# Quarterly Activities Report

## September Quarter 2020

**ASX Code: AUQ**

**DIRECTORS**

Stephen Gethin
Non-Executive Chairman

Atmavireshwar Sthapak
Managing Director

Vikas Jain
Non-Executive Director

Avi Sthapak
Non-Executive Director

Sanjeev Kumar
Non-Executive Director

**COMPANY SECRETARY**
Dinesh Aggarwal

**CHIEF FINANCIAL OFFICER**
Dinesh Aggarwal


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**30 September 2020**

## Summary

- Oman general update
- Project Operations update
- ARL drilling activity completed
- Metallurgical testwork update


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# Oman Activity Report

## Project Developments

Alara's 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).

### General Oman update

#### *COVID-19 impacts*

As at 30 September 2020, the Sultanate of Oman has reported 112,932 COVID-19 cases, 1,174 deaths and 99,278 recoveries.

Omani Government and businesses have resumed work, with a requirement that protective measures, such as wearing face masks in public, are strictly followed.

Commercial international flights into and out of Oman resumed on 1 October 2020. All travelers arriving in Oman from any destination are required to undergo a COVID-19 PCR test after clearing immigration.

Covid-19 has not materially impacted the Company's project operations. The majority of the Company's Omani staff have resumed work from the Company office. There were no COVID-19 cases reported for the Company's staff or those of its JV entities.

#### *Government ministerial changes*[1]

His Majesty, Sultan Haitham bin Tarek Al Said, issued 28 Omani Royal Decrees on 18 August 2020. These Decrees represented major steps in reducing the overall size of Government and, in particular, reduced the number of Ministries from 26 to 19.

Government entities such as the Supreme Council for Planning, Ithraa (Public Authority for Investment Promotion and Exports), the Public Authority for Mining, Financial Affairs and the Energy Resources Council have all been abolished.

### Al Hadeetha Project activity update

#### *Industrial License*

The Company is pleased to report that an Industrial License has been granted for the Wash-hi Majaza Project.

### *Project Engineering & Procurement:* Kick off meeting

Following a short pandemic-related hiatus, development activities for the Company's Al Hadeetha Copper Project at Wash-hi Majaza were resumed during the quarter. This included re-activation of the Project Management Consultancy Agreement with Progesys[2], the appointment of Debishikha Associates (**DSA**), India, as lead project engineering consultants and the appointment of a CEO to Alara's 51% owned Project joint-venture vehicle, Al Hadeetha Resources LLC (**AHRL**).

A series of online project kick-off meetings took place early in the quarter involving all AHRL stake holders, all relevant technical and management teams and the Progesys and DSA teams. The following outcomes were achieved:

- Detailed review of feasibility study objectives and project/plant design criteria.
- Engineering specifications and standards were approved and communicated to DSA through a CTI (Client Technical Instruction) issued by AHRL.
- A Risk Register was defined and issued for approval and implementation.
- Project Trend Register developed.

[1] Refer to Alara's 7 September 2020 ASX Announcement: Project Update

[2] Refer to Alara's 17 August 2020 ASX Announcement: Project Update

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- Project Execution Plan developed.
- WBS prepared and implemented.
- Procurement package dictionary prepared.
- Communication matrix within the teams and project organisation chart defined.
- Project baseline schedule timeline prepared and agreed (please refer to Figure 1 below).

