

## ASX/MEDIA RELEASE

Monday, 29 March 2021

## PROJECT UPDATE

Alara Resources Limited (ASX:AUQ) (**Alara** or the **Company**) is pleased to present this update on its joint venture, Al Hadeetha Resources LLC (**AHRL**) which is developing the Wash-hi Al Majaza Copper-Gold project in Oman (the **Project**). AUQ owns a 51% equity interest in AHRL.

With copper prices high and reaching new peaks on several recent occasions (for example, surpassing US\$9,000 per tonne on the London Metal Exchange on 11 March) the Company forecasts that Project financial returns will be higher than those announced in its previous revision<sup>1</sup>. Following a detailed review of expected Project capex, opex and returns, the AHRL Board has prepared the following updates to the financial forecasts under various copper price scenarios:

Copper Price (US\$)	\$7,000	\$7,500	\$8,000	\$8,500	\$9,000	\$9,500
Revenue*	569	604	639	674	709	743
EBITDA*	208	241	273	306	338	370
Project NPV*	54	71	88	104	121	137
Project IRR	24%	29%	33%	36%	40%	43%

**Table 1 – Forecast Project returns**

\*Amounts are in US\$ million

AHRL will implement an appropriate hedging strategy to partially address downward copper price risk, while retaining some exposure to potential pricing upside.

Fuel and power prices in Oman continue to increase as Government subsidies ramp down. As the market price of oil appears on an upward trend, Alara expects a potential increase in Project operating costs, due to the material proportion of total Project expenditure comprised by fuel and power costs. Projected returns in *Table 1* are based on an increased estimate of average operating costs of \$31.2 per tonne of ore processed, over an expected 10.4-year mine life. The increased opex used in Table 1 includes these higher projected fuel and power costs. Alara will continue to monitor Project financial parameters and update the market as required.

**ENDS**

<sup>1</sup> Refer to the Company's 28 June 2018 ASX announcement "Oman Copper Project Update – Base Case NPV at US\$90M". That announcement updated the Company's previous financial forecast for the Project "Oman Activities Update" released on ASX on 24 January 2017. That announcement, in turn, updated the original financial forecast made during the feasibility study, announced on ASX on 31 March 2016 as "Feasibility Study Update Al Hadeetha Copper-Gold Project". Alara's ASX announcements referred to above contain the information required by ASX Listing Rule 5.17 regarding the stated forecast financial information. All material assumptions underpinning the financial forecast and the production target on which it is based are as stated in the above announcements. Those assumptions have not materially changed, except to the extent that an assumption in an earlier announcement referred to above has been varied by a statement in a later announcement referred to above.

**This announcement is authorised by:**

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**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).*