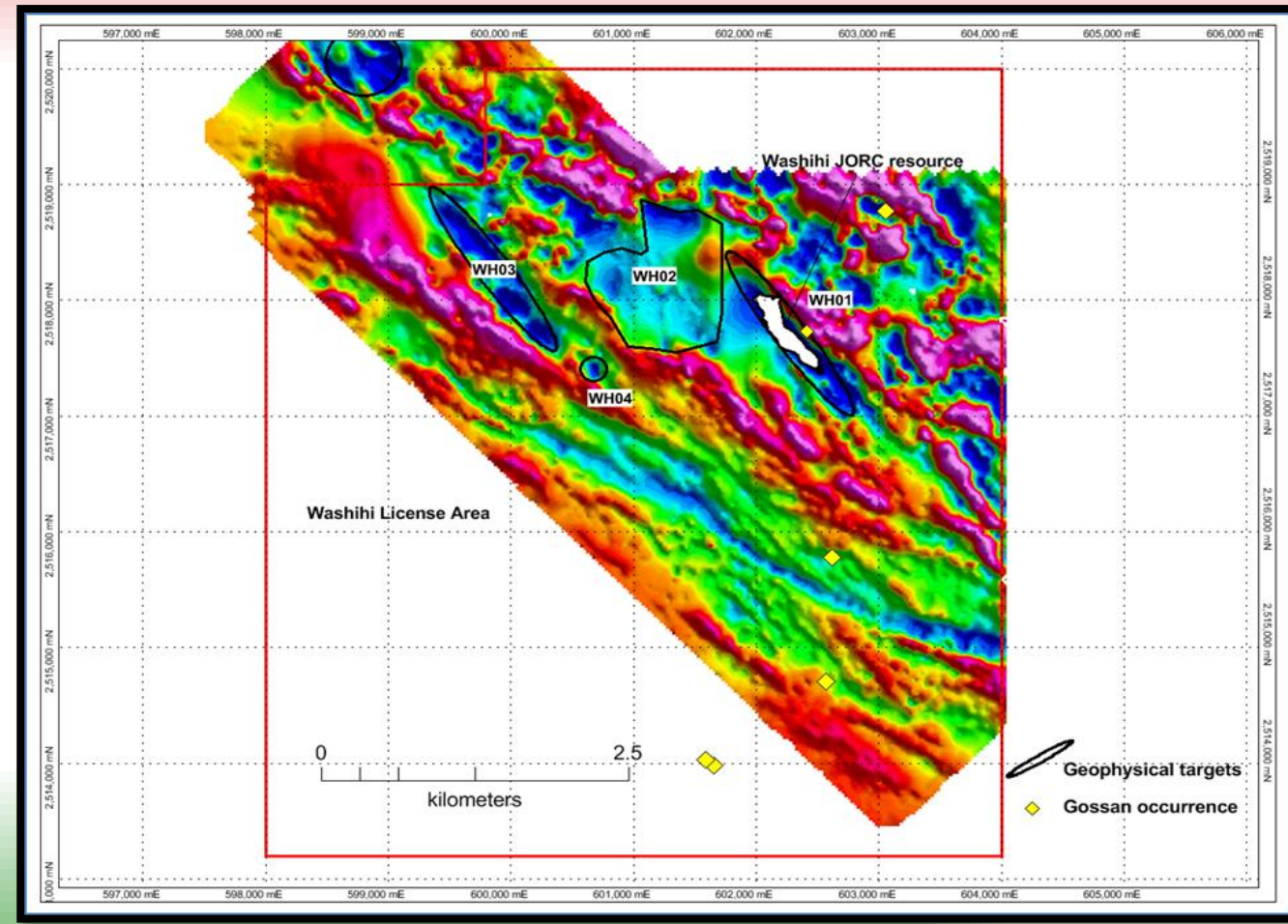
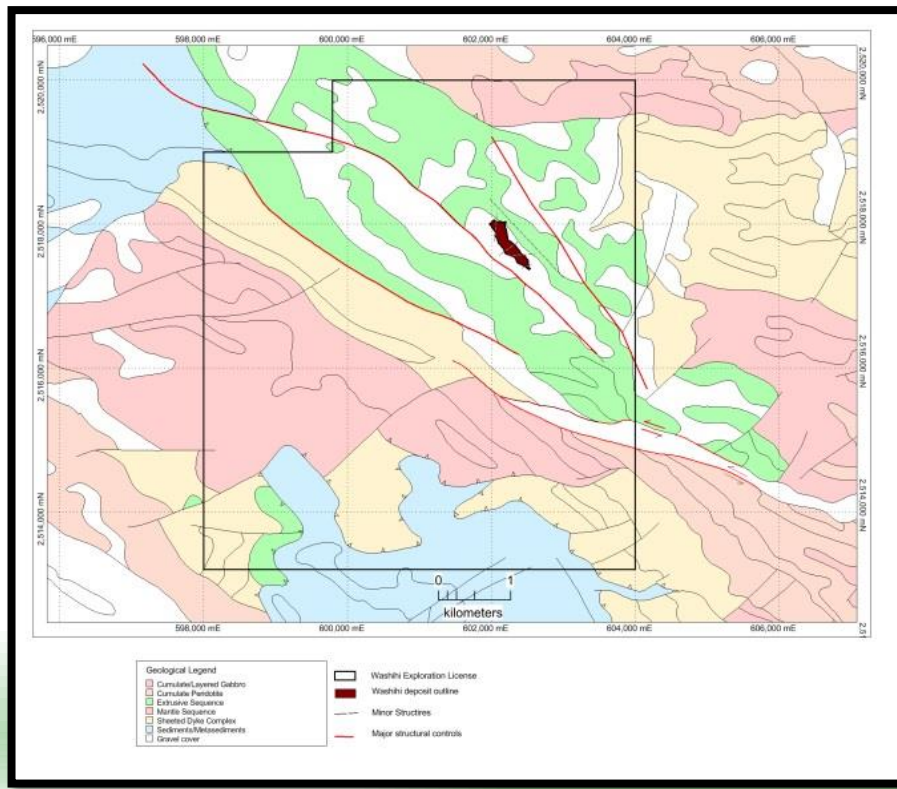
# Known Copper Deposits