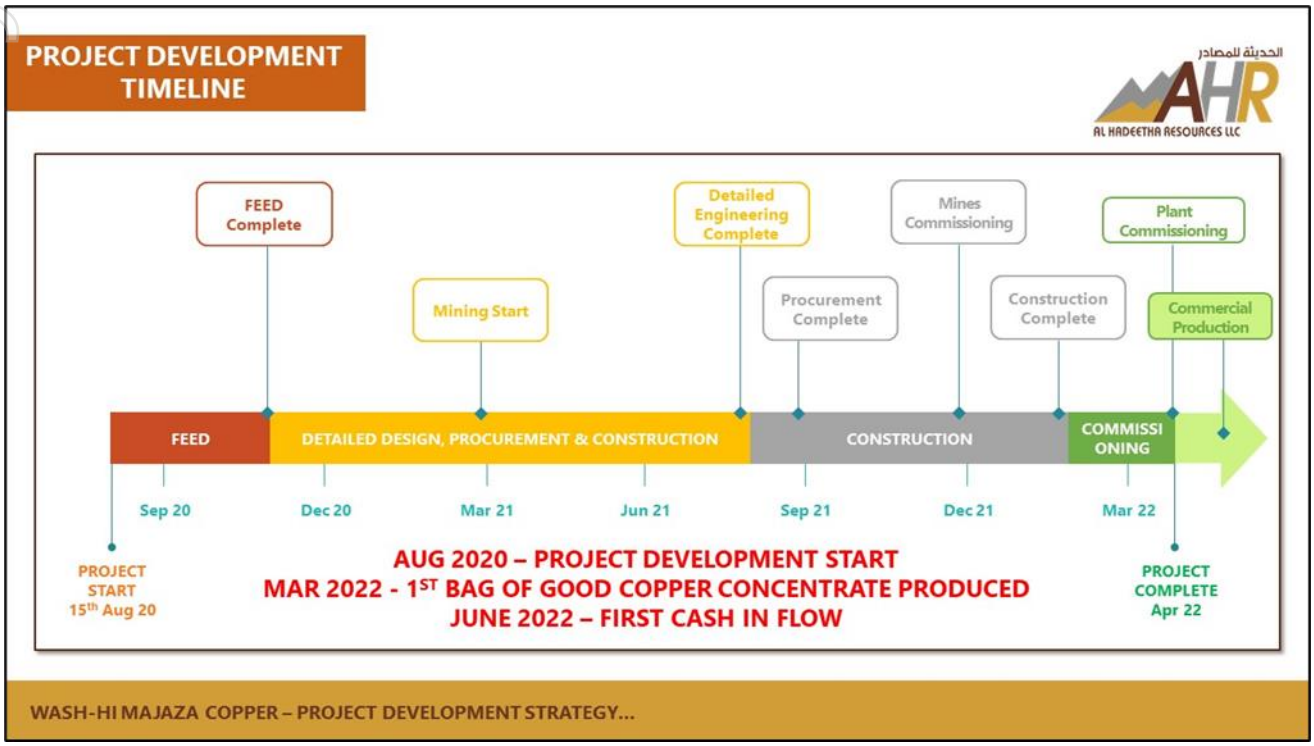



***Figure1 – Wash-hi Majaza copper project construction timeline***

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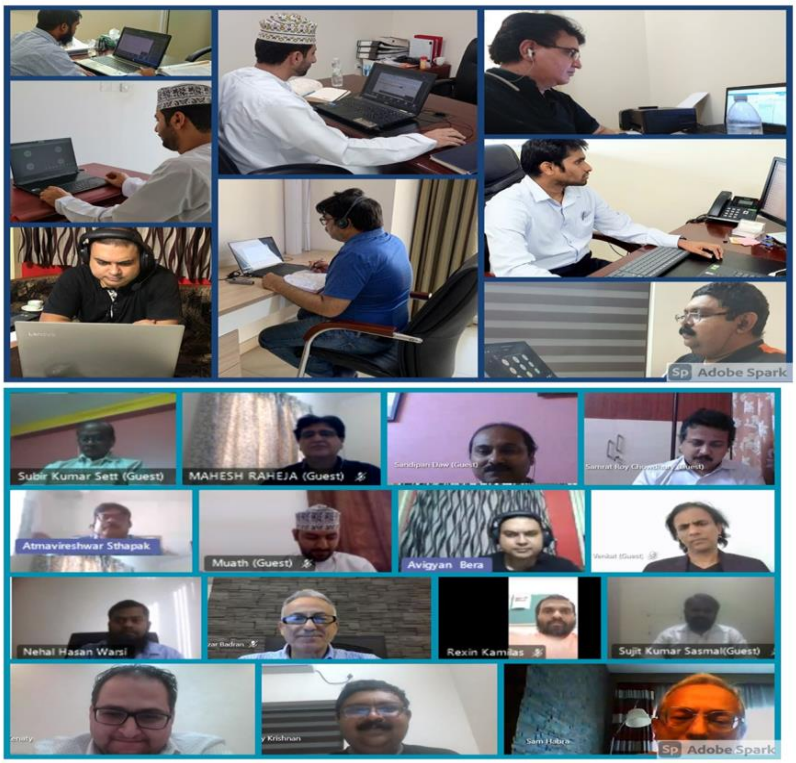



***Figure 2: Web-based project team kick off Aug 2020***

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## Project Engineering work progress

***PMC: Progesys***

- Revised PEP (Project Execution Plan) issued for final review and approval.
- Finalization and approval of WBS and Packages List.
- Finalization and approval of the Project Schedule Baseline.
- AHRL has defined Sharepoint System as the project Document Control System.
- AHRL has defined SAP as the Cost Control System.
- RACI (Responsible, Accountable, Consult, Inform) Matrix submitted.
- RFT Commercial Terms and Conditions reviewed/comments issued.
- Vendor Pre-Qualification Questionnaire prepared and issued.
- Key project milestones and critical path defined.

## Project Engineering: DSA

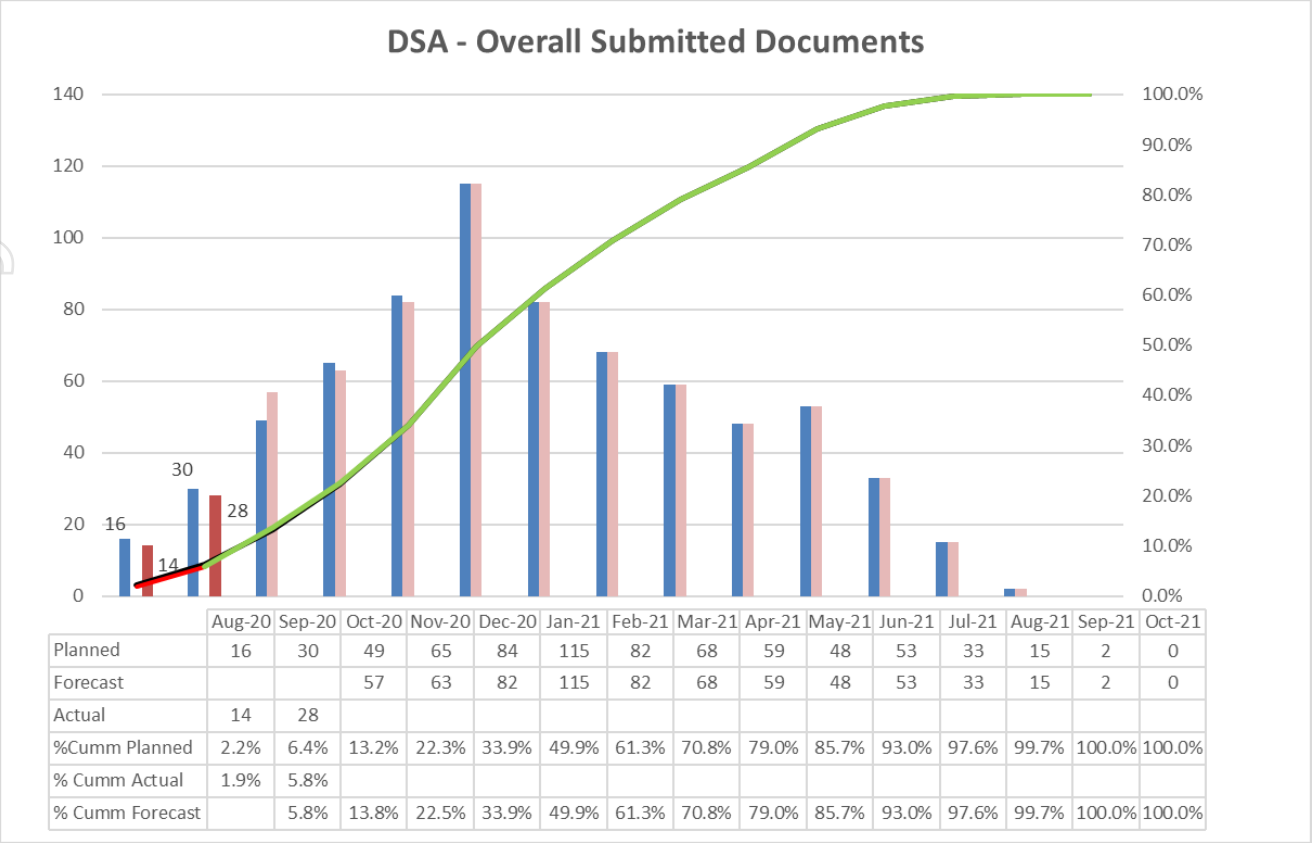
The following deliverables were received:

