

ASX Code: AUQ

DIRECTORS

Ian Williams
Non-Executive Chairman

Philip Hopkins
Managing Director

John Hopkins
Non-Executive Director

James Phipps
Non-Executive Director

MANAGEMENT TEAM

Victor Ho
Company Secretary

Justin Richard
Country Manager, Saudi & Oman

CAPITAL STRUCTURE

As at 30 April 2015

Shares: 248,007,500

Options: 17,066,667

Share Price: \$0.01

Market Cap: \$2.48m

Cash+Liquids: \$1.75m (31 Mar 2015)

RESOURCES – KHNAIGUIYAH *

Measured & Indicated:

Zinc-Copper Resource 25.32 Mt @
4.03% Zn and 0.17% Cu

Measured & Indicated:

Copper Resource 8.53Mt @ 0.64%Cu

RESERVE – KHNAIGUIYAH *

Proved:

Zinc-Copper Reserve 17.7 Mt @
3.4% Zn and 0.29% Cu

Probable:

Zinc-Copper Reserve 8.35 Mt @
3.1% Zn and 0.13% Cu

CONTACT DETAILS

Level 3, 35 Havelock Street
West Perth WA 6005
Australia

PO Box 1890
West Perth WA 6872

Telephone: +61 8 6323 5900

Facsimile: +61 8 6323 5999

www.alararesources.com

ABN: 27 122 892 719

*Refer JORC Statements on page 13 and 14

30 April 2015

Highlights

- Cash and liquid securities at \$1.75 million (as at 31 March 2015).
- Alara continues cost conservation initiatives in Australia and overseas.
- 'Financial claims' raised by Khnaiguiyah Zinc-Copper Project JV partner, Manajem, against Alara remain unsubstantiated. Saudi Board of Grievances has formally joined Alara's counter-claims filed in the prior quarter. Process on-going with next hearing set for 16 June 2015.
- Washihi JV entity signed an MOU with Mawarid Mining LLC outlining the intent and terms for the parties to work together to optimise (through a Feasibility Study process) the Washihi Project via the Toll Treatment of ore at Mawarid's Lasail Concentrator Plant near Sohar.
- Positive outcomes under an Updated Advanced Scoping Study considering Washihi Toll Treatment option - 2Mtpa mining rate feeding a 2-stage crushing and HMS circuit with enriched ore transported (~370km) to Mawarid's Lasail Copper Concentrator Plant for toll treatment and the sale of concentrate product to the adjacent State owned Oman Mining Company Copper Smelter.
- Washihi Feasibility Study tender process complete with final bids received and under review.
- Toll Treatment (also at Lasail) of high-grade Daris deposit shows potential as a low capex, short-term production option. Previous studies have been updated and are currently being reviewed.
- Plans and commercial framework to fund next stage of the Washihi Project through final study phase (ie. Feasibility Study) to implementation progressing.
- Public Authority for Mining in Oman has confirmed the annual renewal of the Daris Copper-Gold Project (Block 7) Exploration Licence through to February 2016.
- The Mining Licence applications for the Washihi and Daris Projects are progressing well.



Overview

The third quarter of FY2015 was a story in two parts for the Company. On the more challenging front the Khnaiguiyah (Zn/Cu) Project in Saudi Arabia continues to be at an “impasse” while the site’s Mining Lease (ML) remains in the hands of the Joint Venture (JV) partner (Manajem) and continues to lie idle. However, across the border in Oman, both the Washihi and Daris (Cu/Au) Projects progressed to their next milestones with a particularly strong upside option defined and progressed on the Washihi Project.

Although the Company stands ready to advance the Khnaiguiyah Project in Saudi Arabia as soon as progress is made on essentially “freeing up” the ML, progress toward this point has remained slow with the time to reach this next milestone unpredictable. Every reasonable effort to advance to this next milestone is being undertaken.

In contrast to the difficulties in Saudi Arabia, in Oman, both the Washihi and Daris Projects were progressed to their next key milestones respectively. In the prior quarter it was noted (and announced) that the Advanced Scoping Study¹ (AS) on Washihi was completed and defined the robust economics of this Project.

Following this work an MOU was reached with Mawarid Mining LLC to collaboratively evaluate the processing of the Washihi ore at their Lasail Copper Concentrator Plant near Sohar². Based on the plant’s current production plan it will be able to treat the Washihi ores from the fourth quarter 2015. Based on the strength of this MOU the AS was amended to evaluate a much simpler mining and Heavy Media Separation (HMS) process at the Washihi site followed by the toll treatment of the ore at the Lasail Plant. This new approach greatly reduced the capital cost (~65%), significantly reduced the time to Project implementation and in turn greatly improved the already robust Project economics. The overall effect of this work was the reduction in Project risk whilst simultaneously increasing the Project attractiveness.

In turn, at the end of the quarter the evaluation of a simple mining operation at Daris followed by the toll treatment of the ore at the Lasail Plant was also under final review. Given the reduced tonnage of the high-grade ore present at Daris this project would have a limited life (<1 year LOM) however, given its higher grade (~2% Cu) and minimal cost and time to implementation, the project is attractive as an interim and robust production source.