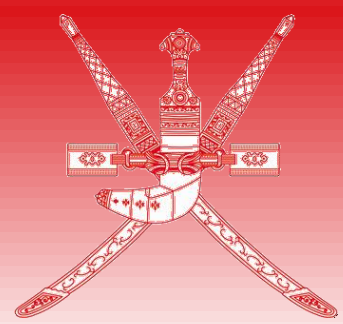




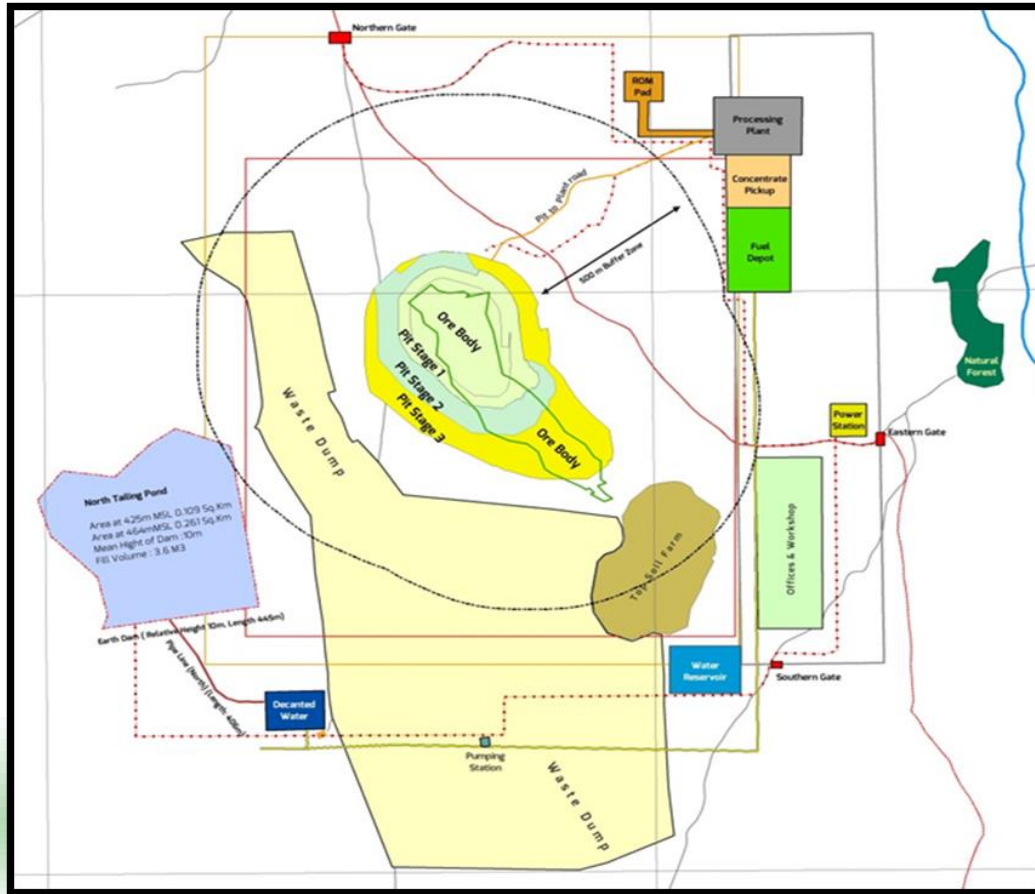
# Geology – Wadi Andam: Exploration Potential

## Wadi Andam - Geological Map

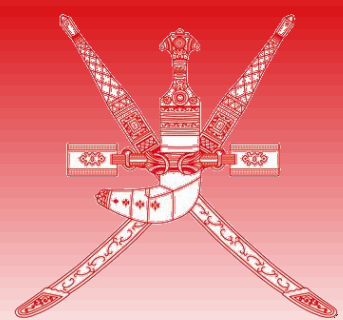




# Project Summary Layout



- Mining ore (Copper ~1%)
- Crushing & Grinding
- Flotation – beneficiation
- Produce Concentrate (Copper 24.6%)
- Concentrate transport to smelter



