

ASX/MEDIA RELEASE

Wednesday, 26 August 2015

COMMENCEMENT OF FEASIBILITY STUDY IN OMAN

Perth: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to announce the commencement of a feasibility study to process up to 800,000 tonnes per annum of copper / gold rich material at the Washihi and Daris projects in Oman¹. It is anticipated that the study will take 4 months to complete.

FEASIBILITY STUDY TO COMMENCE

The Company has engaged Mr Shanker Madan, recently appointed as Technical Director, to compile and complete the feasibility study within the next 4 months. This accelerated development program, along with a proposal for building an 800,000 tpa copper gold processing plant and competitive contract mining rates, have combined to produce an exciting new development for Alara.

Preliminary scoping numbers for a scaled up business model to process 800,000 tonnes per annum (cf 500,000 tpa in previous studies) show robust and attractive project economics at a copper price of USD 5,000/t (USD2.27/lb) and a gold price of USD 1,100 /ounce.

Completion of the feasibility study, along with Alara's past expenditure of ~USD 7 million on the JV Projects in Oman will help to secure project finance from financial institutions within Oman, and internationally if necessary.

NEW PROPOSAL RECEIVED FOR PROCESSING 800,000 tpa AT WASHIHI

A proposal has been received by the Company to build a copper-gold processing plant with an annual capacity of up to 800,000 tonnes per annum at Washihi from a large, vertically integrated mining, engineering and construction group. The proposal includes a price for the concentrator with a cap of USD 15 million. The plant will have a crushing circuit of 1.0 million tonnes per annum and a milling and floatation capacity of 800,000 tonnes per annum.

The Company has also received firm offers for pre-stripping on a per bcm basis and an overall mining price on a per tonne basis. These mining costs are below the costings contained in Alara's definitive feasibility study for the Khnaiguiyah Zinc Copper Project in Saudi Arabia.

When increased to 800,000 tonnes per annum and in light of new costings, analysis of the 2012 Scoping Study numbers showed improvement in results, even at current copper and gold prices.

¹ This follows a series of earlier studies on Washihi/Daris projects, including a Scoping Study announced in October 2012, an Options Analysis Study announced in June 2014, an Advanced Scoping Study announced in October 2014 and an update to the Advanced Scoping Study announced in April 2015.

JORC RESOURCES

JORC Mineral Resources @ 0.25 % Cu at the Washihi prospect are as follows:

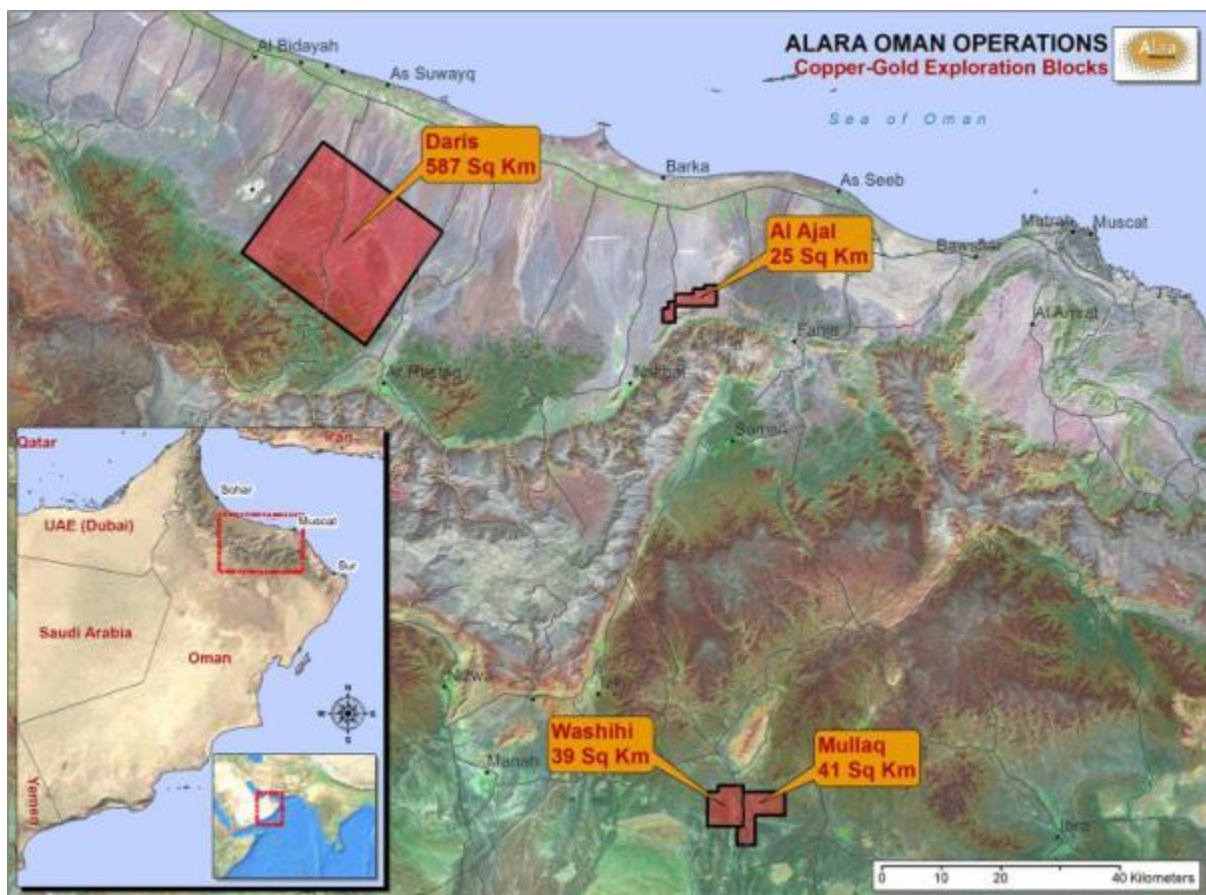
- 6.84Mt Indicated at 0.90% Cu and 0.17g/t Au; and
- 7.27Mt Inferred at 0.71% Cu and 0.20g/t Au

Table 1: Washihi JORC Mineral Resources Summary

Cu % Cut off	Indicated Resource			Inferred Resource		
	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0.00	7.16	0.87	0.17	7.77	0.67	0.20
0.25	6.84	0.90	0.17	7.27	0.71	0.20
0.50	5.66	1.01	0.18	5.00	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1.00	2.39	1.37	0.20	1.24	1.31	0.27

For further details, please refer to Alara's ASX market announcement dated 16 July 2013: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#). The information in this JORC Resource table was prepared and first disclosed under the JORC Code 2004. It has not been updated to JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Figure 1: Location Map of Alara's Joint Venture Exploration Licence Areas in Oman



SUMMARY

In light of the commitment to deliver the feasibility study within four months, the recent mining and construction proposal, and improved project economics, a decision to progress the feasibility study in earnest has now been taken.

Alara's Chairman, Mr James Phipps commented:

"The board is encouraged by these new developments and sees a new team spirit infusing the Company to deliver the best outcome for shareholders."

– ENDS –

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Competent Person Statement

The information in this announcement on Mineral Resources in relation to the 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 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 and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a [Definitive Feasibility Study](#) (DFS) on its Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an [Advanced Scoping Study](#) on its Daris/Washihi Copper-Gold Projects in Oman and an [Updated Advanced Scoping Study](#) on its Washihi Project. For more information, please visit: www.alararesources.com.