The Washihi Project requires minimal further technical evaluation prior to commencement of mining. A limited scope Feasibility Study (~six months) has been outlined (and tendered – see below). The Daris Project evaluation is being finalised - should this work prove suitable to progress the project, a final confirmation of the metallurgy performance and pit geotechnical aspects (~four months) is required. Progress toward these respective Projects’ next stages is underway with commencement of the next Washihi milestones planned for the current quarter.

1 Refer Alara’s 14 October 2014 ASX Announcement: [Oman Project Update: Positive Advanced Scoping Study Outcomes](#)

2 Refer Alara’s 19 February 2015 ASX Announcement: [Oman Washihi Project Defined – MOU with Mawarid Mining](#)

Saudi Arabia

Khnaiguiyah Zinc-Copper Project Overview

In January 2015, His Royal Highness, Crown Prince Salman bin Abdulaziz Al Saud was crowned King of Saudi Arabia and swiftly ordered a number of senior government appointments, including a cabinet shuffle. The full impact of these changes, including those within the Ministry of Petroleum and Mineral Resources are still unfolding, but overall the changes have been well received and have been part of a smooth transition.

While the impasse on the mining licence remains unresolved, the Board of Grievances have promptly dealt with preliminary hearings between Alara and Manajem and Manajem are yet to provide evidence to substantiate their claim against Alara.

As previously reported, the Company will not speculate on what action may be taken by the DMMR if development of the Khnaiguiyah Project continues to lag behind the approved work schedule, but notes that activity on the site has again wound down, after perimeter fencing was completed and an application to engage in another activity (outside the scope of the existing Mining Licence) was apparently not approved by the DMMR.

Given the inherent risks in such a situation it is important to highlight that:

- Alara has contingency plans to deal with such risks;
- The project remains within the Zinc forecast up cycle; and
- Alara retains control of the technically and financially robust DFS, including +36,000m new resources drilling data, which has been solely funded by Alara.

In summary, Alara remains well positioned to capitalise on the investment it has made in Saudi Arabia as soon as the dispute with Manajem, or the impasse over the ML, is resolved, whichever occurs first.

Update on legal matters

On 13 November 2014, Alara announced that Manajem had filed a 'financial claim' against Alara Saudi Operations Pty Limited before the Board of Grievances in Riyadh³. Alara has subsequently filed a defence and four specific, individual and substantiated counter claims against Manajem, which the Board of Grievances has formally enjoined with Manajem's action.

There has been five brief hearings before the Board of Grievances to date. At the most recent hearing on 21 April, Manajem, who were expected to formally respond to Alara's defence and counterclaim, instead raised an issue with Alara's legal representation in the matter. Alara regards Manajem's latest assertions as a delaying tactic, erroneous and without any foundation and will respond accordingly at the next hearing set for 16 June 2015.

To date, Alara has not received particulars to support Manajem's claims (ie. a cause of action has not been set out nor has substantiating evidence been provided) and Manajem has not responded to Alara's counter-claims.

It is still too early to provide a reasonable expectation as to the anticipated length of these legal proceedings. Alara will keep the market informed as material developments arise in relation to these matters and the Company disposes of the issue in due course.

Zinc price outlook

During the quarter, zinc traded in a range of USD ~\$0.90-0.99/lb and is currently USD ~\$1.04/lb (as at 29 April 2015)⁴.

3 Refer Alara's 13 November 2014 ASX Announcement: [Khnaiguiyah Project Update](#)

4 Source: LME cash (buyer) price

Commentators believe that zinc is the base metal poised to perform price-wise in the next few years due to a tightening in supply brought about by anticipated Western mine closures (including the closure of one of the significant producers, the Century Zinc Mine in Queensland).

This is aligning with the project timeline for the Khnaiguiyah Zinc-Copper Project which is planned to commence commissioning in 2017-2018. Should the consensus forecast price be achieved they would provide significant upside to the project economics which is based on a zinc price of US\$1.05/lb.