- Design Basis for Structural Works, Civil Works & Electrical
- Plot Plan
- Process Description
- Mass Balance – Crushing and Stockpile / Grinding and Classification
- Mechanical GA of Primary Crushing / COSP and Transfer Tower
- Data sheet and Technical Specifications for Rock Breaker and Magnetic Separator.
- Schematic Diagram for Dust suppression / Dust Extraction/Ventilation Systems
- Technical specifications for
  - 11 kV & 415 V Switchgears,
  - 11 kV & 415 V Motors, and
  - VFD and LRS.
- General Piping Material specification.
- Outline Drawing of Accommodation Village,
- Revised Technical Specifications for SAG and Ball Mills.

Project Engineering drawings and documents delivery progress can be seen in Table 1 and Figure 3 below:

| Discipline | Received | Code # | | | On review | OVER DUE |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | | |
| MECHANICAL | 14 | 0 | 9 | 0 | 5 | 3 |
| PROCESS | 16 | 0 | 9 | 0 | 7 | 0 |
| ELECTRICAL | 8 | 0 | 1 | 0 | 7 | 0 |
| INSTRUMENTATION | 0 | 0 | 0 | 0 | 0 | 0 |
| STRUCTURAL | 3 | 0 | 1 | 0 | 2 | 4 |
| CIVIL | 1 | 0 | 0 | 0 | 1 | 0 |
| **Grand Total** | **42** | **0** | **20** | **0** | **22** | **7** |

***Table 1: Discipline wise engineering drawing submissions***




| | Aug-20 | Sep-20 | Oct-20 | Nov-20 | Dec-20 | Jan-21 | Feb-21 | Mar-21 | Apr-21 | May-21 | Jun-21 | Jul-21 | Aug-21 | Sep-21 | Oct-21 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Planned | 16 | 30 | 49 | 65 | 84 | 115 | 82 | 68 | 59 | 48 | 53 | 33 | 15 | 2 | 0 |
| Forecast | | | 57 | 63 | 82 | 115 | 82 | 68 | 59 | 48 | 53 | 33 | 15 | 2 | 0 |
| Actual | 14 | 28 | | | | | | | | | | | | | |
| %Cumm Planned | 2.2% | 6.4% | 13.2% | 22.3% | 33.9% | 49.9% | 61.3% | 70.8% | 79.0% | 85.7% | 93.0% | 97.6% | 99.7% | 100.0% | 100.0% |
| % Cumm Actual | 1.9% | 5.8% | | | | | | | | | | | | | |
| % Cumm Forecast | | 5.8% | 13.8% | 22.5% | 33.9% | 49.9% | 61.3% | 70.8% | 79.0% | 85.7% | 93.0% | 97.6% | 99.7% | 100.0% | 100.0% |

***Figure 3: Engineering S Curve (based on drawings/documents submitted in reporting period)***

*Project organisational chart*

All key positions and project team interface were delineated under CEO and key roles were identified for recruitment. Figure 4 below shows a Project organisational chart.