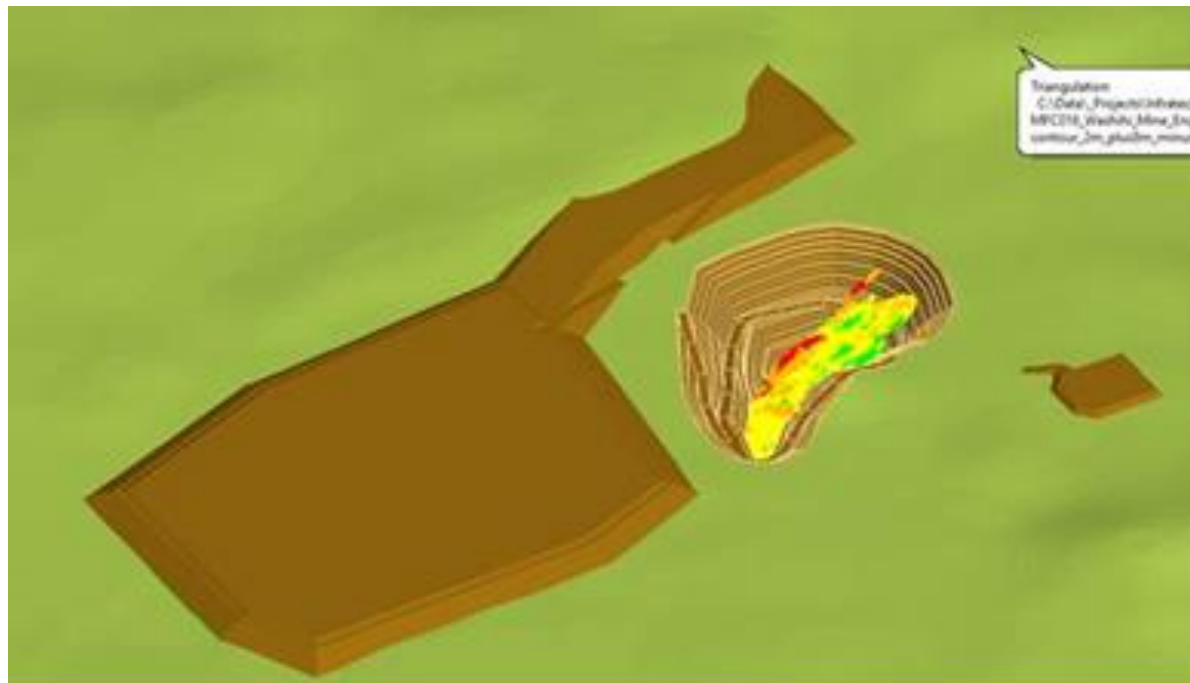
# Mining – Life of Project Pit Design

## Method

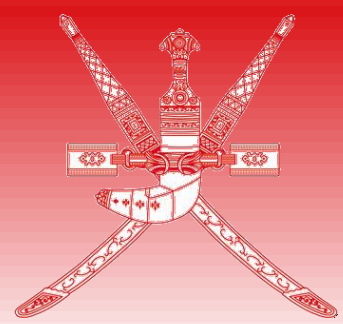
- Open pit mining – Drill & Blast
- 120t Excavators
- 70-90t off highways dump trucks
- Ore and Waste rock stockpiles

## Total Volume Extracted

- Total: 62.1 million tonnes (MT)
- 52Mt waste
- 10.1Mt ROM mineralised material



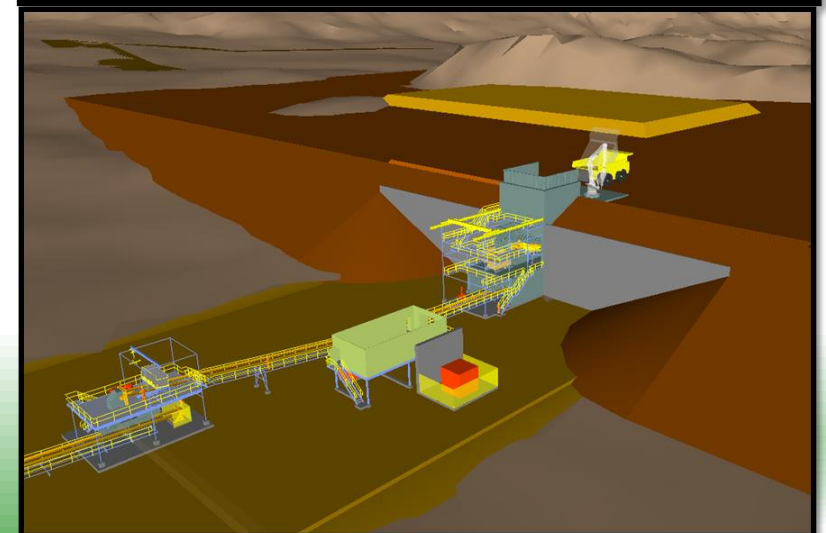
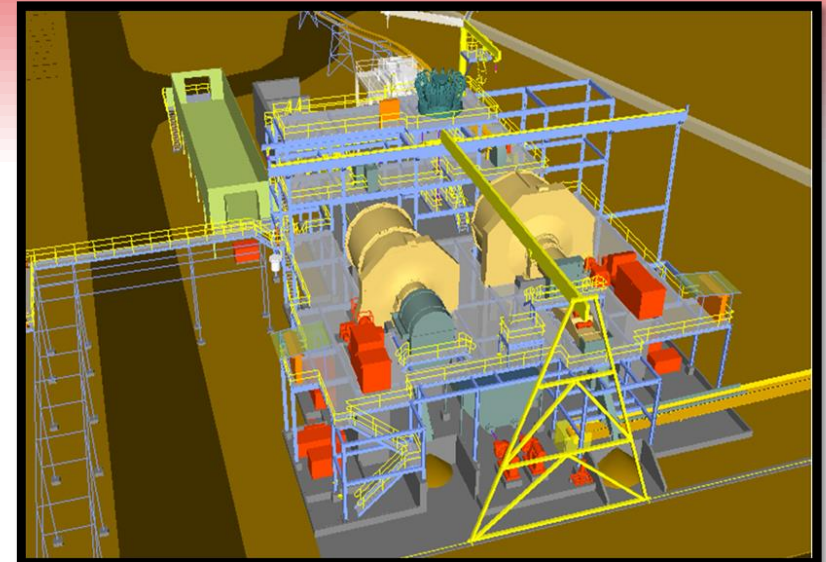