Oman

Washihi and Daris Copper Gold Projects overview

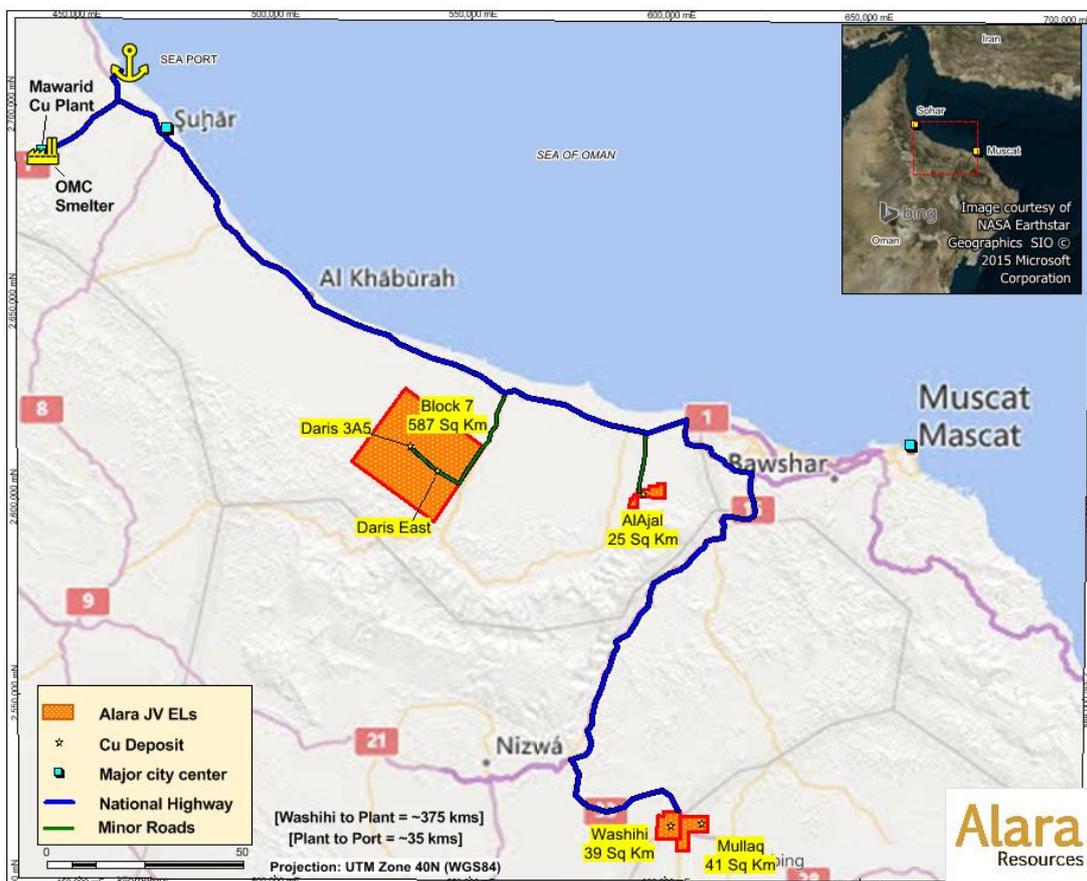
The Daris and Washihi Copper-Gold Projects (comprising four exploration licences and five applications for mining licences) are located ~185km apart and ~60-160km west and southwest of Muscat Airport by road (refer figure below).

Licences update

The three exploration licences for Washihi project (Washihi, Mullaq and Al Ajal) have all been renewed during the prior quarter. Mining licence applications for the same areas have received 'no objection' certificates from seven Ministries with one remaining 'no objection' certificate due from the Ministry of Environment. Ministry Officials have recently completed a site visit and proposed a reduction in the Washihi mining licence area in line with the proposed ore-body pit shell.

The exploration licence (block 7) for Daris has also been renewed during the current quarter.

The three mining licence applications at Washihi and two mining licence applications at Daris are otherwise progressing as scheduled.



Location Map of Alara's Exploration Licence Areas in Oman



***Ministry of Environment officials visited Washihi Project Site with Atmavireswar Sthapak
(Alara's Oman based GM Geology & Resources)***

Washihi Project

The Washihi Copper-Gold Project comprises 3 exploration licences and 3 applications for mining licences over the Washihi, Mullaq and Al Ajal prospects. The Washihi deposit is located ~160km west and southwest of Muscat Airport by road and ~375km from Mawarid's Lasail Copper Concentrator Plant by road. The State owned Oman Mining Company (**OMCO**) Copper Smelter is located adjacent to the Lasail Plant and the bulk shipping port at Sohar is located ~35km from the Smelter.

The Washihi Project⁵ is held by Al Hadeetha Resources LLC, an incorporated Joint Venture ('JV') between Alara Oman Operations Pty Limited (70%) and local partner, Al Hadeetha Investments LLC (30%). The Washihi deposit is the largest JORC compliant copper resource in Oman.

MOU with Mawarid Mining – Owner & Operator of Lasail Copper Concentrator Plant

Alara, through its Oman JV entity (Al Hadeetha Resources LLC) completed a MOU⁶ with Mawarid Mining LLC in February 2015 outlining both the intent and the terms for the parties to work together to optimise the Washihi deposit mining and Lasail Concentrator Process Plant toll treatment scenario. Mawarid owns and operates the Lasail Plant located about 35 km inland from Sohar and about 375 km by road from Washihi site and post the third quarter 2015 will have capacity to treat all of the Washihi upgraded feed (see notes below). Lasail is the only copper concentrator in Oman.

The MOU outlines the understanding between two parties relative to working closely together through the 6-8 month Feasibility Study (FS) period to arrive at the optimum mine and processing plant set up that will notionally process 0.8 – 1.2 million tonnes per annum of upgraded ore from the Washihi Project through the Lasail Processing Plant for an initial five (5) year term. This processing period can be extended by mutual consent of the parties as it is Alara's intent to drill off the remaining +50% of the known mineralisation (currently a defined JORC Exploration Target) as a priority once Washihi goes into production and thus extend the mining period to +12 years. There are additional deposit extensions likely and it is planned that these are tested as well.

The MOU outlines the collaborative approach by both parties to work closely together through the FS which will define (among other matters) the technical, physical and operational elements required between the two operations (at the mine and process plant) in order to optimise the overall toll treatment arrangement for both parties. Mawarid is a very strong mining and processing partner and has extensive experience and historic success in this area. By working closely together through the FS both parties

5 Refer Alara's 8 December 2011 ASX Announcement: [Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman](#)

6 Refer Alara's 19 February 2015 ASX Announcement: [Oman Washihi Project Defined – MOU with Mawarid Mining](#)

will be able to design, fine tune and otherwise optimise the two operations to work in concert with each other.