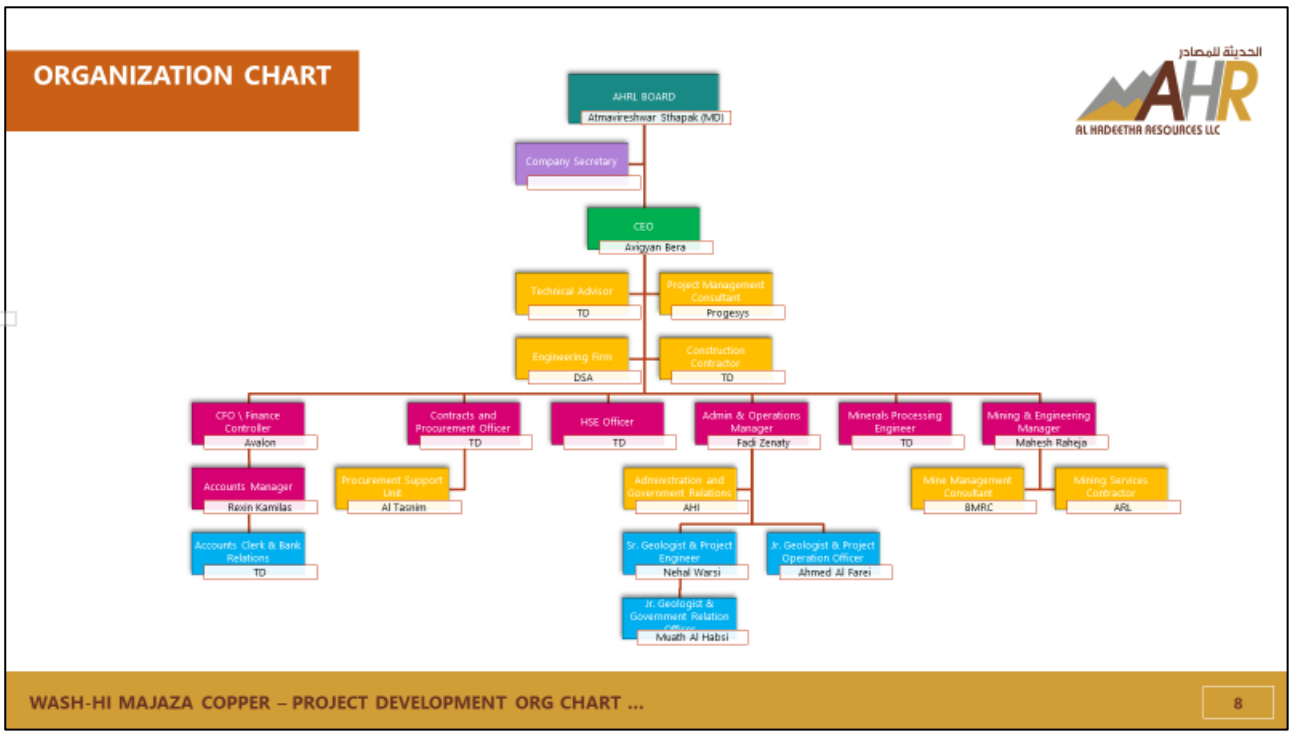



***Figure 4: Project Organisational Chart***

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### *Project site metallurgical drilling*

Metallurgical drilling was completed at the Wash-hi deposit. A total of 3434.7m were drilled in 22 holes. Table 2 provides the drillhole details and Figure 5 shows the drillhole locations.

| Hole ID NO | East | North | RL | Type | Core | EOH | Azimuth | Inclination |
|---|---|---|---|---|---|---|---|---|
| WH20MTDD01 | 602138.071 | 2517880.078 | 456.343 | MET | HQ | 144.00 | 48 | -70 |
| WH20MTDD02 | 602105.110 | 2517918.042 | 456.306 | MET | HQ/NQ | 159.00 | 48 | -70 |
| WH20MTDD03 | 602068.292 | 2517885.426 | 456.091 | MET | HQ | 225.00 | 48.7 | -69.5 |
| WH20MTDD04 | 602025.902 | 2517847.181 | 455.989 | MET | HQ/NQ | 249.00 | 48.7 | -70 |
| WH20MTDD05 | 602043.341 | 2517923.759 | 456.282 | MET | HQ/NQ | 191.75 | 48.7 | -69.4 |
| WH20MTDD06 | 602064.951 | 2517809.851 | 455.884 | MET | HQ | 258.00 | 48.7 | -69.9 |
| WH20MTDD07 | 602101.556 | 2517842.886 | 456.082 | MET | HQ | 199.10 | 48.7 | -69.6 |
| WH20MTDD08 | 602168.266 | 2517710.372 | 455.729 | MET | HQ | 170.45 | 48.6 | -70.3 |
| WH20MTDD09 | 602201.528 | 2517739.164 | 456.980 | MET | HQ | 123.00 | 48.7 | -69 |
| WH20MTDD10 | 602230.256 | 2517763.804 | 458.589 | MET | HQ | 75.60 | 48.6 | -67.6 |
| WH20MTDD11 | 602222.174 | 2517668.314 | 456.570 | MET | HQ | 150.00 | 48.7 | -69.3 |
| WH20MTDD12 | 602226.171 | 2517586.889 | 454.792 | MET | HQ | 187.50 | 47.4 | -70.3 |
| WH20MTDD13 | 602318.794 | 2517672.811 | 465.209 | MET | HQ | 103.30 | 47.4 | -69.6 |
| WH20MTDD14 | 602272.989 | 2517577.296 | 455.213 | MET | HQ | 144.00 | 48.5 | -69.4 |
| WH20MTDD15 | 602387.123 | 2517597.715 | 457.943 | MET | HQ | 72.00 | 48.7 | -70 |
| WH20MTDD16 | 602426.596 | 2517562.716 | 455.872 | MET | HQ | 84.00 | 48.7 | -71.6 |
| WH20MTDD17 | 602393.604 | 2517529.295 | 454.825 | MET | HQ | 114.00 | 48.7 | -69.6 |
| WH20MTDD18 | 602304.736 | 2517527.227 | 454.535 | MET | HQ | 141.00 | 48.7 | -69.8 |
| WH20MTDD19 | 602106.259 | 2517703.053 | 455.380 | MET | HQ | 255.00 | 48.7 | -69.7 |
| WH20MTDD20 | 602117.609 | 2517787.414 | 455.830 | MET | HQ | 181.00 | 48.7 | -69.8 |
| WH20MTDD21 | 602178.182 | 2517840.214 | 456.416 | MET | HQ | 106.00 | 48.7 | -70.3 |
| WH20MTDD22 | 602134.521 | 2517939.017 | 456.452 | MET | HQ | 102.00 | 49 | -68.3 |

