

29 April 2016

ASX Code: AUQ

#### DIRECTORS

**James Phipps**

Non-Executive Chairman

**Justin Richard**

Managing Director

**Atmavireshwar Sthapak**

Executive Director

**Vikas Jain**

Non-Executive Director

**Ian Gregory**

Alternate Director

#### COMPANY SECRETARIES

Elizabeth Hunt, Ian Gregory

#### CAPITAL STRUCTURE (AS AT 31/3/2016)

**Shares: 506,015,000**

**Options: 248,007,500**

**Share Price: \$0.02**

**Market Cap: \$10.1m**

## Summary

- Positive findings from the Al Hadeetha Copper-Gold Project Feasibility Study were delivered in the period.
- Al Hadeetha exploration licences have been renewed and mining licence application is progressing through the approval process.
- Other developments in Oman combine to create a favourable environment for bringing the Al Hadeetha Copper-Gold project into production.
- Saudi Board of Grievances advancing toward judgement on the Khnaiguiyah JV Agreement.

#### CONTACT DETAILS

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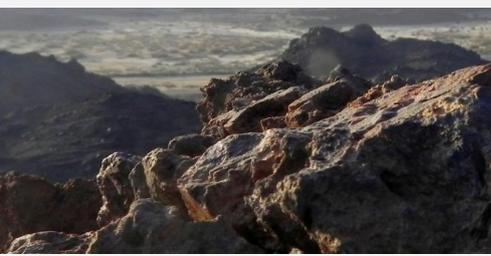
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## Al Hadeetha Copper-Gold Project (Oman)

A feasibility study was completed during the period, with findings being announced on 1 April. The study findings concluded financial returns on the 'Base Case' as follows:

- Revenue of AUD\$ 586.5 million over 10 years
- EBITDA over the same period of AUD\$ 191.9 million
- Capital Expenditure (including contingency and working capital) of AUD\$66.6 million
- Free Cash flow (FCFF) of AUD\$ 109.5 million
- Project NPV of AUD\$ 37.8 million
- Project IRR of 21%

The Base Case assumptions included the lower of two reputable price forecasts with projections remaining fixed from 2019 onwards, despite World Bank forecasting increases for this period. If only World Bank forecasts were used, financial returns are significantly higher with the NPV almost doubling.

The Company expressed appreciation to Mr Shanker Madan (MAusIMM) for his service as Technical Director to the Company and to the team of highly regarded mining professionals who participated in the study, including Mr AV Sthapak (MAusIMM), Mr G Krishnamurthy, Mr Ravindra Kumar Sharma (MAusIMM and CP), Mr Mike Efthymiou, Mr Harry Warriess, Mr Kweku Aymin, Mr Babu Madhavan, Aarya Engineering and ALS AMMTEC.

### COMMUNITY RELATIONS

Community interest and support for the project remains positive. Outcomes from a recent community meeting will be included in a separate announcement early May.

### FURTHER DRILLING

Further drilling is currently underway at the Washihi deposit with preliminary drilling results expected next month. The additional drilling aims, among other things, to bring more of Al Hadeetha's inferred resource at Washihi into an indicated category.

### PROJECT FINANCE

Over the past 18 months, various project financing options were considered. The Company determined the best course of action was to proceed with a rights issue and conclude the Al Hadeetha feasibility study. This course of action allowed the Company to avoid diluting

existing shareholders (to the extent existing shareholders took up their rights), produce a more clear development pathway in Oman, and preserve Alara's interests in Saudi.

With the Feasibility Study findings in hand, there has been new and renewed interest in the project and the company is sharing project information with selected parties. Non-disclosure agreements currently apply to both the information being disclosed and the identity of the interested parties. The Company confirms that debt financing with well recognised financial institutions and vendor financing options are being advanced.

## LICENCING

The Company has submitted five mining licence applications in Oman. The Washihi licence application passed a number of approval stages and is now being assessed by the Ministry of Environment.

The three Al Hadeetha exploration licences (Washihi, Mullaq and Al Ajal) were all renewed during the period.

## OTHER DEVELOPMENTS IN OMAN

The Sultanate of Oman is quickly advancing its strategy of greater economic diversification and lessened dependence upon oil revenues. The Sultanate recently signed an agreement with the World Bank for technical cooperation in developing sectors that will help accomplish this goal.