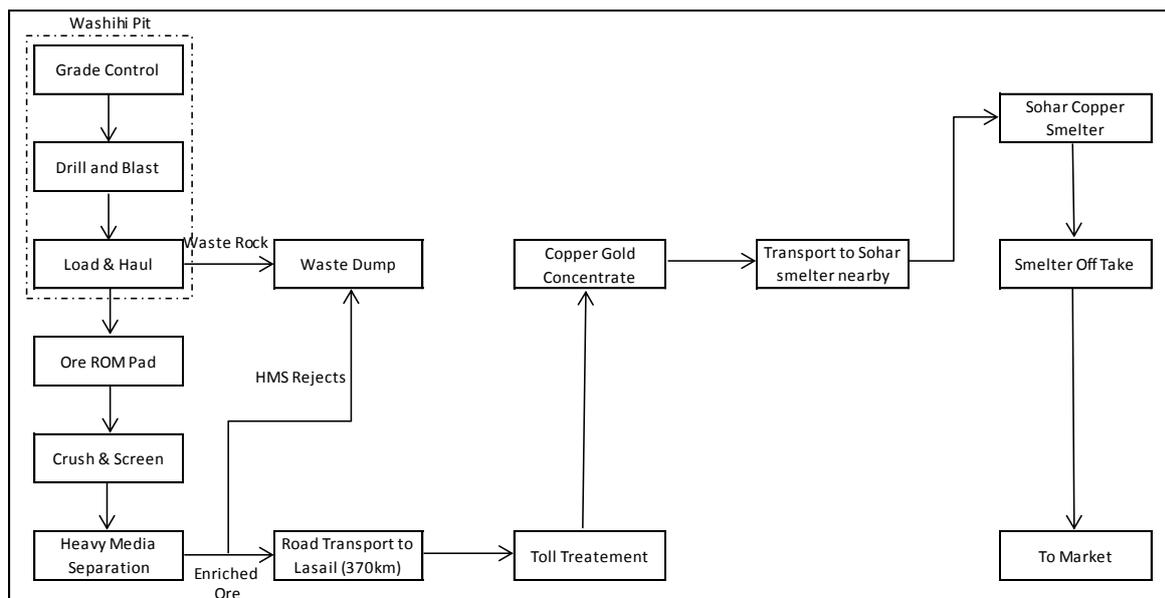
This strategy and approach is a very good “fit” for both parties as it allows Mawarid to extend the profitable life of their processing plant whilst concurrently supporting the Al Hadeetha JV in bringing the Washihi deposit on line in a cost effective and timely manner. This MOU also provides the two companies with an opportunity to become more closely aligned as further future Oman (possible regional copper strategy and others) and Middle Eastern opportunities become available.

Updated Advanced Scoping Study – Washihi Toll Treatment

After reaching the [MOU](#) with Mawarid, the 2014 Advanced Scoping Study was re-assessed and re-evaluated for the Washihi Project to reflect the nature of the development approach under the MOU. This Updated Advanced Scoping Study (**Study**)⁷ follows on from the work conducted and outcomes under the previous Advanced Scoping Study and is based on the mining and HMS treatment of ore at Washihi and nearby Mullaq and the toll treatment of the ore at Mawarid’s Copper Concentrator Plant. This updated Study has examined the following scenarios:

- (1) A **‘Base Case’** 2Mtpa ROM mining rate feeding a 2-stage crushing and HMS circuit with 1Mtpa of enriched ore transported (~370km) to Mawarid’s Lasail Copper Concentrator Plant for toll treatment and the sale of concentrate product to the adjacent OMCO’s Copper Smelter; the assumed mining inventory being derived from the geological model underpinning the JORC Mineral Resources delineated for the Washihi deposit with the addition (2.3% of mining inventory) of an Exploration Target sourced from the (higher grade) Mullaq prospect (which is adjacent to the Washihi deposit). This Exploration Target is a sub-set of the overall Exploration Target range identified for Mullaq.
- (2) A **‘Target Case’** which expands from the Base Case using the same infrastructure but with a longer defined project life; the assumed expanded mining inventory being derived from Alara’s assessment of reasonable exploration success based on a detailed Exploration Target by Exploration Target assessment of the prospects/deposits within the Washihi Project area (refer [Annexure B](#) of Alara’s ASX Announcement dated 30 April 2015 entitled “Outcomes of Updated Advanced Scoping Study for Washihi Copper-Gold Project in Oman”).