***Table 2: Metallurgical drill hole table***

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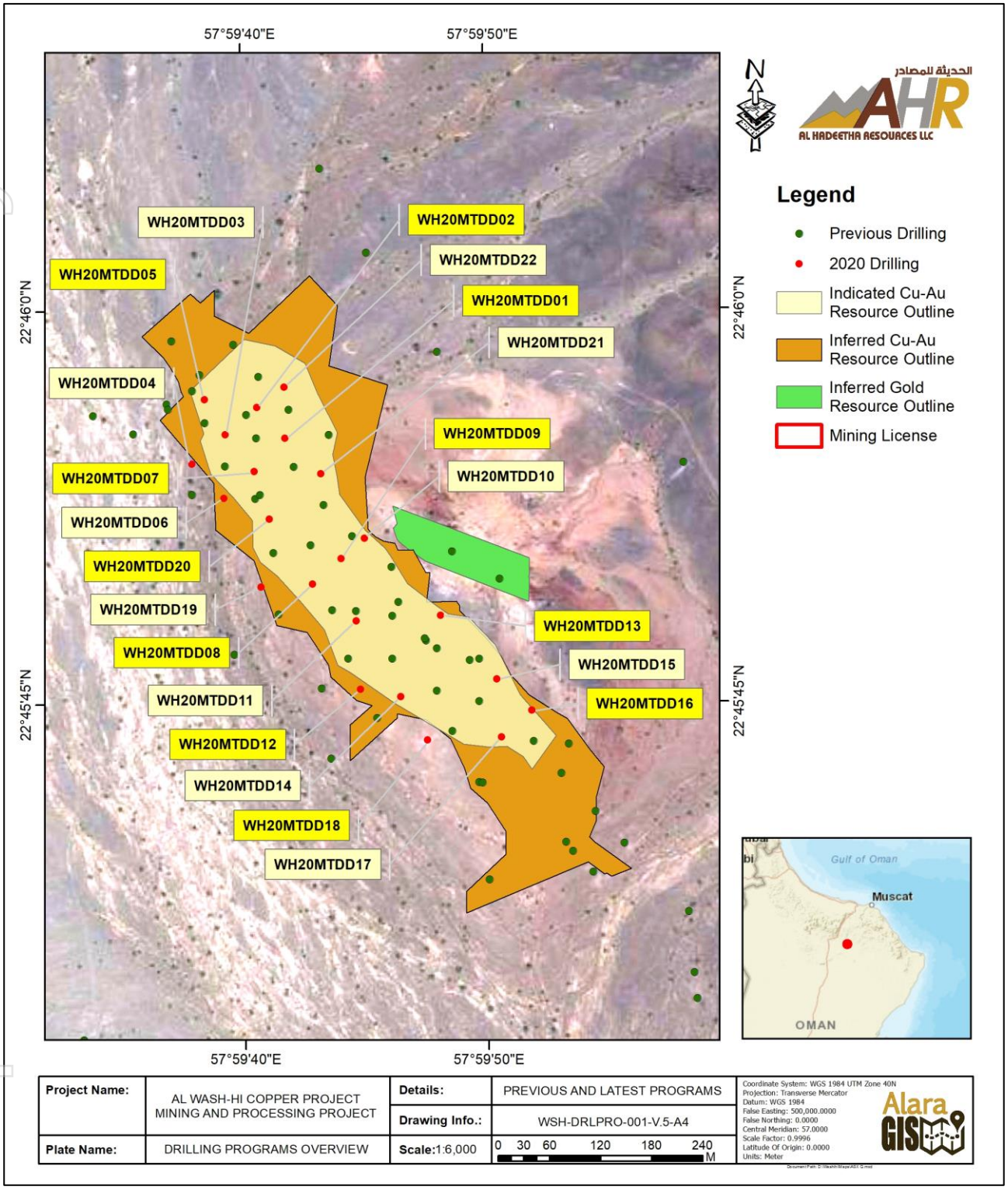



***Figure 5: Wash-hi copper deposit and Metallurgical drill hole location map***

## Metallurgical testwork

Mr. Gary Patrick, MAusIMM, CP (Met) has been appointed to oversee the metallurgical testwork program being carried out by Wardell Armstrong International, UK.

### *Sample Selection*

A total of 1862 core samples were submitted to ALS Jeddah. Comminution samples were selected to represent the 3 main host rock types namely MET001C, MET002C & MET003C. Drill hole intervals were selected to prepare Master Composites for ore characterisation testing.

Sample intervals for flotation verification tests were selected to represent the:

- Starter pit shell – North Deposit

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- Final pit shell – North Deposit
- Central/South Deposits

***Comminution Tests results***

A full suite of ore-characterisation tests were carried out on each of the main host rock types including:

- SMC tests
- Abrasion tests
- Crushing work Index tests
- Bond rod mill work Index tests
- Bond ball mill work Index tests

Results of the ore characterisation tests are summarised in table 3 below.

| Test Description | MET ID | MET001C | MET002C | MET003C |
|---|---|---|---|---|
| | Lithology ID | BAS/ BAS+MST | MM/SMS+ MNBST | MNBST |
| | Units | | | |
| Ai | g | 0.0374 | 0.5903 | 0.2171 |
| CWi | kWh/t | 6.76 | 7.13 | 5.57 |
| BRWi | kWh/t | 14.92 | 13.12 | 13.40 |
| BBWi | kWh/t | 14.06 | 14.42 | 14.96 |

***Table 3: Results of the ore characterisation tests***

***Major observations***

The testing showed the average Bond Crusher Work Index values to range from 5.57kWh/t for the MET003C Composite to 7.13kWh/t for the MET002C Composite. Based on the classification criteria provided, the MET001C and MET003C Composites were determined to be “very easy” with respect to crushability whilst the MET002C Composite was identified as being “easy”.