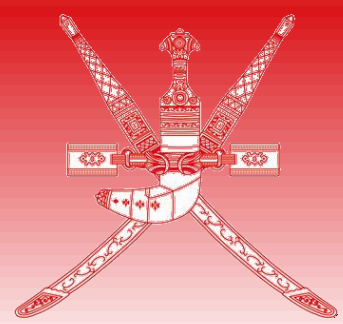


# Process Plant

## Process plant:

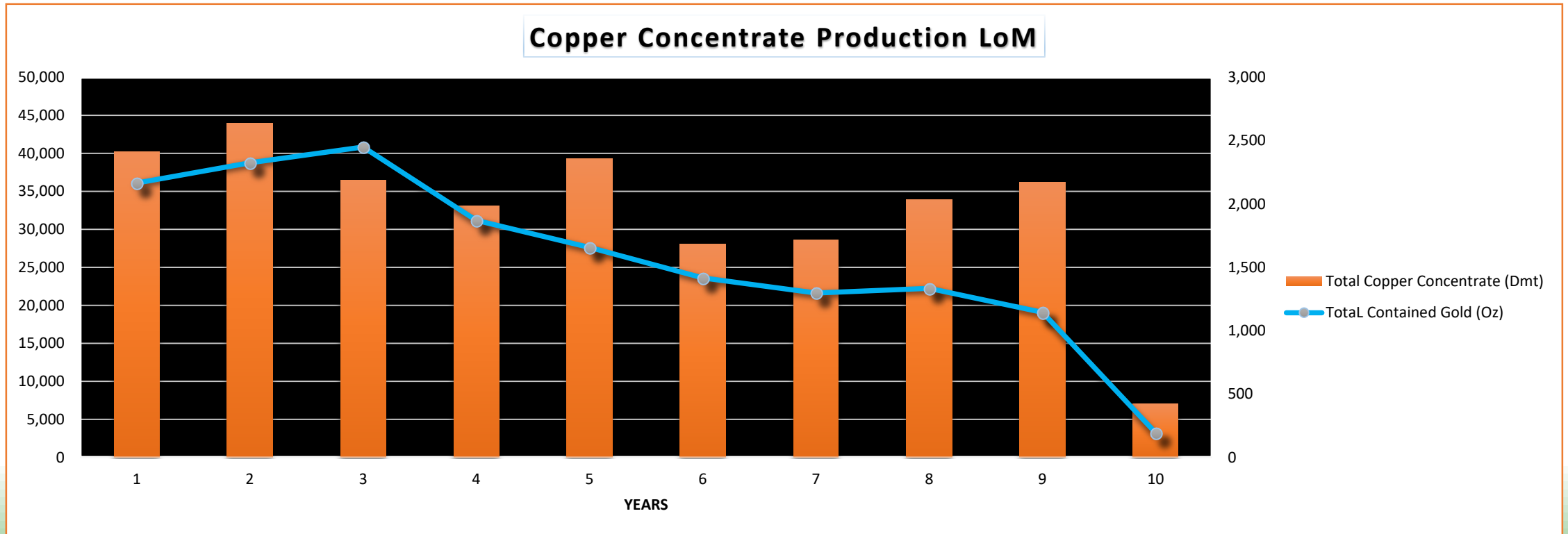
- Processing
  - Crushing, grinding, floatation, thickening, ceramic filter and drier for concentrate
- Plant Design:
  - Plant throughput:
  - 1Mt per annum
  - 915,000t first year, 1,000,000 years 2 to 10, 196,000 to in 11th year
  - Total - 10.1Mt for the Project Life
- Process design criteria:
  - Based on metallurgical test work