Initiatives that are of particular interest to the mining industry include the Sohar Dry Bulk Logistics Corridor. Sohar Port and Freezone, Vale and Oman National Investments Development Company recently signed an MOU which builds on the existing infrastructure currently operated by mining giant Vale. The Sohar Dry Bulk Logistics Corridor is a direct benefit to the mining sector in Oman by enabling the export of minerals mined and processed in Oman to international markets at competitive rates.

In January, Oman's largest sovereign wealth fund, the State General Reserve Fund ('SGRF') announced plans to establish Mining Development Oman ('MDO'), a venture that would invest in the Sultanate's mining industry. SGRF and three other state bodies, the Oman Investment Fund, Oman Oil Co and Oman National Investments Development Company have contributed 100 million rials (~AUD\$350 million) in capital for a 60% stake in MDO, with the remaining 40% planned for IPO on the Muscat Securities Market later this year. MDO plans to be a partial investor in mining projects, with partners locally, regionally, and internationally.

Another relevant development during the period was the announcement of a US\$46m copper tube mill being constructed in the Sohar Freezone. The copper tubing plant is to have initial processing capacity of 15,000tpa with provision to increase up to 30,000tpa and production scheduled to commence by mid-2018. Raw materials to feed the plant will be sourced from the local market or Iran.

The Company recognises the significance of these developments, among other positive steps being taken, as evidence of the Omani government's commitment to the development of the Sultanate's mining industry. The combination of these initiatives at this time is creating a very positive environment for Alara and its JV partner to move the Al Hadeetha Copper-Gold Project into its construction phase.

## Daris Copper-Gold Project (Oman)

The Daris project includes two high grade deposits. Alara's JV partner has purchased a drill rig that can now be utilised on the site and further exploration within the large 587 square kilometre licence area is scheduled for this year. Fresh samples will also be taken for testing to determine the most effective processing options, including toll treatment contemplated by the MOU with Mawarid Mining.

## Khnaiguiyah Zinc-Copper Project (Saudi)

Last quarter the Company announced the cancellation of the Khnaiguiyah mining license and proceeded to make a \$32m provision for impairment of "resource projects" on the Company's balance sheet. The cancellation also effectively broke an impasse which had stalled the Project for almost two years. Further updates are expected in early May.

This 'impasse' led to legal proceedings in late 2014 between Alara and its former JV partner, United Arabian Mining Company ('Manajem'). At the last hearing, which took place on 16 February 2016, the Judge asked Manajem's representative a series of questions in order to establish: 1) the basis of Manajem's claim, 2) what they were seeking, and 3) the connection between the two. The Judge also indicated he would not allow the file to drift and it was time to send the matter for judgement. The next court date was scheduled for the last week of April and the Company anticipates providing a further update after receiving the report from legal counsel in the first week of May.

## Mineral Licences

### Daris Copper-Gold Project

The Daris Copper-Gold prospects are located ~170km northwest of Muscat (the capital of Oman) and are on or very close to high quality bitumen roads.

The current status of all licences/applications for this project is presented in the table below.

Block Name	Licence Owner	Alara JV Interest	Exploration Licence			Mining Licences within EL		
			Area	Date of Grant	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC, Oman	50%	587km <sup>2</sup>	Nov 2009	Renewal Pending	Daris East 3.2km <sup>2</sup>	Dec 2012	Accepted in April 2013; in progress
						Daris 3A-5 1.3km <sup>2</sup>		

### Al Hadeetha (formerly Washihi) Copper-Gold Project

The Al Hadeetha prospects are located ~100km south-southeast of the Daris Project and are on or very close to high quality bitumen roads.

The current status of all licences/applications for this project is presented in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Licence			Mining Licence within EL		
			Area	Date of Grant	Status	Area	Date of Application	Status
Washihi	Al Hadeetha Resources LLC, Oman	70%	39km <sup>2</sup>	Jan 2008	Active	2.1km <sup>2</sup>	Dec 2012	Accepted in April 2013; in progress
Mullaq	Al Hadeetha Resources LLC, Oman	70%	41km <sup>2</sup>	Oct 2009	Active	1km <sup>2</sup>	Jan 2013	In progress
Al Ajal	Al Hadeetha Resources LLC, Oman	70%	25km <sup>2</sup>	Jan 2008	Active	1.5km <sup>2</sup>	Jan 2013	In progress

### Khnaiguiyah Zinc-Copper Project

The Khnaiguiyah Zinc-Copper Project is located approximately 170km south-west of the capital city Riyadh and 35km north-west of Al-Quwayiyah, which is a regional centre located around the Riyadh to Jeddah Expressway.

