

ASX Code: AUQ

DIRECTORS

James Phipps
Non-Executive Chairman

Justin Richard
Managing Director

Atmavireshwar Sthapak
Executive Director

Vikas Jain
Non-Executive Director

Avi Sthapak
Non-Executive Director

COMPANY SECRETARY

Stephen Gethin

CHIEF FINANCIAL OFFICER

Dinesh Aggarwal

31 January 2020

Summary

- Appointment of EPC contractor
- OMR 10m finance secured
- ARL drill rigs begin operations in Oman

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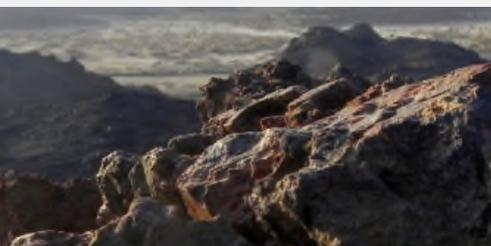
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Oman Activity Report

New Sultan of Oman

His Majesty Haitham Bin Tariq Sultan Qaboos passed away on 10 January 2020. The inauguration of the new Sultan, His Majesty Sultan Haitham, was held on 11 January. The transition proceeded extremely smoothly.

Sultan Haitham is committed to continuing with Oman's renaissance, which he previously supported as Chairman of the Committee for the Future Vision of Oman 2040. Sultan Haitham attended the Company's booth at the Oman Mining Show in 2019 and has also met with representatives of the Company's EPC contractor, China National Geological & Mining Corporation (**CGM**). Alara welcomes the accession of Sultan Haitham.

Project Developments

The Al Hadeetha Copper Gold Project consists of one mining license (Al Wash-hi – Majaza) and three exploration licenses (Al Wash-hi – Majaza, Mullaq and Al Ajal).

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

Project Engineering & Procurement:

Delays in the completion of detailed engineering lead the Company to enter an MOU with CGM during the last quarter. Terms for project execution under an EPC contract were subsequently agreed with CGM, who are scheduled to commence work this month. CGM is a highly experienced and reputable EPC contractor and one of the few companies that have worked on copper processing plants within the GCC.

Mining Contractor: Following the entry of a preliminary commercial agreement in the previous quarter, Al Hadeetha Resources LLC (**AHRL**) and Alara Resources LLC (**ARL**) agreed terms for a ten year mining contract.

ARL's drill rig operators secured visas and, along with another senior geologist from AHRL, have been deployed to site and commenced work.

Project Water Supply:

Investigations continued into the feasibility of accessing wastewater produced in the Al Hadeetha Project area surrounds which is currently not being recycled or treated. The intention would be to treat waste water at a Sewage Treatment Plant for supply to the Project.

Haya Water advised the water treatment plant at Nizwa could supply treated water at no charge to the Project if AHRL pays to extend the pipeline from Mana to the project site. The Company is keeping all water supply options open until a final decision is reached.

Project Finance:

Al Hadeetha shareholders agreed to proceed with project finance offers from local Omani banks. Financial closure was subsequently secured for an initial OMR 10m (~AUD 38m) banking facility¹, with potential to add a further OMR 10m under a proposed 'club deal'.

Oman Copper Consolidation:

The Company held productive discussions regarding the potential for collaboration in areas where Alara operates with Tanfeedh's Implementation Support and Follow unit and with other mining and exploration companies in Oman.

¹ After the end of the quarter, as announced in more detail in Alara's ASX Announcement of 3 February 2020 titled: "Al Hadeetha Signs 10m Rial Finance Offer".

These discussions include identifying ways to 1) make smaller satellite copper deposits more commercially viable, 2) enhance returns for existing copper projects and 3) more effectively utilising planned and existing infrastructure to reduce further capital expenditure requirements for project owners.

Management Appointment:

Going forward, day to day operations of the Al Hadeetha Project, including management of the EPC contractor (in connection with the Project Management Consultant) and project budget and schedule will be assigned to a CEO employed directly by AHRL. The CEO will report to the AHRL Board. AHRL's board composition, including Managing Director and Chairman has not changed.

Alara Resources LLC

The first drill team have obtained work visas and arrived in Oman. Drill rigs have been tested and deployed to site.

ARL's first work contract is with Al Hadeetha Resources, but tender proposals have already been prepared and submitted to other prospective clients.

A response of the ARL's first tender submission is expected this month.

Next Quarter

- Long lead equipment orders for Al Hadeetha Project to be placed with suppliers
- Appointment of Al Hadeetha CEO
- ARL aims to secure additional services contracts in Oman

Tenement Status

Oman Copper-Gold Projects

Alara has joint venture interests in five copper-gold deposits located within five Exploration Licences in Oman extending over 1,200km².

The Washihi/Mullaq⁴ 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 Project⁵ 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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4 Refer to Alara's 8 December 2011 ASX Announcement: Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman.

5 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 Area	Date of Grant	Status	Mining Area	Date of Application	Status
Wash-hi-Majaza ML 10003075.	Al Hadeetha Resources LLC	51%	39km ²	Jan 2008	Active	3km ²	2013	Active
Mullaq	Al Hadeetha Resources LLC	51%	41km ²	Oct 2009	Active*	1km ²	Jan 2013	Pending
Al Ajal	Al Hadeetha Resources LLC	51%	25km ²	Jan 2008	Active*	1.5km ²	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.

Licence Name	Licence Owner	Alara JV Interest	Exploration Area	Date of Grant	Status	Mining Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC	50% (earn in to 70%)	587km ²	Nov 2009	Active*	Daris 3A5 & East	Resubmitted 2018	Pending
Block 8	Awtad Resources LLC	10% (earn in to 70%)	597km ²	Nov 2009	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 Project⁶ 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 ²	~170km west of Riyadh	Saudi Arabia

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

Securities Information

as at 10 January 2020

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	876	295,657	0.05%
1,001 - 5,000	269	626,020	0.10%
5,001 - 10,000	128	1,070,885	0.17%
10,001 - 100,000	326	12,349,371	1.96%
100,001 - and over	254	614,675,656	97.72%
Total	1853	629,017,589	100%

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	41,824,437	6.65
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>	16,526,263	2.63
12.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	16,000,000	2.54
13.	Mr Mohammed Saleh Alalshaikh	11,347,387	1.80
14.	Mr Peter Kelvin Rodwell	9,422,858	1.50
15.	Mr Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C>	9,149,544	1.45
16.	Mr Warren William Brown + Mrs Marilyn Helena Brown	8,664,286	1.38
17.	Ferguson Superannuation Pty Ltd	8,600,000	1.37
18.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery	8,555,785	1.36
19.	Mr Vikas Malu	7,000,000	1.11
20.	Mr Pradeep Kumar Goyal	6,794,426	1.08
Total		435,874,809	69.29%

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.



‘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