The Washihi Project value chain showing the various process elements required to realise revenue from sales is illustrated below:



Washihi Project Value Chain

7 Refer Alara’s 30 April 2015 ASX Announcement: Outcomes of Updated Advanced Scoping Study for Washihi Copper-Gold Project in Oman

The economics of the Base Case shows a Net Present Value (NPV) of US\$70M. A summary of the key physical and economic indicators are as follows:

Key Financial Indicators

Case Name	Base Case	
Description	2Mtpa ROM Feed with HMS + 1Mtpa Toll Treatment	
Mining Inventory	Washihi JORC Mineral Resources + Mullaq Exploration Target	
Metrics		
Discounted Cash Flows (NPV @ 8%)	US\$	69,866,699
Undiscounted Cash Flows	US\$	99,420,657
NPV/CAPEX	NPV:CAPEX	1.9
IRR	%	50.7
LOM/Duration of Operation	years	5
Payback Period	years	2
LOM Revenue (net of TC/RC)	US\$	484,985,980
LOM OPEX	US\$	324,153,734
LOM CAPEX	US\$	35,873,353
Cash Costs		
Unit OPEX (per tonne of ore mined)	US\$/t	33.78
Unit OPEX (per tonne of ore process feed)	US\$/t	67.57
Unit OPEX (per tonne of Cu production)	US\$/t Cu	4,197
Unit OPEX (per pound of Cu production)	US\$/lb Cu	1.90
Cash Costs with Au Credits	US\$/t Cu	3,821
Cash Costs with Au Credits	US\$/lb Cu	1.73
Capital Costs		
Unit CAPEX (per tonne of Cu production)	US\$/t Cu	464
Unit CAPEX (per pound of Cu production)	US\$/lb Cu	0.21
Physicals		
Mining Operation:		
Total Ore Mined	t	9,594,971
Total Waste Mined	t	52,396,213
Average Strip Ratio	Waste:Ore	5.5
Total Contained Cu	t Cu	90,668
Total Contained Au	oz Au	57,840
Inputs into Concentrator:		
Ore Process Feed	t	4,797,486
Total Contained Cu	t Cu	81,602
Total Contained Au	oz Au	40,488
Outputs from Concentrator:		
Average Cu Recovery	%	95%
Average Au Recovery	%	90%
Total Cu Production	t Cu	77,235
Total Au Production	oz Au	36,439

Notes:

1. Based on discounted cash flow (DCF) method of valuation using a discount rate of 8%
2. Assumed US\$6,500/t Copper price and US\$1,100/oz Gold price
3. Assumed 100% ownership
4. Assumed tax holiday of 5 years plus a 5 year extension commonly offered to major development projects in Oman (otherwise 12% corporate tax) and 5% royalties on revenues (net of operating cost)

ASX and JORC Code Cautionary Statements: For further information on the outcomes of the Updated Advanced Scoping Study and the Exploration Target identified for the Washihi Project (Toll Treatment), refer to Alara's ASX Announcement dated 30 April 2015 entitled "Outcomes of Updated Advanced Scoping Study for Washihi Copper-Gold Project in Oman" (per ASX Listing Rule 5.19.1). Alara confirms that all material assumptions underpinning the production targets and forecast financial information derived from production targets (under the updated Study reported in the 30 April 2015 announcement) continue to apply and have not materially changed (per ASX Listing Rule 5.19.2). *The Study is based on low level technical and economic*

assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised (per JORC Code (2012 Edition) para. 38). The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a JORC Mineral Resource and there is no certainty that further exploration work will result in the determination of JORC Mineral Resources or that the production target (under the Study) will be realised (per ASX Listing Rules 5.19.4 and 5.16.5). The mining inventory under the updated Study is partly based on Inferred Resources (42% under the Base Case) and an Exploration Target (2.3% under the Base Case). The mining process schedule assumes the following approximate relative sequence – in Years 1 (Washihi Indicated Resource and Mullaq Exploration Target), Year 2 (Washihi Indicated Resource), Years 3, 4 and 5 (Washihi Indicated and Inferred Resources) (per JORC Code (2012 Edition) para. 38).

Alara notes that the economics of the longer life Target Case are more attractive but have not been disclosed pursuant to ASX guidance.⁸

Washihi Staged Feasibility Study

The Washihi Toll Treatment Feasibility Study (FS) scope of work for a tender/bid process has been completed during the quarter. Final bids have been received and are now under final consideration.

The proposed work programme on the project involves some 6-8 fresh drill holes into the ore body. Following this work the evaluation of this fresh ore body sample will allow:

- (1) Optimisation of the open pit design.
- (2) Optimisation of the process plant configuration and processing plan approach.
- (3) Determination of the optimal crushing size and performance of the HMS.

Given the scope and relative simplicity of this final evaluation, the FS is anticipated to take ~6 months to complete from commissioning of the study work. The participation of Mawarid personnel is a key component of this work (as outlined in the Mawarid MOU). Early estimates of the final construction and commissioning period are <12 months.

The FS will also evaluate further possible significant upside in the areas of CAPEX, OPEX and construction time. The current project evaluation is considered conservative in these areas (by intent at this stage).

There is a forecast 18 month period from the point of commencement of the FS to the start of site production ramp up and positive cash flow. This includes all field work to obtain the necessary metallurgical and geotechnical drill core data, community and related approvals, site construction and commissioning.

Daris Toll Treatment Option

Alara is also currently investigating a Toll Treatment option for the Daris Project. Due to the relatively small size of the Daris deposit (240kt) and the likelihood it is not amenable to HMS upgrading, it is being treated as a more immediate but smaller scale opportunity. Although not included in the Alara-Mawarid agreement (described above), the parties are also jointly looking at the potential to mine and then toll treat the Daris ore at the Lasail processing facility (prior to the intended toll treatment of the Washihi ore). At the time of writing, this approach and report is being finalised and should this plan go forward it will be announced as such.