The Khnaiguiyah Project originally comprised one mining licence, 2 exploration licences and 5 exploration licence applications, totalling approximately 380km<sup>2</sup>. These licences were previously held by Manajem, but have now been cancelled.

In 2015, Alara entered into a new agreement with Bayan Mining Company LLC to exploit mining opportunities at Khnaiguiyah and elsewhere in Saudi Arabia. Given Alara holds the only bankable feasibility study for the Project, the Alara-Bayan team is uniquely placed to develop this project once the mining licence is reissued.

# JORC Statements

## Al Hadeetha Copper-Gold Project (Oman)

Table 1 - Washihi JORC Mineral Resources<sup>2</sup>

Cu % Cut off	Indicated Resource			Inferred Resource		
	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0	7.16	0.87	0.17	7.77	0.67	0.2
0.25	6.84	0.9	0.17	7.27	0.71	0.2
0.5	5.66	1.01	0.18	5	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1	2.39	1.37	0.2	1.24	1.31	0.27

## Daris Copper-Gold Project (Oman)

Table 2 - Daris-East JORC Mineral Resources

Ore type	Cut-off grade Cu%	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t
Sulphides	0.5	129,155	2.48	0.23	110,870	2.24	0.51	240,024	2.37	0.43	30,566	2.25	0.55
Oxides	0.5	96,526	0.77	0.03	86,839	0.66	0.14	183,365	0.72	0.08	1,712	0.61	0.97

<sup>2</sup> Refer Alara's 16 July 2013 ASX Announcement: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

### **Competent Person Statement**

*The information in this announcement on Mineral Resources in relation to the Copper–Gold Projects (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma was a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sharma approves and consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*

### **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-based 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 and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi deposit. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: [www.alararesources.com](http://www.alararesources.com).

# Securities Information

as at 31 March 2016

## Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	506,015,000	-	506,015,000
\$0.02 (30 April 2017) Listed Options	248,007,500	-	248,007,500
<b>Total</b>	<b>754,022,500</b>	<b>-</b>	<b>754,022,500</b>

## Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	940	322,517	0.064%
1,001 - 5,000	317	751,362	0.148%
5,001 - 10,000	167	1,399,922	0.277%
10,001 - 100,000	407	16,304,324	3.222%
100,001 - and over	297	487,236,875	96.28%
<b>Total</b>	<b>2,159</b>	<b>506,015,000</b>	<b>100%</b>

## Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Vikas Jain	30,000,000	5.93%
2.	Metals Corners Holding Co	29,500,000	5.83%
3.	Mul Chand Malu	25,000,000	4.94%
4.	Vikas Malu	25,000,000	4.94%
5.	Ms Meng Meng	21,992,137	4.38%
6.	Piyush Jain	20,000,000	3.95%
7.	Justin Richard	20,000,000	3.95%
8.	Whitechurch Developments Pty Ltd	18,003,606	3.56%
9.	HSBC Custody Nominees (Australia) Limited	15,986,140	3.16%
10.	Citicorp Nominees Pty Limited	15,400,255	3.04%
11.	Baron Nominees Pty Ltd	12,100,000	2.39%
12.	Dr John Henry Addison McMahon	11,497,777	2.27%
13.	Inkese Pty Ltd	11,000,000	2.17%
14.	Bayan Mining LLC	10,000,000	1.98%
15.	Mr Warren William Brown + Mrs Marilyn Helena Brown	9,300,000	1.84%
16.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery	8,824,780	1.74%
17.	Mr Peter Kelvin Rodwell	8,000,000	1.58%
18.	Mr Michael Arch	5,430,000	1.07%
19.	Mr Anthony Brown	4,989,357	0.99%
20.	Thorpe Road Nominees Pty Ltd	4,920,000	0.97%
<b>Total</b>		<b>306,944,052</b>	<b>60.66%</b>