

ASX/MEDIA RELEASE
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UPDATE ON AL HADEETHA COPPER PROJECT

PERTH: Alara Resources Limited (ASX: AUQ) (**Alara** or the **Company**) reports on development of the Al Hadeetha Copper Project following the announcement of mining licence award last month.

Project Finance

The Company is actively working with financiers to finalise project finance and approval procedures are progressing steadily. Due diligence has been completed by one bank with another lender following closely. Financing provisions are expected to remain in line with indicative terms received previously. The extra time has also created space to engage with other lenders who approached the Company after the issuance of the Washihi mining licence was announced.

EP/C Contract

Contract terms with EPC contractors have been finalised¹ and are ready for execution. The Company has also received separate quotations for Engineering and Procurement, and Construction.

Engaging directly with local construction contractors offers the added benefit of accessing an already established in-country labour force and helps meet Omanisation requirements

The advance payment under the offtake agreement has allowed early works to proceed prior to finalisation of bank finance and execution of the head contract.

Early Works

Preliminary works completed or currently underway include:

- Storage yard and lay-down areas set up adjacent the site and a renewable lease executed by Al Hadeetha Resources LLC ('Hadeetha')².
- Fencing contractor has confirmed its quotation and the site has been cleared preparatory to the installation of perimeter fencing.
- An application for connection to the national power grid has been submitted to the regulator. This includes the installation of a 33kv power line and transformers connecting the project site to the nearby substation. Hadeetha is working closely with

¹ A stronger USD means quotations from non-US equipment manufacturers may be end up being reduced. Otherwise, the latest project financials reported by the Company were in USD not AUD, accordingly no increase to forecast revenue is required.

² Hadeetha is a JV Company owned 70% by Alara and 30% by Al Hadeetha Investments LLC.

Tanfeedh's implementation support and follow-up unit and Mazoon Electricity Company to facilitate this action.

- Hadeetha and Haya Water have received proposals for construction of the sewage treatment plant and water pipeline to site. The proposals are being checked by in-house water process technicians prior to awarding the contract. The proposals include vendor finance options which allow work to proceed immediately upon execution of the contract without the need for further finance approval.

Oman Mining Sector Growth

Increasing international interest in Oman's mining industry is providing support for the sector's continuing growth. Oman's GDP from mining increased to 151.50 OMR Million (~AUD\$540m) in 2017 from 131 OMR Million (~AUD\$468m) in 2016. The sector has also reported growth of ~20% over the past year³ and the Public Authority for Mining's aim is to double GDP from the sector⁴ by 2020.



The new mining law has passed Shura Council (Lower House) and State Council (Upper House) preparatory to receiving the Sultan's royal assent.

With one copper mining licence granted and others pending, Alara and its JV partners (in exploration, mine development and drilling services) are well placed to capitalise on Oman's re-invigorated mining sector which is spring-loaded for future growth.

³ <http://www.omanminingexpo.com/downloads/2017/White-Paper-Omanexpo2017.pdf>

⁴ <http://www.omanobserver.om/oil-and-gas-institute-to-train-energy-sector-professionals-opens/>

