

ASX/MEDIA RELEASE

Friday, 18 December 2015

PROJECT UPDATE - OMAN

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to announce positive test results for the Al Hadeetha Copper-Gold Project in Oman.

The Al Hadeetha Copper-Gold Project (formerly the Washihi Project) is located approximately 80–160km east and southeast of Alara's Daris Copper-Gold Project, and comprises three exploration licences (Washihi, Mullaq and Al Ajal) which cover approximately 80km². These licenses are held in the name of the joint venture company Al Hadeetha Resources LLC.

Completion of a feasibility study in Oman is expected in Q1 2016. Additional work recently undertaken includes geotech logging of drill cores in Oman by an Australian based specialist group and testing of selected core samples for geotech properties in Australia (in progress).

As noted in the Company prospectus released last month, further development is scheduled post feasibility study, including development of exploration targets aimed at moving from 'base case' to target case¹. The feasibility study (which builds on \$7m of exploration and evaluation studies previously undertaken by the Company) focuses on current JORC Resources and will also support the Mining Licence application which was submitted by Al Hadeetha Resources last year.

Positive results of recent metallurgical test work show the Washihi deposit to produce copper concentrates superior to those known elsewhere from Oman. Simple mineralogy of the sulphides and the gangue minerals enable excellent recovery at 91.7% contained copper at a concentrate grade of 23.2% copper (see Figure 1).

The usage of reagents and consumables will be minimal. Coupled with low energy cost in Oman, the process operating costs are expected to be below US \$7/- per tonne of rock processed.

Key findings from the latest mineralogical report include:

1. The sulphides are dominated by chalcopyrite CuFeS₂ (has 34.6%Cu) with subordinate bornite Cu₅Fe₂S₄ (has 63.3%Cu) forming more than 80% of the concentrate. .
2. The chalcopyrite grains are angular ranging from less than 20 to +50 μ (see Figures 2 and 4).
3. A small percentage of the chalcopyrite is present as composites with pyrite. These are typically 30-50 μ composites of variable proportions of pyrite and chalcopyrite (see Figure 4).
4. The bornite Cu₅Fe₂S₄ (has 63.3%Cu) is present as discrete grains that tend to be finer than chalcopyrite, sometimes discrete with it but not with pyrite (see Figure 3).

¹ Refer ASX Announcement dated 14 October 2014 for a description of 'base case' and 'target case'.