⁸ Per ASX Listing Rules Guidance Note 31 (Reporting on Mining Activities), the disclosure of a Production target is prohibited by ASX Listing Rule 15.15 if JORC Inferred Mineral Resources and Exploration Targets underpinning the same feature as a significant proportion early in the mine plan – the proportion of JORC Inferred Mineral Resources and Exploration Targets within the assumed mining inventory under the Base Case is 44.3%, which is not considered significant in this context. However, the proportion of JORC Inferred Mineral Resources and Exploration Targets within the assumed mining inventory under the Target Case is considered significant at >70%. Refer [Annexure B](#) for further details in relation to the Exploration Targets assessed for the Project.

Commercial, Corporate & Finance

Cash position

Alara's cash position as at 31 March 2015 was \$1.6 million (31 December 2014: \$2.1 million).

In addition, Alara has ASX listed securities⁹ worth \$0.15 million as at 31 March 2015 (31 December 2014: \$0.13 million).

During the quarter, the Company received an R&D Tax Incentive Scheme refund of \$0.3 million relating to the FY2014¹⁰.

Working capital and operating costs

During the quarter, the Company incurred a number of anticipated one off costs related to lease renewals, exploration license renewals and legal costs. As a result of several initiatives implemented following an operating cost review in November 2014, the burn rate for the coming quarter is now expected to decline and will represent the company's lowest cost quarter for the 2015 financial year¹¹.

The Company will continue to focus on further cost conservation opportunities to ensure financial capability in the short to medium term to advance the Oman Projects and to structure for on-going delays in Saudi Arabia.

Share issue

On 13 April 2014, the Company issued 6 million fully paid ordinary shares at \$0.01 (one cent) each.¹² This was pursuant to a share subscription which offset a 6 month retainer fee payable by the Company for corporate advisory services. This issue was undertaken within the Company's 15% share placement capacity.

Conclusion

Although road blocks remain for the advancement of the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, there has been a great deal of focus and diligence spent to move the project forward. The Company remains 'cautiously optimistic' that in the near future the project's next milestone or key step will be reached.

Work in Oman was focused on establishing the details and commitments to move the Washihi and Daris Copper-Gold Projects there to the Feasibility Study stage under Toll Treatment scenarios with Mawarid Mining LLC. The signing of an MOU with Mawarid, finalisation of the Updated Advanced Scoping Study and progression of Feasibility Study tenders during the quarter represent significant milestones for the Washihi Project on this front.

The Company remains focused on its two key projects and associated regions and will do so as these projects are advanced to their next stage. In the interim, cash flow and activity management will continue to provide the maximum flexibility in both countries.

9 3,573,889 shares in Strike Resources Limited (ASX:SRK)

10 Refer Alara's 6 March 2015 ASX Announcement: [Company Update](#)

11 Refer Alara's 12 December 2014 ASX Announcement: [Company Update](#)

12 Refer Alara's 13 April 2015 ASX Announcement: [Appendix 3B New Issue and Application for Quotation and Cleansing Statement](#).

Way Forward Plan

- Continue to monitor the government activity surrounding the Khnaiguiyah ML;
- Completion of the final evaluation of Daris;
- Complete the tender/bid process on the Washihi FS and advance the next step toward commencement of the FS;
- Decision regarding the treatment of the held securities in Strike Resources (held over from the prior Quarter);
- Continue to focus on the Company costs, finance and cash flows in support of the Project works.

Mineral Licences – Saudi Arabia

Khnaiguiyah Zinc-Copper Project

The Khnaiguiyah Zinc-Copper Project (Khnaiguiyah 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 comprises one mining licence (issued in December 2010 with an exclusive 30 year term and no mineral royalties), 2 exploration licences and 5 exploration licence applications, totalling approximately 380km² currently held by Manajem pending completion of transfer to the JV company, Khnaiguiyah Mining Company LLC (KMC) (Saudi Arabia, incorporated on 10 January 2011).

The two exploration licences, Umm Al Hijja and Mutiyah, have expired and are pending renewal and are considered by Alara to be non-core to the Khnaiguiyah Project vis a vis the five exploration licences (applications pending grant) surrounding the existing Mining Licence.

Alara's wholly owned subsidiary, Alara Saudi Operations Pty Limited has a 50% interest in KMC, with an agreement to move to 60% equity.

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

Project	Licence Owner	Status	Tenement	Grant/ Application Date	Expiry Date	Area	Location/ Property Name	Country	Alara's Interest
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Granted	Mining Lease No 2. Qaaf	Dec 2010 dated 6/1/1432H	30 years	5.462km ²	~170km west of Riyadh	Saudi Arabia	50%*
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Two (2) Granted/ pending renewal	Exploration Licence "Qaf"/101	Oct 2007 dated 17/10/1428H	Expired	84 + 66km ²	~170km west of Riyadh	Saudi Arabia	50%*
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Five (5) Applications	Exploration Licence "Qaf"/99	Oct 2007 dated 17/10/1428H	N/A	24.99 + 66.71 + 65.52 + 34.65 + 30.08km ²	~170km west of Riyadh	Saudi Arabia	50%*

* licences are pending transfer from Manajem to KMC

Mineral Licences – Oman

Daris and Washihi Copper-Gold Projects

Alara has joint venture interests in five copper-gold deposits located within four Exploration Licences in Oman extending over 692km². These deposits are also covered by 5 Mining Licence applications pending grant, totalling 10km².