The results of the SMC testing showed the Axb values to range from 41.81 for the MET001C Composite to 53.52 for the MET004C Composite. The SCSE values ranged from 8.54 kWh/t for the MET004C Composite to 10.39 kWh/t for the MET002C Composite.

The results showed the Abrasion Index values range from 0.0374 for the MET001C Composite to 0.5903 for the MET002C Composite. Based on the standard classification criteria, the MET001C Composite was classified as being “nonabrasive”, the MET002C Composite was classified as being “slightly abrasive” and the MET003C Composite was classified as being “medium abrasive”.

The results of the Bond Rod Mill Work Index tests showed the Work Index values to range from 13.12 kWh/t for the MET002C Composite to 14.92 kWh/t for the MET001C Composite. On this basis the MET002C and MET003C Composites were classified as being “medium” with respect to ore hardness/grindability. The MET001C was classified as being “hard” with respect to ore hardness/grindability.

The results showed that the Bond Ball Mill Work Index values range from 14.06kWh/t for the MET001C Composite to 14.96kWh/t for the MET003C Composite. The three samples were classified as “hard” with respect to fine ore grindability.

***Flotation Tests***

The flotation scope of works includes:

- Timed rougher kinetic tests
- Open cycle cleaner tests
- Locked cycle tests

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Timed rougher kinetic tests have commenced on each of the 3 metallurgical composites using standard test parameters identified from previous testing carried out by ALS Ammtec. The results are expected in the next quarter.

***Dewatering Tests***

A bulk float will also be carried out on a blend of the 3 flotation composites to produce bulk samples for static dewatering tests on final concentrate and tailings.

## Mining Contractor and mine management consultants

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 by way of a letter of intent (**LoI**). Execution of this mining contract is expected to follow in the next quarter.

Al Hadeetha has executed a mine operation and ore grade management service agreement with Bedrock Mineral Resources Consulting (**BMRC**). For a fixed monthly fee, BMRC will provide key resources and software required for all day to day mine management activities related to ore & waste production, mine planning, grade control and statutory JORC reporting.

Mr Ravi Sharma, Managing Director of BMRC is a Chartered Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma was a principal consultant to Alara Resources Limited who undertook definition of Wash-hi copper deposit as a Competent Person as defined in the JORC Code, 2012 edition.

## Project Water Supply

Haya Water Oman has expressed doubts as to its ability to supply the Project's water requirement of 2500m3/day from Al Mudhaibi plant, as previously agreed. Project engineering work has therefore begun to evaluate the options for installng a dry tailing facility at the site. The dry tailing system is expected to decrease the water consumption to 1000$m^3$\day. This volume of water could be secured either from Al Mudhaibi STP (~25km from project site) or from Nizwa STP (~80km from project site) after confirming the required water quantity for the tailing management system either dry or wet.

## Project Power Supply

Like water, alternate power supply options are also being considered while waiting for more accurate estimates of power requirement through project engineering. Earlier a local electrical consultant was engaged to conduct the survey and finalise the route of power lines between project site and Mazoon feeder stations located about 5 kilometres away at Khadra village. Khadra feeder can supply power up to certain limit, so in case when the power requirements of project exceeds the capacity of feeder then power supply route could change to Sinaw. Considering the project capex and budgetary provision a most suitable decision shall be taken.

## Road Connectivity

Proposals from consultants are being evaluated to design road connectivity of the project site with Izki-Sinaw highway.

## Project Site Topographic Survey

Topographical survey of Wash-hi Majaza project site ws completed by GNSS / DGPS receiver covering 4 sq. km. In addition to contour mapping the survey work included locating key features such as existing building, wells, trees, UHL lines, markers above the ground such as waterlines, telephone lines, gas lines, road side structures etc. All recently completed drill hole location were also fixed by DGPS survey. Longitudinal or cross sectional spot levels for AOI was taken at 5m interval. The complete survey in Autocad format was forwarded to PMC & DSA for their utilisation in selection of sites for plant and other infrastructures.

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### Infrastructure foundation geo-technical testwork

A local firm was appointed to complete and report the various geotechnical parameters foundation recommendations required for civil designs of the processing plant and associated infrastructure works. The completed work consisted of drilling of bore holes at various coordinates for soil sample collection, electric resistivity tests, downhole seismic tests in the processing plant area and California Bearing ration tests.

The complete Geotechnical report was forwarded to PMC & DSA for their utilisation in civil design and foundation designs.

### Oman Copper Consolidation

The Company is continuing to pursue opportunities to extend its project portfolio in Oman.

### Off-take agreements

The Company has executed a term sheet for a new offtake and is discussing terms for further advance payments.

### Alara Resources LLC (ARL)

ARL's first mining contract is with Al Hadeetha Resources LLC, as detailed above. Tender proposals have been prepared and submitted to other prospective clients.

ARL has submitted tender to a major Omani industrial mineral company for exploration drilling contract.

### Alara Operations LLC (AOL)

Management Services Agreements between Al Hadeetha Resources LLC and Alara Resources LLC has now been transferred to Alara Operations LLC. The purpose of this transfer was to bring the Management Services Agreement back within the consolidated entity.

## Expenditure Summaries

### Mining production and development

During the quarter, the consolidated entity incurred expenditure of $723,000 on mining production and development activities.

### Mining exploration

During the quarter, the consolidated entity incurred expenditure of $nil on mining exploration activities.