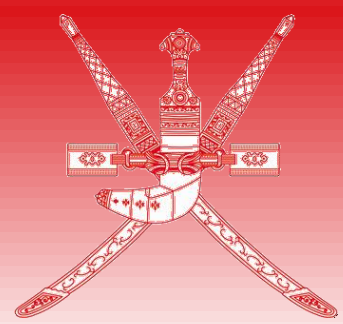




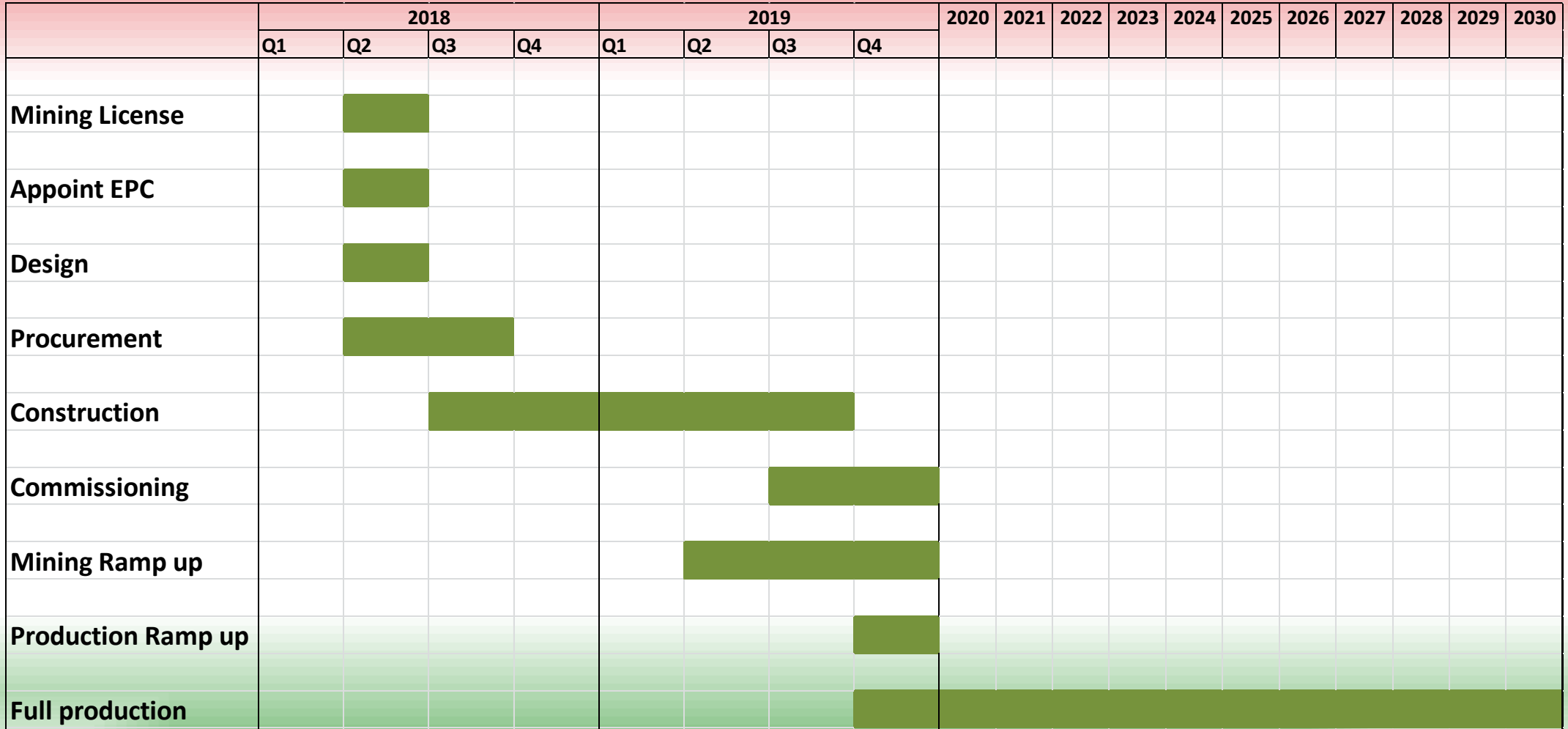
# The finished product

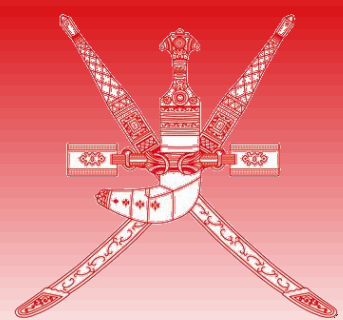
## Projected Copper Smelter Feed





# The Project Timeline





# Financials & CSR

## Project

- Capex ~US\$70 million\*\*
- Opex ~US\$270 million
- Revenue > US\$ 500 million\*

## Government Take

- Royalty > US\$ 30m\*
- Corporate Taxes > US\$ 30m\*

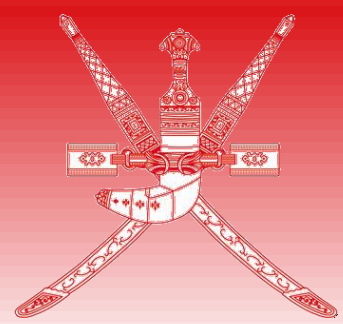
\*\* Includes pre operating expenditure

\* Subject to copper price

## Societal benefits (CSR)

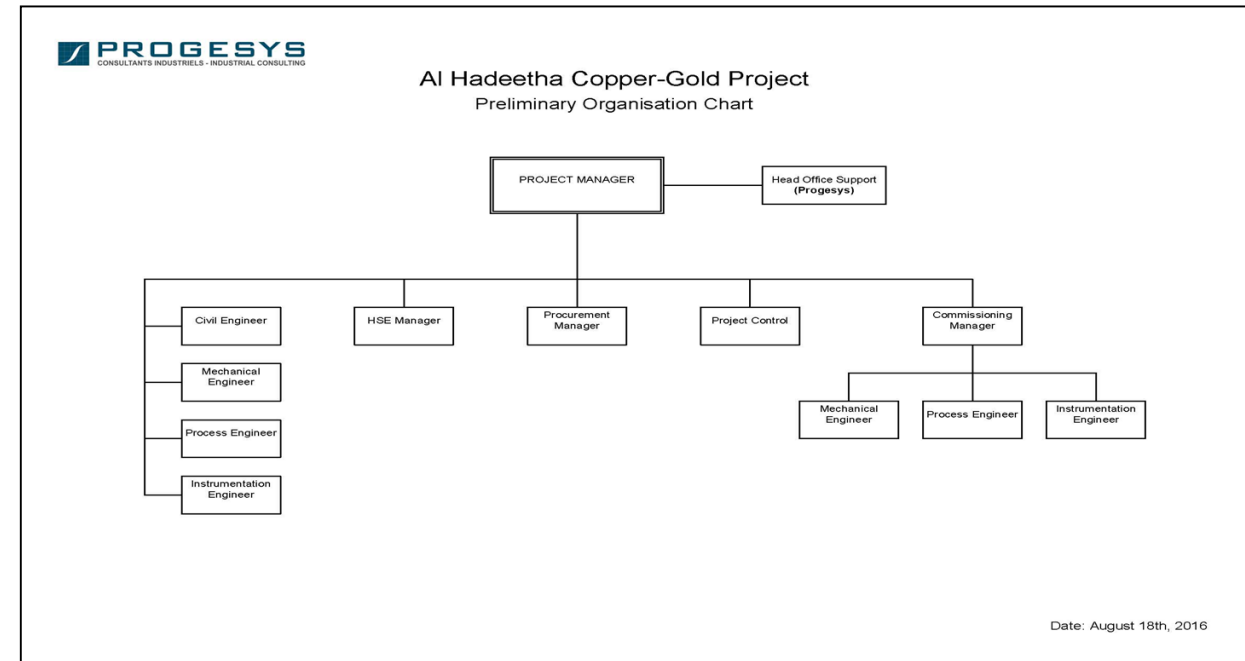
- Employment generation and benefits
- Interest and charges to local banks > US\$ 15m
- Capacity building – training
- Appointment of local SME's / contractors (> 10% of capex & opex)
- Forex cashflow

