

ASX Code: AUQ

31 December 2017

DIRECTORS

James Phipps
Non-Executive Chairman

Justin Richard
Managing Director

Atmavireswar Sthapak
Executive Director

Vikas Jain
Non-Executive Director

COMPANY SECRETARY
Ian Gregory

CAPITAL STRUCTURE (AS AT 31 DECEMBER 2017)

Shares: 629,017,589

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

Share Price: \$0.03

Market Cap: \$18.87m

Summary

- Environmental permit issued by Ministry of Environment and Climate Affairs in Oman
- Alara's JV Company commercial registration amended to include mining activities
- Government Approvals progressing toward grant of the Washihi Mining Licence
- Rising copper prices attract interest to Alara's copper-gold projects
- JV partner, Al Hadeetha Investments LLC, becomes a shareholder in Alara

CONTACT DETAILS

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Oman

Government Approvals

During the period, a key focus for the Company was ensuring Ministry of Environment and Climate Affairs (MECA) requirements for the Al Hadeetha Copper-Gold Project (the 'Project') were satisfied. This resulted in the environmental licence fee and OMR 30,000 performance bond being accepted by MECA, and an environmental permit being issued.

Oman's Public Authority of Mining (PAM) gave clearance to the Ministry of Commerce and Industry (MOCI) to amend the commercial registration of the Project company to include mining activities, whereas before the company was authorised to engage in mineral exploration activities only.

The commercial registration certificate was subsequently amended to provide for *"mining of ores valued chiefly for selected non-ferrous metals, [including] copper, and [selected] precious metals 'licence pending' "*.

This important step is indicative of further favourable action relative to the issuance of the Washihi Mining Licence.

Environmental Compliance

The Company engaged a MECA-accredited, Oman-based environmental consultant to prepare a detailed waste management plan and water management plan in accordance with MECA's standard conditions. These plans have now been submitted via MOCI's 'Invest Easy' portal.

Mining Conference

October marked the second annual Mining Investment Conference in Muscat, Oman. Government and Industry participants from within Oman and surrounding regions attended the conference. Alara's CEO, Mr Justin Richard, delivered a presentation on the Al Hadeetha Copper-Gold Project and the growing demand for copper domestically and globally.

The MENA Mining Conference in Dubai was held the same month, with mining ministries throughout the Middle East and North Africa being represented. These mining ministries highlighted many new initiatives being implemented to attract foreign investment into the mining sector, e.g. digital portals that provide more transparent tracking of mining applications, royalty/tax incentives, and regulatory frameworks to help facilitate more rapid development of mining projects.

A large delegation of government officials from the Middle East, including over a dozen from Saudi Arabia, attended the IMARC conference in Melbourne. Austrade and the Australian Saudi Business Council facilitated meetings with these delegates to discuss Alara's mineral projects and strengthening country ties.

Al Hadeetha Project Financials

Strong copper prices provided additional support for the Project's financial forecast. The 'base case' financial model announced in January 2017 showed solid returns assuming a copper price of \$5,593/t¹. Accordingly, significant upside exists when current prices, or forecast increases, are applied over the ten year mine life.

Project Management

During the period, the Company was in regular contact with shortlisted EPC bidders. The Company plans to announce the awarding of the EPC contract after the issuance of the Washihi Mining Licence.

1 Refer Alara's [ASX Announcement dated 24 January 2017](#)

Other Developments

Project enhancements and development of new project opportunities also continued as strong copper prices and rising domestic demand saw an increased focus on copper projects in Oman, including Alara's two copper-gold JV projects (Al Hadeetha and Daris). In December, copper prices were approximately 40% higher than the same time last year, with longer term price forecasts showing a steady rise and supply deficits opening up.

PAM announced it had engaged SRK Consulting, Wood Mackenzie and Mayer Brown to help implement a new strategy for mining in the Sultanate of Oman. The strategy reportedly aims to attract local and foreign investment, and better utilise the Sultanate's mineral wealth toward achieving greater economic diversification. The strategy was due to be released by the end of 2017.

Alara welcomed these developments as copper prices remained strong with the Company poised to commence construction of a 1mtpa copper concentration plant, a development which is clearly aligned to diversifying the economy and supporting further development of other copper sites in Oman.

