

## ASX/MEDIA RELEASE

2 May 2023

# ADDITIONAL FINANCE FACILITY AND OMAN UPDATE

### Key Highlights

- Al Hadeetha Resources LLC (**AHRL**) the JV developing the Al Wash-hi Majaza Copper-Gold (**Project**) has secured an additional ~USD15 million loan finance from existing lender Sohar Bank International, an amount previously intended to be raised via an offtake prepayment facility.
- The new finance will fund both the acquisition of Project-related consumables and other working capital requirements ahead of mine output revenue generation.
- Civil construction at the Project's 1MTPA<sup>1</sup> copper processing plant is approximately three quarters complete, while mechanical, electrical, and plumbing (MEP) works have made substantial progress.
- All construction works related to 33KV Substation works are complete. Internal testing is ongoing before final testing by MAZOOON Electricity Co. for approval to energize.
- The Project continues to maintain an excellent work-place safety record, with a total of 883,530 person-hours worked free of lost time injury.
- The Project cold and hot commissioning phase is expected to commence from August 2023. The projected commercial production commencement date is 27 September 2023.

**Perth, Australia:** Alara Resources Limited (ASX:AUQ) (**Alara or the Company**), a base and precious metals explorer and developer with projects in Oman, is pleased to provide an update on both project financing and construction activities for the Al Wash-hi Majaza Copper-Gold Project in that country. Alara owns a 51 per cent equity interest in the Al Hadeetha Resources LLC (**AHRL**) joint venture developing the Project.

### Increase to existing loan facility in lieu of proposed off-take prepayment finance

AHRL has obtained an additional ~USD 15 million finance facility<sup>2</sup> (**Additional Facility**) from its existing Project finance lender Sohar International Bank (**Sohar**).

Approximately USD8 million of the Additional Facility will be used to acquire spare parts, reagents, lubricants and other consumables needed to commission the plant. The remaining USD7 million will be used for general working capital, including the payment of utility bills and mining and camp running costs etc, ahead of mine output revenue generation.

1 Alara's ASX Announcements dated 1 April 2016 (Definitive Feasibility Study results initial announcement), 24 January 2017 (DFS update), 28 June 2018 (NPV update) and 29 March and 7 April 2021 (NPV updates) contain the information required by ASX Listing Rule 5.16 regarding the production target. All material assumptions underpinning the production target as announced on those dates continue to apply and have not materially changed, except to the extent that a relevant assumption in an earlier announcement referred to above has been updated by an assumption in a later announcement referred to.

2 The denomination of the Additional Facility is Omani Rial (**OMR**). The amount of the Additional Facility in Omani Rial is 5.775 million OMR, equivalent to USD 14.99 million as at the date of this announcement at an OMR:USD exchange rate of 1:2.5961 and AUD 22.61 million at an OMR:AUD exchange rate of 1:3.9156 at that date.

The Additional Facility is on the same terms as AHRL's existing 19m OMR<sup>3</sup> Project finance facility with Sohar (**Pre-Existing Facility**). The Additional Facility amount is treated as increase to the principal amount under the Pre-Existing Facility, bringing the total principal amount under that loan to 24.78 million OMR (USD 64.33 million<sup>4</sup>).

AHRL previously proposed to raise the amount of the Additional Facility through a prepayment agreement with whichever counterparty it ultimately enters into an off-take agreement with to sell copper concentrate from the Project. Obtaining this finance from AHRL's existing lender instead delivers a simpler finance structure for the Project.

Alara did not conduct a due diligence investigation on Sohar in connection with entering into the Additional Facility, on the basis that it had previously conducted a due diligence on the lender in connection with its 51% owned JV company AHRL securing the Pre-Existing Facility. Due diligence conducted at that time involved reviewing publicly available information regarding Sohar and making enquiries of other AHRL shareholders, which are large Omani conglomerates each with extensive knowledge of the Omani banking industry. The Company has not become aware of any information concerning Sohar in the interim which would have rendered it appropriate to conduct an updated due diligence.

### **Al Wash-hi Majaza Copper-Gold Project civil works well progressed**

Construction of the Project's 1MTPA copper concentration plant is now well progressed, with approximately three quarters of all civil work completed by end of April 2023.



***Aerial view of the Al Wash-hi Majaza Copper-Gold Project***

A host of major Project milestones have been achieved to date, including:

- Primary crusher retaining wall steel erection and concreting (up to last lift)
- Stockpile tunnel
- Reagent storage building foundation and block work
- Power substation
- Grinding and flotation electrical room foundation, slabs and roof
- Concentrate and tailing thickener tank area (grade slab is ongoing)

<sup>3</sup> USD 49.32 million on the date of this announcement at the above exchange rate.

