

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

#### CAPITAL STRUCTURE (AS AT 31 MARCH 2018)

**Shares:** 629,017,589

**Options:** 3,000,000 (\$0.04 exercise price)

**Share Price:** \$0.025

**Market Cap:** \$15.725m

Tuesday, 31 July 2018

## Summary

- Mining Licence Granted to Al Hadeetha Copper Project
- Muscat Office Relocating to Al Naba Office Complex
- New Drilling and Exploration Joint Venture
- MOU / Partnership Discussions Ongoing
- Working with PAM and Tanfeedh
- Growing the Project Portfolio

#### CONTACT DETAILS

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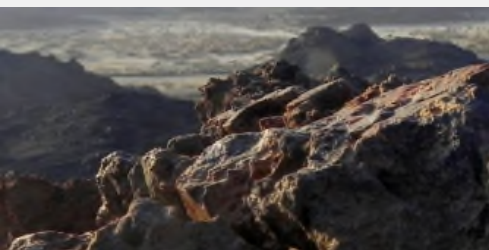
#### For further information, please contact:

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**Managing Director**

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**Company Secretary**

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## Oman

### Grant of Mining Licence for Al Hadeetha Copper Project

This quarter saw the achievement of a major milestone for the Al Hadeetha Copper Project with the award of a copper mining licence by the Public Authority for Mining. A licence award ceremony was hosted by the Public Authority for Mining and included over one hundred representatives from government, community leaders, industry professionals and local media.

Dr. Salim Al-Mahrouqi (Director General For Minerals Investments Affairs) stated this was the first copper mining licence issued in Oman for over fourteen years and marked the beginning of a new chapter for copper mining in the Sultanate.

The mining sector (particularly copper) has been identified as one of the drivers behind the country's economic diversification and growth strategy.

With the mining licence in hand, Al Hadeetha is now in a position to finalise project finance and has already commenced early work to prepare lay down and storage facilities near site.



Pictured above: Licence award ceremony hosted by Public Authority for Mining. Attendees included centre L to R: James Phipps (Chairman, Alara Resources), Sayyid Khalid bin Hamed Al Busaidi (Chairman, Al Naba Group and Al Hadeetha Investments), Eng. Hilal Al Busaidi (CEO, Public Authority for Mining). Pictured below: Al Naba Office Complex, re-location of Alara's Muscat Office.



The Company is working closely with its joint venture partners, government officials, project management consultant and other key contractors to bring the Al Hadeetha Copper Project into production by the end of next year.

The Company's Oman office will be relocated to a new tower in the Al Naba office complex, located in the Ghala Industrial estate. This move will enable Alara's team to work in closer proximity to its joint venture partners who share the same building.

The cost of the new office lease is comparable to the existing lease and will help maintain effective collaboration between the JV partners, recognised as a key element to the Project's success.

## Joint Venture with South West Pinnacle



During the period, Alara Oman Operations Pty Ltd signed a Heads of Agreement to enter a joint venture with Southwest Pinnacle Exploration Ltd ('SWPE'). SWPE has experience drilling in Oman and is one of the fastest growing private exploration services company in the field of mineral and unconventional energy resources in India.

The new joint venture will provide drilling and exploration services in Oman. There is currently a growing pipeline of mineral exploration projects in the Sultanate and Alara and SWPE are perfectly placed to capitalise on this growth.

## Outlook for Copper

Trade war rhetoric has been reported as the reason behind recent copper price volatility. Meanwhile, medium- to long-term forecasts remain relatively stable or better than previously indicated<sup>1</sup>.

The general consensus, based on underlying supply/demand drivers, still shows demand for copper exceeding expected supply, with the supply deficit widening further through to 2025.

## MOUs and Partnerships

Alara advanced discussions with a number of potential project partners in Oman, including those subject to previous MOUs with the Company and others who became aware of the Company in recent months.

The focus of these discussions has centred on identifying areas of mutual interest and benefit and how to exploit them.

The Omani Government's vision for developing the mining sector has been an important consideration in each case. The issuance of the Al Hadeetha mining licence (and other developments in the mining sector) have brought additional focus and optimism that the Government's vision is more than just words and is being turned into action.

## Working with Tanfeedh and PAM

In connection with Oman's economic diversification initiatives, the Public Authority for Mining held a six week 'mining lab', supported by Tanfeedh's Implementation Support and Follow-up Unit.

Alara's CEO Justin Richard and Executive Director Atmavireshwar Sthapak were invited to participate in the lab which ran through to the second quarter and brought together senior representatives from the private sector and government ministries involved in regulating mining activity.

The Times of Oman reported "...the Public Authority for Mining seeks to increase the production of minerals in the Sultanate, which in turn will double the local production of the sector. To achieve this, the Authority made attracting investments from the private sector one of its main priorities... Moreover, the labs will include assessing many investment opportunities including mining concession areas which have complete permits and are ready for investment ... in addition to discussing social responsibility activities ...and medium enterprises, building skills and capabilities through education, training, and setting a road map for innovation in the mining sector to double the revenue from mineral resources."

The labs also provided an excellent forum to identify and enhance opportunities for foreign investors in Oman.

<sup>1</sup> Copper futures are still trading at ~\$7,000/t on the Shanghai Futures Exchange and the latest forecast note from Citigroup analysts reveals copper prices of \$8,000/t by 2022 and >\$9,000/t by 2028.