## Related-Party Payments

### Director's remuneration

During the Quarter, the consolidated entity made payments totalling $581,000 to related parties, as disclosed in item 6.1 in the Company's Appendix 5B. These payments were for Directors' remuneration. No other payment was made to any related party or the associate of a related party.

# Next Quarter

Expected developments in the next Quarter include:

- Continue with Wash-hi project engineering and begin placing procurement orders for major equipment through bank loan draw down.
- Progress with metallurgical test work.
- LOI with ARL converted into a mining contract.

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# 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 1,200km$^2$.

The Al Wash-hi – Majaza/Mullaq[3] 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 Project[4] is located ~150km west of Muscat. Both projects are located very close to high-quality bitumen roads.

### 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 and 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%) | 587km2 | Nov 2009 | Active* | Daris 3A5 & East | Resubmitted 2018 | Pending |
| Block 8 | Awtad Resources LLC | 10% (earn in to 70%) | 597km2 | 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 Project[5] 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. The Minister of Industry and Mineral Resources bandar Bin Ibrahim Al-Khorayef recently announced the allocation of 54 mining reserve sites, including five zinc sites with one in Al Khnaiguiyah.

3 Refer to Alara's 8 December 2011 ASX Announcement: Project Acquisition - Al Ajal-Wash-hi-Mullaq Copper-Gold Project in Oman.
4 Refer to Alara's 30 August 2010 ASX Announcement: Project Acquisition - Daris Copper Project in Oman.
5 Refer to Alara's 18 April 2013 ASX Announcement: Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project.

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# Additional Tenement Information

## Mining tenement disposals and acquisitions

The consolidated entity did not acquire or dispose of any interest in any mineral tenement during the quarter.

## Farm-in and farm-out agreements

The consolidated entity did not enter or terminate any farm-in or farm-out agreement during the quarter.

The consolidated entity holds its percentage interests in the mineral tenements disclosed under the heading *Daris and Awtad Copper-Gold Projects* under farm-in agreements with the respective Licence Owners disclosed there.

# Securities Information

**as at 27 October 2020**

## Issued Securities

| | Quoted on ASX | Unlisted | Total |
|---|---|---|---|
| Fully paid, ordinary shares | 634,886,315 | – | 634,886,315 |
| **Total** | **634,886,315** | **–** | **634,886,315** |

| | Quoted on ASX | Unlisted | Total |
|---|---|---|---|
| Fully paid, ordinary shares | 634,886,315 | – | 634,886,315 |
| **Total** | **634,886,315** | **–** | **634,886,315** |

## Distribution of Fully Paid Shares

| Spread of Holdings | No. of Holders | Number of Units | % of Issued Capital |
|---|---|---|---|
| 1 – 1000 | 877 | 291,991 | 0.046% |
| 1,001 – 5,000 | 264 | 613,828 | 0.097% |
| 5,001 – 10,000 | 124 | 1,038,073 | 0.164% |
| 10,001 – 100,000 | 313 | 12,168,746 | 1.917% |
| 100,001 + | 258 | 620,773,677 | 97.77% |
| **TOTAL** | **1,830** | **634,886,315** | **100%** |

## Top 20 Shareholders

| Rank | Shareholder | Shares Held | % Issued Capital |
|---|---|---|---|
| 1. | Mr Vikas Malu | 64,142,050 | 10.10% |
| 2. | Ms Meng Meng | 41,824,437 | 6.59% |
| 3. | Mr Vikas Jain | 37,745,930 | 5.95% |
| 4. | Citicorp Nominees Pty Ltd | 35,576,385 | 5.60% |
| 5. | Mr Justin Richard | 35,319,526 | 5.56% |
| 6. | Al Hadeetha Investment Services LLC | 31,500,000 | 4.96% |
| 7. | Metals Corners Holding Co | 31,012,217 | 4.89% |
| 8. | Mr Piyush Jain | 24,199,437 | 3.81% |
| 9. | Whitechurch Developments Pty Ltd <Whitechurch S/F A/C> | 20,575,550 | 3.24% |
| 10. | Mr Tyrone James Giese | 17,456,189 | 2.75% |
| 11. | BNP Paribas Nominees Pty Ltd | 16,977,685 | 2.67% |

| Rank | Shareholder | Shares Held | % Issued Capital |
|---|---|---|---|
| 12. | Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C> | 15,000,000 | 2.36% |
| 13. | Ferguson Superannuation | 11,817,086 | 1.86% |
| 14. | Mr Pradeep Kumar Goyal | 11,781,549 | 1.87% |
| 15. | Mr Mohammed Saleh Alalshaikh | 11,347,387 | 1.79% |
| 16. | Mr. Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C> | 9,649,544 | 1.52% |
| 17. | Mr Peter Kelvin Rodwell | 9,422,858 | 1.48% |
| 18. | Mr Warren William Brown + Mrs Marilyn Helena Brown | 8,664,286 | 1.37% |
| 19. | Progesys International FZC | 5,868,726 | 0.92% |
| 20. | Thorpe Road Nominees Pty Ltd | 5,622,858 | 0.87% |
| **Total** | | **445,503,700** | **70.16%** |

## 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.

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'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