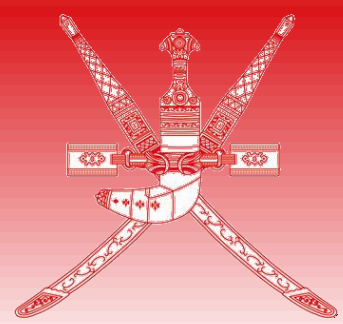




# Project Implementation & Operation

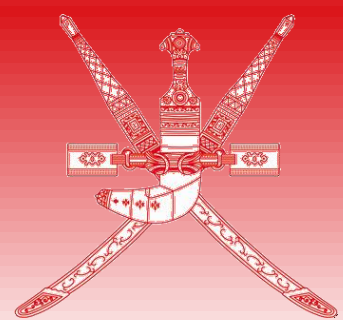
- A competent Project Management team appointed
- EPC Contractor to build and operate the plant
- Mining Contractor to manage the mining fleet
- All statutory conditions added to risk register
- Key consultants engaged to manage Environment, Waste, Water Management plans





# Employment

- Construction workforce estimated 200 (Peak)
- Permanent work force – Total = 175
  - Mining – 58
  - Process – 73
  - Management and support staff – 44
- Site Services
  - Village catering and cleaning
  - Village Maintenance



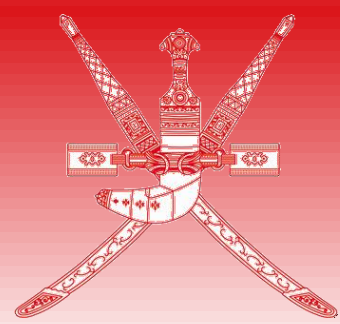
# Socioeconomics



- Direct employment
- Benefit of water share
- Park maintenance and development
- Local skill development
- Local supplier/vendors
- Infrastructural development - electricity and roads



# Copper Demand



## BELT & ROAD INITIATIVE TO UNDERPIN DEMAND

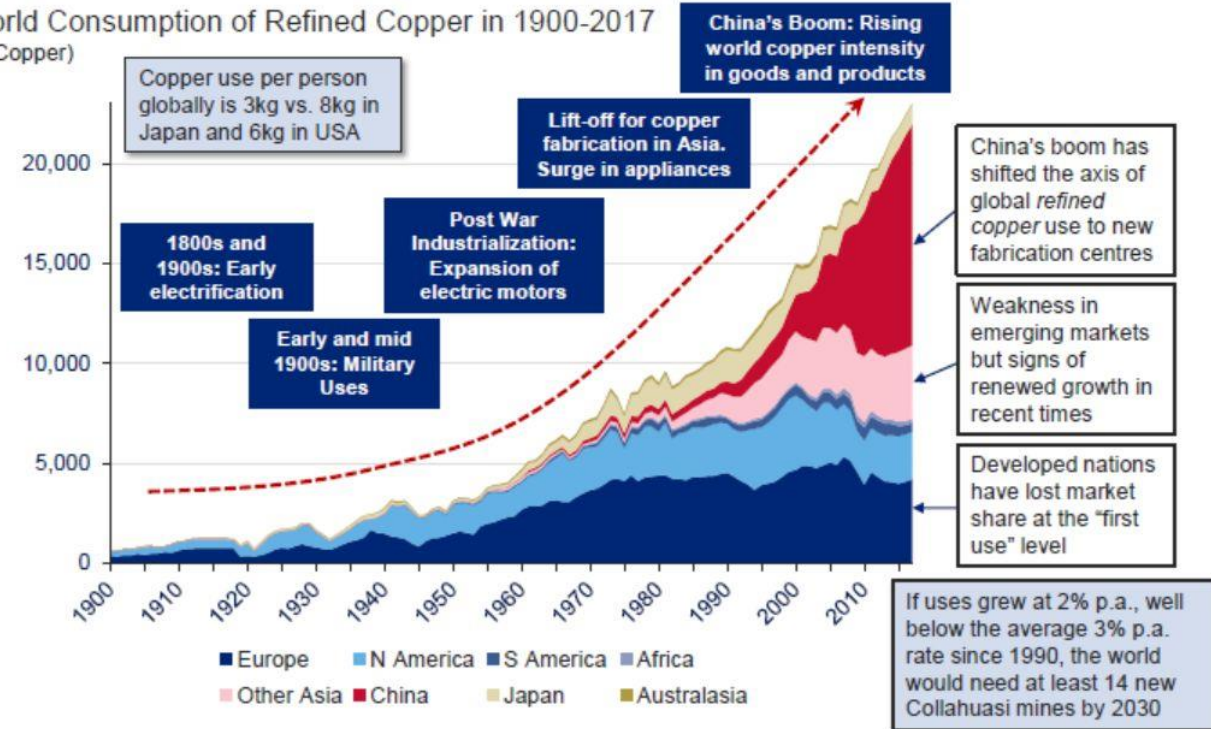


- A planned development story on a scale not seen before – 60% urban dwellers in China, 400 million more to come by 2030s
- Urban renewal, satellite cities, infrastructure corridors and new industrial hubs (e.g. Xiong An in Hebei province)
- Connectivity, innovation and quality the key themes of today, in line with the 13<sup>th</sup> 5-Year Plan and 'Made in China 2025' program
- We see this through the eyes of our customers...and their customers
- We have confidence in China's ability to overcome current challenges
- Impact of the 'Belt and Road' initiative evident today; Infrastructure requirement of US\$10.6 trillion in 2016-20 in 60 countries
- Wider global benefits with a long-lasting positive impact on copper consumption

Source: China-Britain Business Council, Anglo American Marketing Analysis.