<sup>4</sup> At the above OMR:USD exchange rate. This is the equivalent of AUD 97 million at an OMR:AUD exchange rate of 1:3.9156 prevailing on the date of this announcement.

- SAG and ball mill foundations (sleeve fixing in the ball mill is pending)
- Conveyor foundations (for ROM handling)
- Tailing filter building.

The following photoset illustrates the work now completed across a range of individual civil work packages.



**Apron feeder installation 1**



**Apron feeder installation 2**



**Grinding electrical room**



**Flotation cell foundation**



**Tailing filter area**



**Grinding mill foundation**



**Retaining wall and platform controller hub**



**Blower house**

The erection and installation of key equipment and structures componentry is also well progressed, including the:

- SAG mill and ball mill
- Apron feeder
- Structures for reagent area
- Conveyor BC – 02 and 03
- Concentrate thickener
- Tailing thickener
- High mast

The next photoset illustrates the work now completed or at an advanced stage across multiple erect/install tasks.



**Copper and tailing thickener**



**PMCC panel construction**



**Belt conveyor construction**



**SAG mill base plate construction**



**Reagent tank construction**



**Filter house structure construction**

### Multiple power supply milestones are being ticked off

Many power supply components of the Project are well progressed, including:

- Substation CB foundation – capacitor banks installed
- Construction of compound wall – civil works completed
- Other power system stabiliser works:
  - 33kV feed line connected and backfilled
  - 33KV cables route marking is being completed
  - SCADA room erected on site
  - Capacitor bank shed completed
  - 33 KV and 11 KV termination work completed
  - ALL CTVT looping connection completed.
- Feeder towers:
  - Erection of feeder towers completed
  - Stringing of power cables completed.



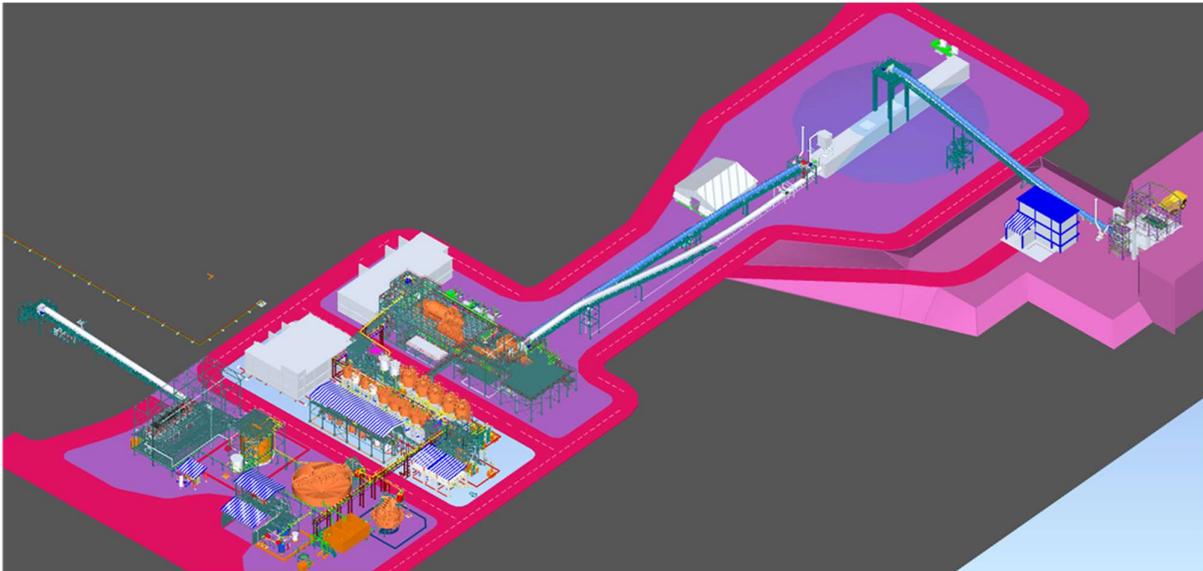
**33 KV Substation gantry works**



**33 KV SCADA room**

### Detailed copper concentrator plant 3D model

AHRL has created a detailed 3D engineering model of the projected as-completed plant. This model is now being utilized for the installation of key plant components. The following image set shows example components from this model.