In addition to addressing bottlenecks in the licence approval process, the lab outcomes are proving to be fruitful in other areas, including project implementation and greater collaboration between the public and private sector.

## Growing the Project Portfolio

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).

On the back of the 1mtpa<sup>2</sup> processing plant for the Al Hadeetha Copper Project, other copper projects can now be rolled in as part of a broader copper portfolio. The 'hub and spoke' model offers other copper projects reduced capital costs (therefore having the potential for higher returns) by utilising infrastructure in place at the Al Hadeetha Project site.

Rock samples with oxide mineralisation from different copper sites in Oman, including Alara's Daris Copper Project (Block 7) and third party exploration blocks are currently undergoing test work at a Curtin University laboratory in Perth. The test work will assess the amenability of samples to various leaching processes.

## Saudi Arabia

During the quarter the Company communicated with the Council of Economic Development Affairs' Priority Project Office in respect to the Khnaiguiyah Project. These communications were later extended to include representatives from United Arabian Mining Company and Metals Corners Holdings. Further updates will be provided if/when material progress is made.

## Next Quarter

The next quarter is expected to see finalising of project finance and the award of engineering, procurement and construction contracts as the Al Hadeetha Project moves through its construction phase.

The Company will also be advancing other copper projects, commencing work with SWPE, and closing the next stage of discussions with other key partners.

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2 The production target is 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. All material assumptions underpinning the production target in that announcement continue to apply and have not materially changed.

# Securities Information

as at 30 July 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
<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	890	302,500	0.048
1,001 - 5,000	281	666,626	0.106
5,001 - 10,000	134	1,123,193	0.179
10,001 - 100,000	347	13,541,442	2.153
100,001 - and over	275	613,383,828	97.515
<b>Total</b>	<b>1927</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	9.084%
2.	Ms Meng Meng	40,454,437	6.431%
3.	Mr Vikas Jain	34,285,230	5.451%
4.	Mr Justin Richard & Mrs Debbie Richard	32,541,061	5.173%
5.	Al Hadeetha Investment Services LLC	31,500,000	5.008%
6.	Metals Corners Holding Co	31,012,217	4.930%
7.	Citicorp Nominees Pty Limited	23,055,965	3.665%
8.	Mr Piyush Jain	22,856,820	3.634%
9.	Whitechurch Developments Pty Ltd	20,575,550	3.271%
10.	HSBC Custody Nominees (Australia) Limited	19,000,958	3.021%
11.	Mr Tyrone James Giese	17,456,189	2.775%
12.	BNP Paribas Nominees Pty Ltd	16,861,102	2.680%
13.	Jay Hughes and Inkese Pty Ltd	13,000,000	2.067%
14.	Mr Warren William Brown & Mrs Marilyn Helena Brown	10,628,572	1.690%
15.	Flannery Foundation Pty Ltd / Mr Brian Joseph Flannery & Mrs Peggy Ann Flannery	10,085,464	1.603%
16.	Ferguson Superannuation Pty Ltd	10,000,000	1.590%
17.	JP Morgan Nominees Aust	9,422,858	1.498%
18.	Mr Peter Kelvin Rodwell	9,142,858	1.454%
19.	Mr Anthony Cullen & Mrs Sue Cullen	8,501,304	1.352%
20.	Mr Mohammed Saleh Alalshaikh	7,856,387	1.249%
<b>Total</b>		<b>426,216,904</b>	<b>67.759%</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 25<sup>th</sup> 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**

<b>ALARA RESOURCES LIMITED</b>
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**ABN**

27 122 892 719
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**Quarter ended ("current quarter")**

30 June 2018
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<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(355)	(934)
(b) development	-	-
(c) production	-	-
(d) staff costs	2	(250)
(e) administration and corporate costs	1,225	872
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	27
1.5 Interest and other costs of finance paid	(5)	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	55
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>869</b>	<b>(230)</b>

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

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item10)	-	-
(c) investments	-	-
(d) other non – current assets	-	-
2.3 Cash flows from loans (to) / from other entities	87	436
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from /( used in) investing activities</b>	<b>87</b>	<b>436</b>
<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	945
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>945</b>



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents At beginning of period	2,082	1,886
4.2 Net cash from / (used in) operating activities (item 1.9 above)	869	(230)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	87	436
4.4 Net cash from / (used in) financing activities (item 3.10 above)	–	945
4.5 Effect of movement in exchange rates On cash held	9	10
<b>4.6 Cash and cash equivalents at end of period</b>	<b>3,047</b>	<b>3,047</b>

<b>5. Reconciliation of cash and cash equivalents</b> At the end of the quarter (as shown in the Consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	1,760	770
5.2 Call deposits	1,287	1,312
5.3 Bank overdrafts	–	–
5.4 Other (provide details)	–	–
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>3,047</b>	<b>2,082</b>

**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

<b>Current quarter \$A'000</b>
179
–

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

Directors' salaries, fees and entitlements

**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	2,702	652
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 6.5 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.

<b>9. Estimated cash out flows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	223
9.5 Administration and corporate costs	(44)
9.6 Accomodation and Travel	100
9.7 Consultancy Costs	43
9.8 Premises Costs	15
9.9 Other (provide details if material)	(1)
<b>9.10 Total estimated cash out flows</b>	<b>336</b>

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:.....  
(Director / ~~Company Secretary~~)

Date: 30 July 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.