Al Hadeetha Investments

Al Hadeetha Investments LLC became a substantial shareholder in the Company after acquiring 31,500,000 shares in December. Al Hadeetha Investments is the joint venture partner with Alara Oman Operations Pty Limited in the Al Hadeetha Copper-Gold Project in Oman.

Saudi Arabia

There were no material developments for the Khnaiguiyah Zinc-Copper Project during the period.

The Company is corresponding with the Priority Project Office (PPO) of the Council for Economic and Development Affairs. The PPO was established to assist selected private sector projects that face implementation difficulties and provide them with needed support, as an authorised escalation entity, to obtain fast-tracked government approvals.

Next Quarter

The Company's focus over the next quarter will be working with its JV partners and Tanfeedh² to obtain Ministry of Water clearance, Project Mining Licence grant and advancing into the construction phase.

Concurrently, Alara will also be advancing a Mining Licence application for the Daris Copper-Gold Project and its recent Exploration Licence application, and seeking to develop project opportunities with new and existing joint venture partners.

2 National Program for Enhancing Economic Diversification see: <http://www.tanfeedh.gov.om/en/>

Securities Information

as at 29 December 2017

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	892	304,091	0.048%
1,001 - 5,000	293	693,952	0.110%
5,001 - 10,000	141	1,172,992	0.186%
10,001 - 100,000	362	14,084,389	2.239%
100,001 - and over	288	612,762,165	97.416%
Total	1,976	629,017,589	100%

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Mr Vikas Malu	53,571,025	8.517%
2.	Ms Meng Meng	40,620,227	6.458%
3.	Mr Vikas Jain	34,285,230	5.451%
4.	Al Hadeetha Investment Services LLC	31,500,000	5.008%
5.	Mr Justin Richard & Mrs Debbie Richard	30,757,037	4.890%
6.	Citicorp Nominees Pty Limited	28,347,465	4.507%
7.	Metals Corners Holding Co	28,197,973	4.483%
8.	Mr Piyush Jain	22,856,820	3.634%
9.	Inkese Pty Ltd / Mr Jay Hughes & Mrs Linda Hughes	22,000,000	3.498%
10.	Whitechurch Developments Pty Ltd	20,575,550	3.271%
11.	HSBC Custody Nominees (Australia) Limited	17,602,933	2.798%
12.	Mr Tyrone James Giese	17,042,199	2.709%
13.	BNP Paribas Nominees Pty Ltd	12,284,056	1.953%
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.	Mr Peter Kelvin Rodwell	9,142,858	1.454%
17.	Ferguson Superannuation Pty Ltd	9,000,000	1.431%
18.	Baron Nominees Pty Ltd	6,860,397	1.091%
19.	Thorpe Road Nominees Pty Ltd	5,622,858	0.894%
20.	Mr Albert Moses	5,500,000	0.874%
Total		416,480,664	66.214%

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', or '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 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 Copper-Gold Project and a Feasibility Study for the Al Hadeetha Copper-Gold Project in Oman. The Company is continuing exploration activities in the Middle East and establishing itself as a mine development and production company.

For more information, please visit: www.alararesources.com.



'Alara' was 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")

31 December 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(167)	(326)
(b) development	-	-
(c) production	-	-
(d) staff costs	(149)	(215)
(e) administration and corporate costs	(58)	(249)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	56
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(357)	(713)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	168	285
2.4 Dividends received (see note 3)	–	–
2.5 Other (provide details if material)	–	–
2.6 Net cash from / (used in) investing activities	168	285
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	945	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)	–	–
3.10 Net cash from / (used in) financing activities	945	945

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	1,640	1,886
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(357)	(713)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	168	285
4.4 Net cash from / (used in) financing activities (item 3.10 above)	945	945
4.5 Effect of movement in exchange rates on cash held	4	(3)
4.6 Cash and cash equivalents at end of period	2,400	2,400

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	1,301	312
5.2 Call deposits	1,099	1,328
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)	2,400	1,640

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	153
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
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	Current quarter \$A'000
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	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	–	–
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

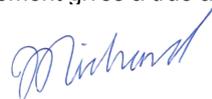
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	106
9.2 Development	–
9.3 Production	–
9.4 Staff costs	89
9.5 Administration and corporate costs	21
9.6 Other (provide details if material)	–
9.7 Total estimated cash outflows	216

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:



Date: 31 January 2018

Director

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 *AASB 107: 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.