**Plant overview diagram**



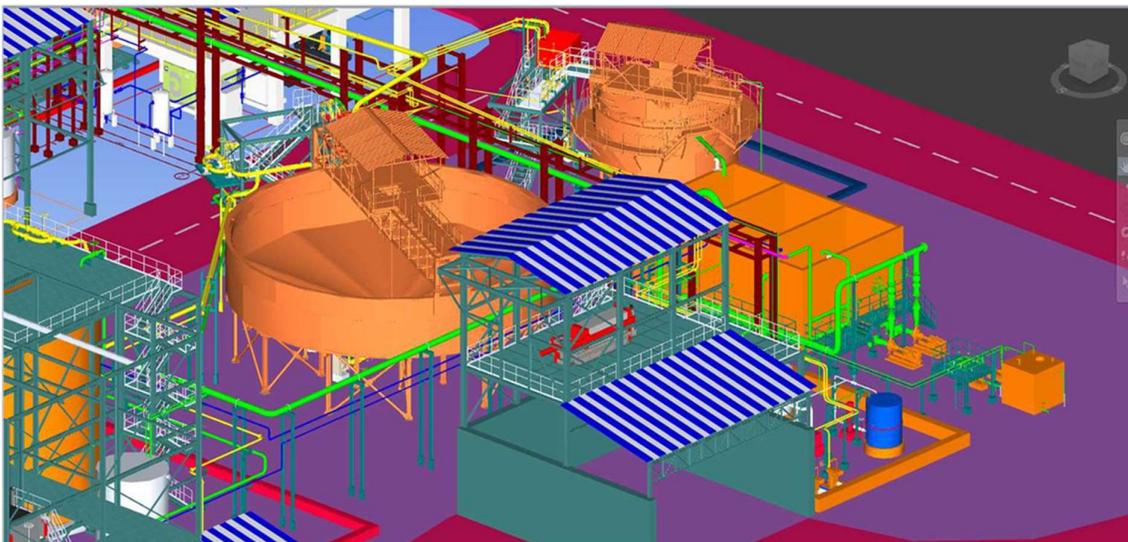
**Mill area diagram #1**



**Mill area diagram #2**



**Flotation and reagent area diagram**



**Thickener area diagram**

## Completion date of Al Wash-hi Majaza Copper-Gold Project

In conjunction with approving the Additional Facility, the lender required AHRL to conduct a project schedule review and appraise it of expected Project completion milestone dates. As a result of the review, the cold and hot commissioning phase is expected to start from August 2023 and the expected commercial production is 27 September 2023.

**Alara Managing Director, Atmavireshwar Sthapak said:** *“We are thrilled to have put the additional finance facility in place, with our existing lender Sohar International Bank. This results in a simpler finance structure than the alternative of obtaining this amount from a future off-take partner. It ensures AHRL, the JV company developing the Al Wash-hi Majaza Copper-Gold Project, has the finance required to prepare to operate this exciting asset ahead of mine output revenues starting to flow.*

*With a raft of construction tasks already complete, copper product from the Al Wash-hi Majaza Copper-Gold Project will soon be making its way to clients. When it does so, Alara will transition from a pure explorer into a resources company holding a 51% stake in a new mine producing a key, in-demand base metal.”*

**END**

## About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based precious and base metals explorer and developer, with projects in Oman.

Alara's active projects in Oman are the Al Wash-hi Majaza Copper-Gold mining License and Mullaq, Al Ajal exploration Licenses under the Al Hadeetha JV and the Block 7 exploration License under the Daris JV.

Alara is currently focused on developing the Al Wash-hi Majaza Copper-Gold project in Oman, where it is in the process of constructing copper-gold mining and processing facilities. The Company is also continuing exploration activities at its other Oman projects.

The Company has recently re-entered mineral exploration in Saudi Arabia through a joint venture.

Alara's mission is to become a mid-tier minerals producer which will deliver maximum shareholder value through profitable growth driven by low-cost and sustainable operations.

To learn more, please visit: [www.alararesources.com](http://www.alararesources.com)

This announcement is authorised by:

Atmavireshwar Sthapak  
**Managing Director**

**T** | +968 2449 1162  
**E** | [avsthapak@alararesources.com](mailto:avsthapak@alararesources.com)

Dinesh Aggarwal  
**Company Secretary**

**T** | +61 8 9240 4211  
**E** | [cosec@alararesources.com](mailto:cosec@alararesources.com)

Media enquiries

Julia Maguire  
**The Capital Network**

**T** | +61 2 8999 3699  
**E** | [julia@thecapitalnetwork.com.au](mailto:julia@thecapitalnetwork.com.au)