The Daris Copper-Gold Project is located ~170km northwest of Muscat (the capital of Oman). The Washihi/Mullaq prospects are located ~100km south-southeast of Daris. Both projects/prospects are located on or very close to high quality bitumen roads.

Daris Copper-Gold Project

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	Date of Expiry	Application for Renewal	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC, Oman	50-70%	587km ²	Nov 2009	Feb 2016	N/A	Active	Daris East 3.2km ²	Dec 2012	Accepted in April 2013; in progress
								Daris 3A-5 1.3km ²		

Washihi-Mullaq-Ai Ajal 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 Licence				Mining Licence within EL		
			Area	Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Washihi	Al Hadeetha Resources LLC, Oman	70%	39km ²	Jan 2008	Nov 2015	Active	3km ²	Dec 2012	Accepted in April 2013; in progress
Mullaq	Al Hadeetha Resources LLC, Oman	70%	41km ²	Oct 2009	Nov 2015	Active	1km ²	Jan 2013	In progress
Al Ajal	Al Hadeetha Resources LLC, Oman	70%	25km ²	Jan 2008	Nov 2015	Active	1.5km ²	Jan 2013	In progress

JORC Statements – Saudi Arabia

Khnaiguiyah Zinc-Copper Project¹³

Table 1 - Khnaiguiyah JORC Ore Reserves

Mineralised Zone	Proved			Probable			Proved + Probable		
	Mt	Zn%	Cu%	Mt	Zn%	Cu%	Mt	Zn%	Cu%
1	0.78	4.2	0.23	1.07	4.3	0.25	1.85	4.3	0.24
2	8.75	2.6	0.32	1.2	3.8	0.44	9.95	2.7	0.34
3	8.21	4.1	0.27	6.08	2.7	0.05	14.28	3.5	0.17
Total (All Pits)	17.73	3.4	0.29	8.35	3.1	0.13	26.08	3.3	0.24

Table 2 - Khnaiguiyah JORC Measured and Indicated Resource - Zinc (Domain 1) and Zinc-Copper (Domain 2)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Measured	1 and 2	1, 2	9.65	3.37	0.16	1.5
		3	6.37	5.28	0.25	1.5
Indicated		1, 2	3.12	4.45	0.3	1.5
		3	6.18	3.55	0.05	1.5
Measured and Indicated		1, 2 and 3	25.32	4.03	0.17	1.5

Table 3 - Khnaiguiyah JORC Measured and Indicated Resource - Copper (Domain 3)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Copper %	Cu Cut-off (%)
Measured	3	1, 2	4.7	0.72	0
		3	1.07	0.63	0
Indicated		1, 2	1.59	0.54	0
		3	1.16	0.43	0
Measured and Indicated		1, 2 and 3	8.53	0.64	0

Table 4 - Khnaiguiyah JORC Inferred Resource - Zinc (Domain 1) and Zinc-Copper (Domain 2)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Inferred	1 and 2	4	4.32	2.9	0.03	1.5

The information in these JORC Reserve and Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

¹³ Refer Alara's ASX Announcements of 21 February 2012 entitled "[Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project](#)", 12 October 2012 entitled "[JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project](#)", and 30 October 2012 entitled "[JORC Resource Upgrade and Update for Khnaiguiyah Zinc-Copper Project](#)"

JORC Statements – Oman

Washihi-Mullaq-Al Ajal Copper-Gold Project (Oman)

Table 5 - Washihi JORC Mineral Resources¹⁴

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 6 - 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

The information in these JORC Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

JORC Competent Persons Statements

- (1) The information in this report that relates to Ore Reserves in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) is based on, and fairly represents, information and supporting documentation prepared by Mr Geoff Davidson, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant to Khnaiguiyah Mining Company LLC (KMC). Mr Davidson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code, 2004 edition). In assessing the appropriateness of the Ore Reserve estimate, Mr Davidson has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Khnaiguiyah Project Detailed Feasibility Study. These reports are understood to be compiled by persons considered by KMC to be competent in the field on which they have reported. Mr Davidson has approved and given his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Refer also to Table 5 (Estimation and Reporting of Khnaiguiyah JORC Ore Reserve Statement) of the JORC Code Competent Person Statements in Alara Resources Limited's ASX market announcement dated 18 April 2013: [Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#) for further information in relation to the Ore Reserve estimate for the Khnaiguiyah Project.
- (2) The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zone 3 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) is based on, and fairly represents, information and supporting documentation prepared by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal 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, 2004 edition. Mr Guibal approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- (3) The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 and other Exploration Results in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) and Mineral Resources in relation to the Daris/Washihi Copper-Gold Project (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, 2004 edition. Mr Sharma approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- (4) The information in this report that relates to Exploration Targets and other Exploration Results in relation to the Washihi Copper-Gold Project (Oman) and the Daris Copper-Gold Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Philip Hopkins, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hopkins is the Managing Director of Alara Resources Limited. Mr Hopkins 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 Hopkins approves and consents to the inclusion in the report 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 reserves and resources, the financial position of Alara, industry growth and other trend projections. 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 the audience 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 silver, 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.