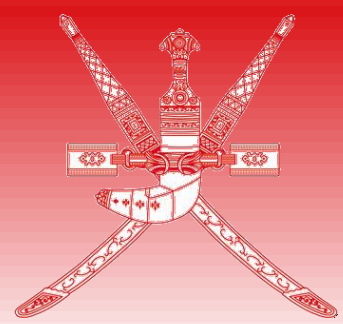
## AVERAGE COPPER USE PER PERSON SET TO RISE

World Consumption of Refined Copper in 1900-2017 (kt Copper)



Source: CRU, Wood Mackenzie, Anglo American Marketing Analysis

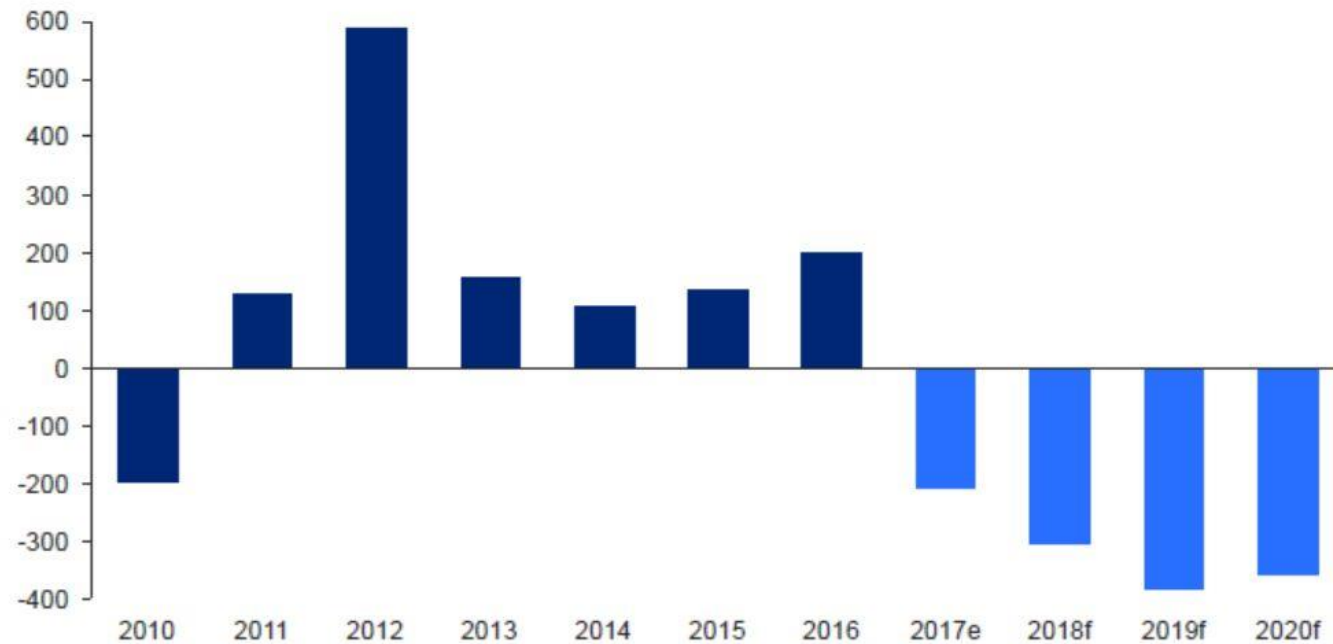




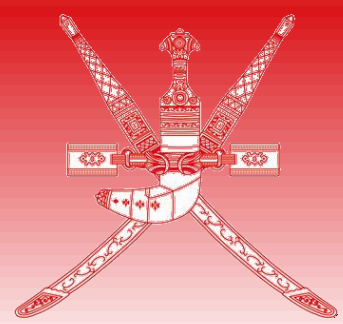
# Copper supply / demand

## SECTOR BALANCES – TIGHTENING IN 2018-20

Global Supply/Demand Balances for Refined Copper  
(kt Copper)