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# Appendix 5B

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

**Name of entity**

**ALARA RESOURCES LIMITED**

| **ABN** | **Quarter ended ("current quarter")** |
|---|---|
| **27 122 892 719** | **30 September 2020** |

| **Consolidated statement of cash flows** | | **Current quarter $A'000** | **Year to date (3 months) $A'000** |
|---|---|---|---|
| **1.** | **Cash flows from operating activities** | | |
| 1.1 | Receipts from customers | 223 | 223 |
| 1.2 | Payments for | - | - |
| | (a) exploration & evaluation (if expensed) | | |
| | (b) development | (723) | (723) |
| | (c) production | - | - |
| | (d) staff costs | (600) | (600) |
| | (e) administration and corporate costs | (165) | (165) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | - | - |
| 1.5 | Interest and other costs of finance paid | - | - |
| 1.6 | Income taxes paid | - | - |
| 1.7 | Government grants and tax incentives | - | - |
| 1.8 | Other (provide details if material) | - | - |
| **1.9** | **Net cash from / (used in) operating activities** | **(1,265)** | **(1,265)** |

| | | | |
|---|---|---|---|
| **2.** | **Cash flows from investing activities** | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | (2) | (2) |
| | (d) exploration & evaluation (if capitalised) | - | - |
| | (e) investments | - | - |
| | (f) other non-current assets | - | - |

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| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) investments | - | - |
| | (e) other non-current assets | - | - |
| 2.3 | Cash flows from loans to other entities | - | - |
| 2.4 | Dividends received (see note 3) | - | - |
| 2.5 | Other (provide details if material) | - | - |
| **2.6** | **Net cash from / (used in) investing activities** | **(2)** | **(2)** |

| | | | |
|---|---|---|---|
| **3.** | **Cash flows from financing activities** | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | - | - |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 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** | **-** | **-** |

| | | | |
|---|---|---|---|
| **4.** | **Net increase / (decrease) in cash and cash equivalents for the period** | | |
| 4.1 | Cash and cash equivalents at beginning of period | 7,675 | 7,675 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (1,265) | (1,265) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (2) | (2) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

| Consolidated statement of cash flows | | Current quarter $A'000 | Year to date (3 months) $A'000 |
|---|---|---|---|
| 4.5 | Effect of movement in exchange rates on cash held | (220) | (220) |
| **4.6** | **Cash and cash equivalents at end of period** | **6,188** | **6,188** |

| 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 | 6,074 | 7,487 |
| 5.2 | Call deposits | 114 | 207 |
| 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)** | **6,188** | **7,694** |

| 6. | Payments to related parties of the entity and their associates | Current quarter $A'000 |
|---|---|---|
| 6.1 | Aggregate amount of payments to related parties and their associates included in item 1* | 581 |
| 6.2 | Aggregate amount of payments to related parties and their associates included in item 2 | - |

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments .

1) The amount in 6.1 is comprised of Directors' salaries, fees and entitlements of A$581,000

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| 7. | **Financing facilities**<br>*Note: the term "facility' includes all forms of financing arrangements available to the entity.*<br>*Add notes as necessary for an understanding of the sources of finance available to the entity.* | **Total facility amount at quarter end $A'000** | **Amount drawn at quarter end $A'000** |
|---|---|---|---|
| 7.1 | Loan facilities – Al Hadeetha Investments LLC | 2,800 | 759 |
| 7.2 | Loan facilities – Alizz Islamic Bank | 36,269 | - |
| 7.3 | Loan facilities – Bank Nizwa | 36,269 | - |
| 7.4 | Credit standby arrangements | - | - |
| 7.5 | **Total financing facilities** | **75,338** | **759** |

| | | |
|---|---|---|
| 7.5 | **Unused financing facilities available at quarter end** | **74,579** |

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

**7.1.** Pursuant to the Shareholders' Agreement with Al Hadeetha Investments LLC (AHI), Al Hadeetha Resources LLC (AHR) (a controlled entity of Alara Resources Limited) executed a Loan Agreement of up to USD 2 million with AHI on 16 April 2017.Under the Loan Agreement, interest accrues at a rate of LIBOR plus 2%. The loan is repayable (alongside the loan of approximately AUD 18.4 million from Alara Resources Limited and its controlled entities) from profits of AHR prior to any dividends being issued to the shareholders of AHR, or in the event that AHI ceases to be a shareholder of AHR. AHI and / or Alara Resources Limited may elect to convert all or part of the loan into equity in AHR.

**7.2.** Pursuant to the ASX Announcement dated 03.02.2020, the company has accepted an offer from Alizz Islamic Bank (Alizz), for finance of OMR 10 Million (A$36 Million). The profit rate for Alizz is in the range of 5.92 – 6.92% Per annum, reviewable annually. Also, OMR 100,000 (A$400,000) have been paid has facility fees to the bank for the finance offer.

**7.3.** Pursuant to the ASX Announcement dated 10.03.2020, the company has accepted a club finance offer from Bank Nizwa, for finance of OMR 10 Million (A$36 Million). The profit rate is a minimum of 6.75% Per annum, reviewable annually. Also, OMR 100,000 (A$400,000) have been paid has facility fees to the bank for the finance offer.

| 8. | **Estimated cash available for future operating activities** | **$A'000** |
|---|---|---|
| 8.1 | Net cash from / (used in) operating activities (Item 1.9) | (1,265) |
| 8.2 | Capitalised exploration & evaluation (Item 2.1(d)) | - |
| 8.3 | Total relevant outgoings (Item 8.1 + Item 8.2) | (1,265) |
| 8.4 | Cash and cash equivalents at quarter end (Item 4.6) | 6,188 |
| 8.5 | Unused finance facilities available at quarter end (Item 7.5) | 74,579 |
| 8.6 | Total available funding (Item 8.4 + Item 8.5) | 80,767 |
| 8.7 | **Estimated quarters of funding available (Item 8.6 divided by Item 8.3)** | **63.84** |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

| |
|---|
| Answer: Not applicable |

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

| |
|---|
| Answer: Not applicable |

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

| |
|---|
| Answer: Not applicable |

## 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.

Date: 29th October 2020

Authorised by: By the Board of Directors
(Name of body or officer authorising release – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow 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 cash flow 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.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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