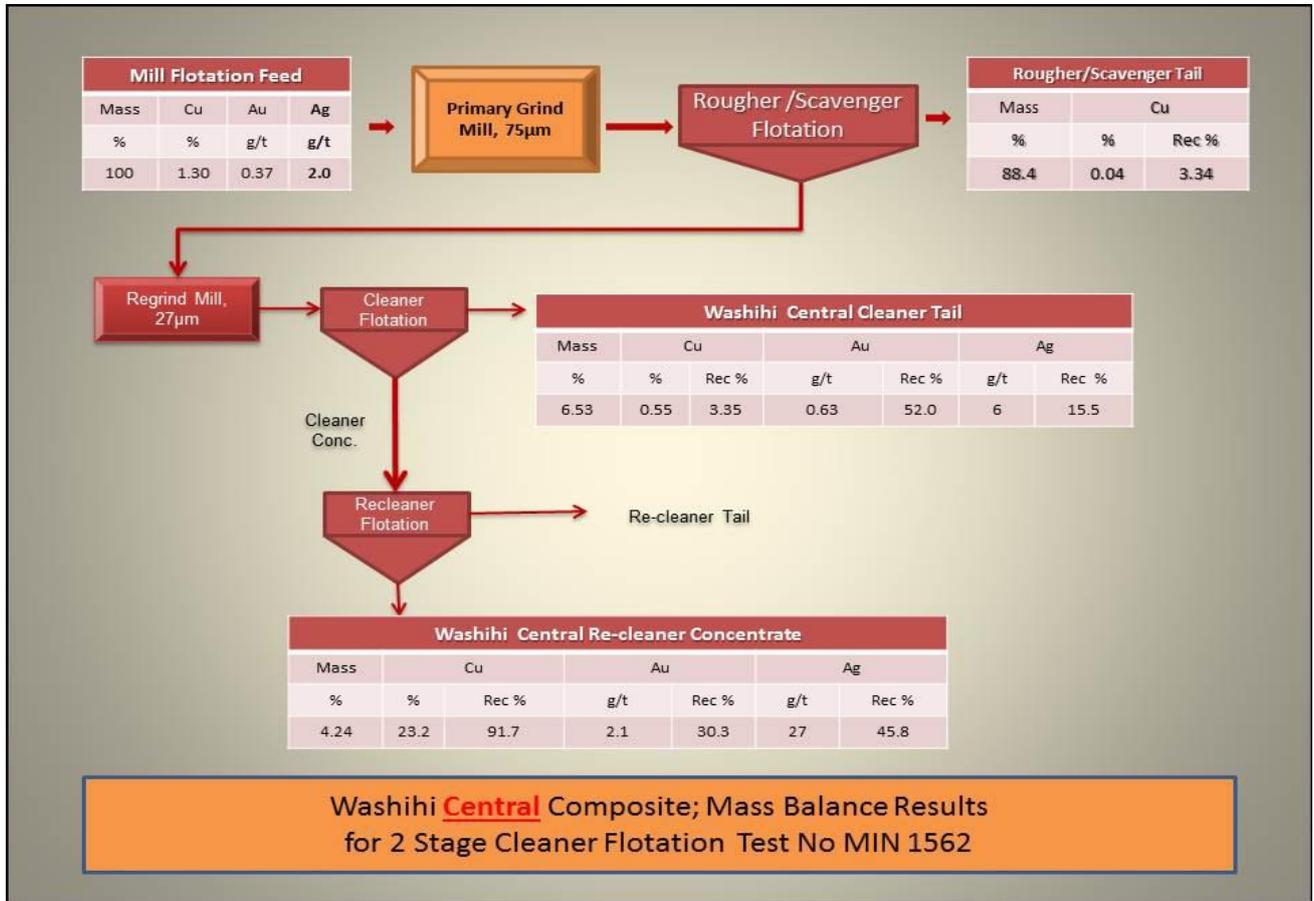


Figure 1 – Process flow sheet and mass balance for Washihi



Figure 2



Figure 3

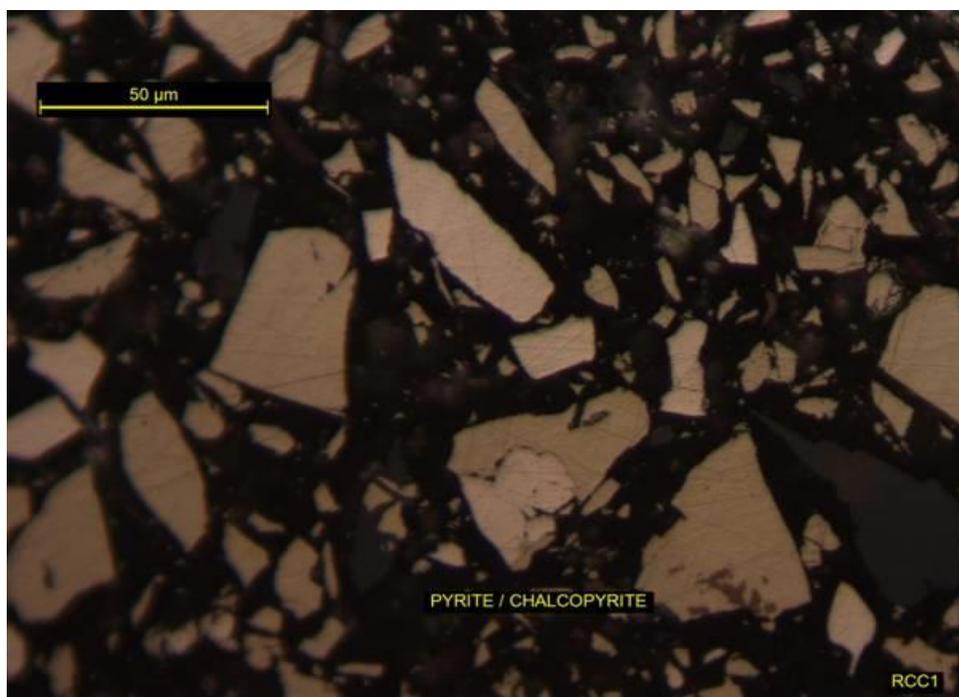


Figure 4

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