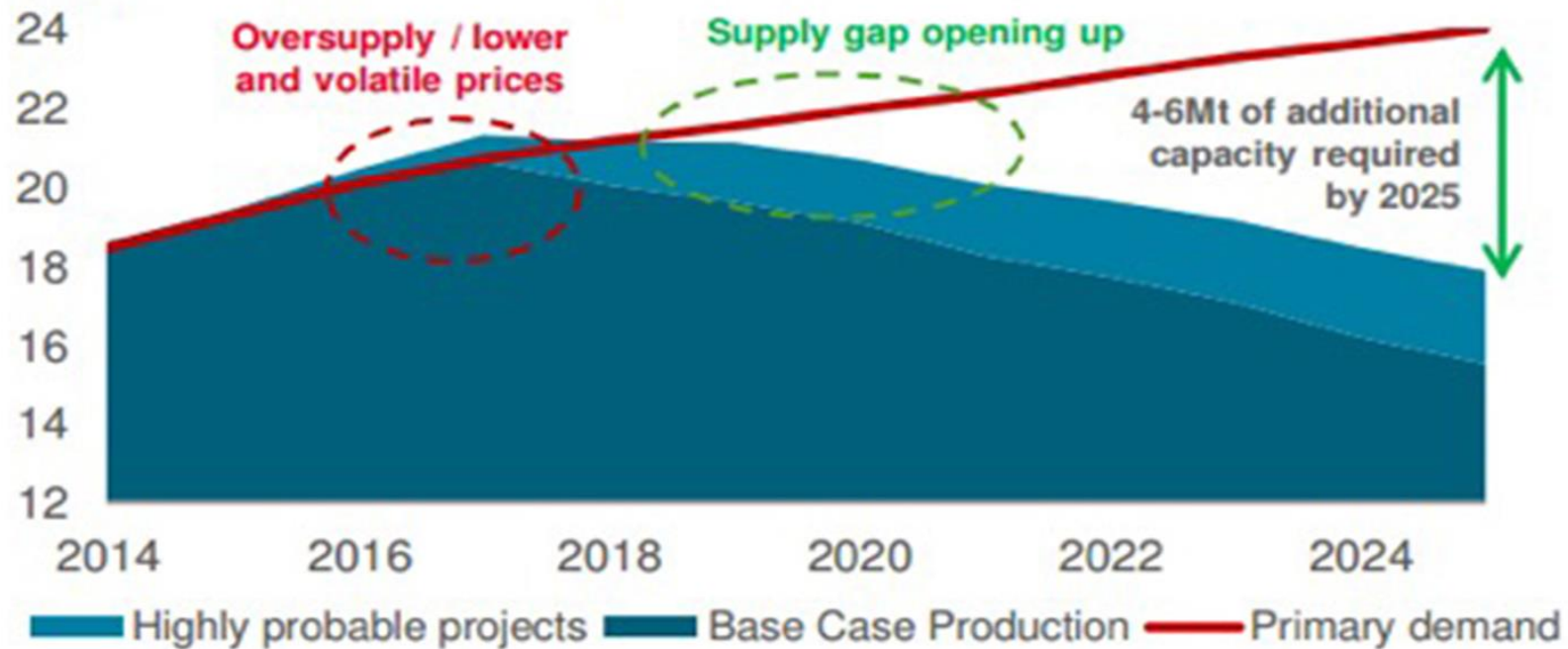


Source: Wood Mackenzie, CRU, Incomare, BLC, Anglo American Marketing Analysis

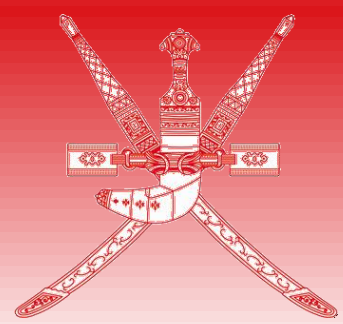


# Copper price forecast

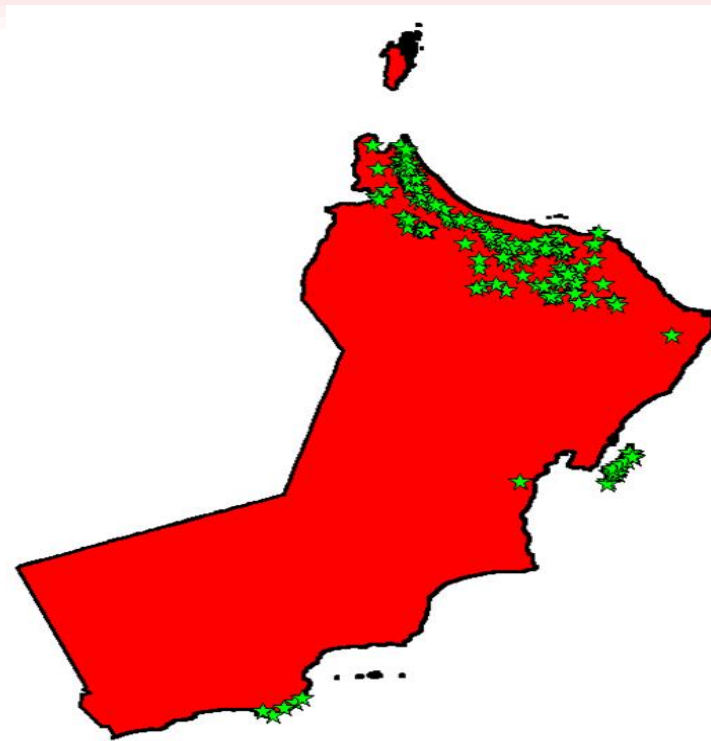
Copper supply/demand (million tonnes)

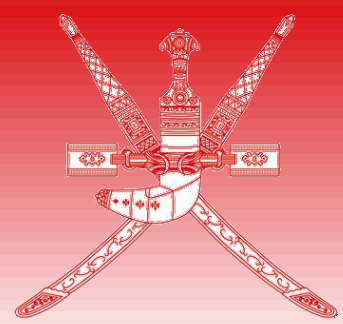


Source – Wood Mackenzie, Rio Tinto



# Oman – Land of Copper





# Competent Persons Statements

## COMPETENT PERSONS' STATEMENTS

*The information in this announcement that relates to the Al Hadeetha Copper-Gold Project Mineral Resource is extracted from the Company's report titled "Oman Activities Update" created on 24 January 2017 and available to view at [http://www.alararesources.com/irm/PDF/2336\\_0/OmanActivitiesUpdate](http://www.alararesources.com/irm/PDF/2336_0/OmanActivitiesUpdate) and on [www.asx.com.au](http://www.asx.com.au) by searching for announcements under the company code AUQ. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement in the case of estimates of Mineral Resources, and that all material assumptions and technical parameters underpinning the estimates in that market announcement related to Mineral Resources continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's (Mr Ravi Sharma) findings related to Mineral Resources are presented have not been materially modified from the original market announcement.*

*The information in this announcement that relates to the Al Hadeetha Copper-Gold Project Ore Reserve is extracted from the Company's report titled "Maiden Ore Reserve Al Hadeetha Copper Gold Project" created on 15 December 2016 and available to view at [http://www.alararesources.com/irm/PDF/2322\\_0/MaidenOreReserveAlHadeethaCopperGoldProject](http://www.alararesources.com/irm/PDF/2322_0/MaidenOreReserveAlHadeethaCopperGoldProject) and on [www.asx.com.au](http://www.asx.com.au) by searching for announcements under the company code AUQ. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement in the case of estimates of Mineral Resources, and that all material assumptions and technical parameters underpinning the estimates in that market announcement related to Ore Reserves continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's (Mr Harry Warries) findings related to Ore Reserves are presented have not been materially modified from the original market announcement.*

*The information in this announcement that relates to the feasibility study of the Al Hadeetha Copper-Gold project, including the production target and financial information, is based on information compiled by Mr Atmavireswar Sthapak, who is a Member of the Australasian Institute of Mining and Metallurgy and is an executive director of Alara Resources. Mr Sthapak has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012. Mr Sthapak consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*