Securities Information

as at 31 March 2014

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	242,007,500	-	242,007,500
\$0.35 (22 August 2015) Unlisted Options ¹⁵	-	400,000	400,000
\$0.10 (15 January 2016) Unlisted Options ¹⁶	-	10,000,000	10,000,000
\$0.15 (21 November 2016) Unlisted Managing Director's Options ¹⁷	-	3,333,334	3,333,334
\$0.20 (21 November 2016) Unlisted Managing Director's Options ¹⁸	-	3,333,333	3,333,333
Total	242,007,500	17,066,667	259,074,167

Summary of Directors' and Employees' Unlisted Options

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ¹⁹	No. of Options
23 Aug 2010	\$0.35 (22 August 2015) Options	\$0.35	22 Aug 2015	100% on date of issue	400,000
22 Nov 2013	\$0.15 (21 November 2016) Options	\$0.15	21 Nov 2016	Performance Conditions - Vested	3,333,334
22 Nov 2013	\$0.20 (21 November 2016) Options	\$0.20	21 Nov 2016	Performance Conditions - Unvested	3,333,333
16 Jan 2014	\$0.10 (15 January 2016) Options	\$0.10	15 Jan 2016	Performance Conditions - Vested	10,000,000

15 Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcements lodged on 23 August 2010](#)

16 Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 18 November 2013](#) for a General Meeting held on 16 January 2014 and in [ASX Appendix 3B New Issue Announcement lodged on 21 January 2014](#)

17 Terms and conditions of issue are set out in a [Notice of Annual General Meeting and Explanatory Statement dated 10 October 2013](#) for an Annual General Meeting held on 22 November 2013 and in [ASX Appendix 3B New Issue Announcement lodged on 28 November 2013](#)

18 Terms and conditions of issue are set out in a [Notice of Annual General Meeting and Explanatory Statement dated 10 October 2013](#) for an Annual General Meeting held on 22 November 2013 and in [ASX Appendix 3B New Issue Announcement lodged on 28 November 2013](#)

19 Options which have vested may be exercised at any time thereafter, up to their expiry date

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	139	36,812	0.015
1,001 - 5,000	53	150,940	0.062
5,001 - 10,000	66	590,594	0.244
10,001 - 100,000	398	15,829,928	6.541
100,001 - and over	242	225,399,226	93.137
Total	898	242,007,500	100.00%

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,421,345	9.265%
2.	BARON NOMINEES PTY LTD	12,100,000	5.000%
3.	WHITECHURCH DEVELOPMENTS PTY LTD	11,869,118	4.904%
4.	GWYNVILL TRADING PTY LTD	9,671,468	3.996%
5.	MS MENG MENG	9,547,273	3.945%
6.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	9,049,608	3.739%
7.	NATIONAL NOMINEES LIMITED	5,741,643	2.373%
8.	MR BRIAN JOSEPH FLANNERY & MRS PEGGY ANN FLANNERY	5,088,083	2.102%
9.	MR WARREN WILLIAM BROWN & MRS MARILYN HELENA BROWN	4,650,000	1.921%
10.	MR CRAIG GRAEME CHAPMAN	4,399,114	1.818%
11.	MR PETER KELVIN RODWELL	4,000,000	1.653%
12.	MR IAN EDWARD TREGONING & MRS LISA ANTONIETTA TREGONING	3,910,000	1.616%
13.	MR MICHAEL ARCH	3,713,424	1.534%
14.	CITICORP NOMINEES PTY LTD	3,214,608	1.328%
15.	DR JOHN HENRY ADDISON MCMAHON	3,138,000	1.297%
16.	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD	2,803,828	1.159%
17.	JDW INVESTMENTS AUSTRALIA PTY LTD	2,800,000	1.157%
18.	HGT INVESTMENTS PTY LTD	2,500,000	1.033%
19.	MR FIRAS SWEITI	2,370,399	0.979%
20.	MRS ANNE BAIN	2,110,000	0.872%
Total		125,097,911	51.692%

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Alara Resources Limited

ABN

27 122 892 719

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter (March 2015) \$A'000	Year to date (9 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(390)	(987)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(395)	(1,416)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	13	47
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (R&D Tax Refund)	293	293
	Net Operating Cash Flows	(479)	(2,063)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	532
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(3)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	1
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(2)	530
1.13	Total operating and investing cash flows (carried forward)	(481)	(1,533)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(481)	(1,533)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(481)	(1,533)
1.20	Cash at beginning of quarter/year to date	2,092	3,110
1.21	Exchange rate adjustments to item 1.20	31	65
1.22	Cash at end of quarter	1,642	1,642

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(85)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees, salaries and superannuation for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation*	250
4.2 Development	-
4.3 Production	-
4.4 Administration*	250
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	742	992
5.2 Deposits at call	900	1,100
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,642	2,092

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Refer to quarterly activities report		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to quarterly activities report		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	242,007,500	242,007,500	-
7.4	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	Options (Unlisted Options)	400,000 3,333,334 3,333,333 10,000,000	- - - - - -	<i>Exercise price</i> 35 cents 15 cents 20 cents 10 cents	<i>Expiry date</i> 22 August 2015 21 November 2016 21 November 2016 15 January 2016
7.8	Issued during quarter (Unlisted Options)	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	- - - - -	- - - - -	- - - - -	- - - - -
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 30 April 2015
(Company Secretary)

Print name: Victor Ho

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

== == == == ==