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ASX/MEDIA RELEASE

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Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset

Highlights

- **Upgrade to JORC Mineral Resource¹:**
 - **6.84Mt Indicated at 0.90% Cu and 0.17g/t Au**
 - **7.27Mt Inferred at 0.71% Cu and 0.20g/t Au**
- Prior maiden JORC Mineral Resource² of 2.1Mt Indicated at 0.70% Cu and 0.17g/t Au and 6.9Mt Inferred at 0.76% Cu and 0.16g/t Au was announced on 15 October 2012³.
- A scoping level metallurgical test work programme has recently been completed with the results currently being finalised.
- Alara looking to either divest or accept project investment approaches for Oman Projects to assist with short term operating cash flow while finance is secured for flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia.

Update

Perth: Alara Resources Limited (ASX: AUQ) (**Alara**) is pleased to advise that it has completed a significant JORC Resource upgrade for its Washihi Copper-Gold Project located in Oman, in which Alara is earning a 75% interest.⁴

The upgraded JORC Resource at Washihi currently stands at:

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

Table 1: Washihi JORC Resources

¹ At 0.25% Cu cut-off grade

² At 0.00% Cu cut-off grade

³ Refer Alara ASX market announcement dated 15 October 2012: [Initial JORC Resource – Washihi Project in Oman](#)

⁴ Refer Alara market announcement dated 8 December 2011 and entitled "[Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman](#)"

Alara's recent discovery of significantly thick stockwork of copper mineralisation towards the north-west extension of the previous JORC Resource has contributed to this increase. The second phase of diamond drilling was completed earlier this year confirmed that the mineralisation remains open both at depth and along strike to the north-west (refer Figure 1).

Any potential high grade massive sulphide cap above the stockwork zone, which is a typical feature of VMS deposits in Oman, is yet to be intersected at Washihi. Improved understanding of the structures controlling the Washihi mineralisation, aided by a variety of ground geophysical data, will enable Alara to carry out a targeted campaign to delineate this potential high-grade copper mineralisation in the next phase of drilling.

Metallurgical test work on representative core samples has been completed at ALS Metallurgy Laboratory in Perth, Western Australia with the receipt of a formal report on the results pending. Although the metallurgical recoveries and subsequent concentrate grades on the Washihi ores were very good, further potential exists through optimisation of the concentration process. To this end, a further set of more specific metallurgical tests are under consideration.

Statutory approvals processes leading to the grant of 5 Mining Licences (totaling 10km²) are currently being pursued.

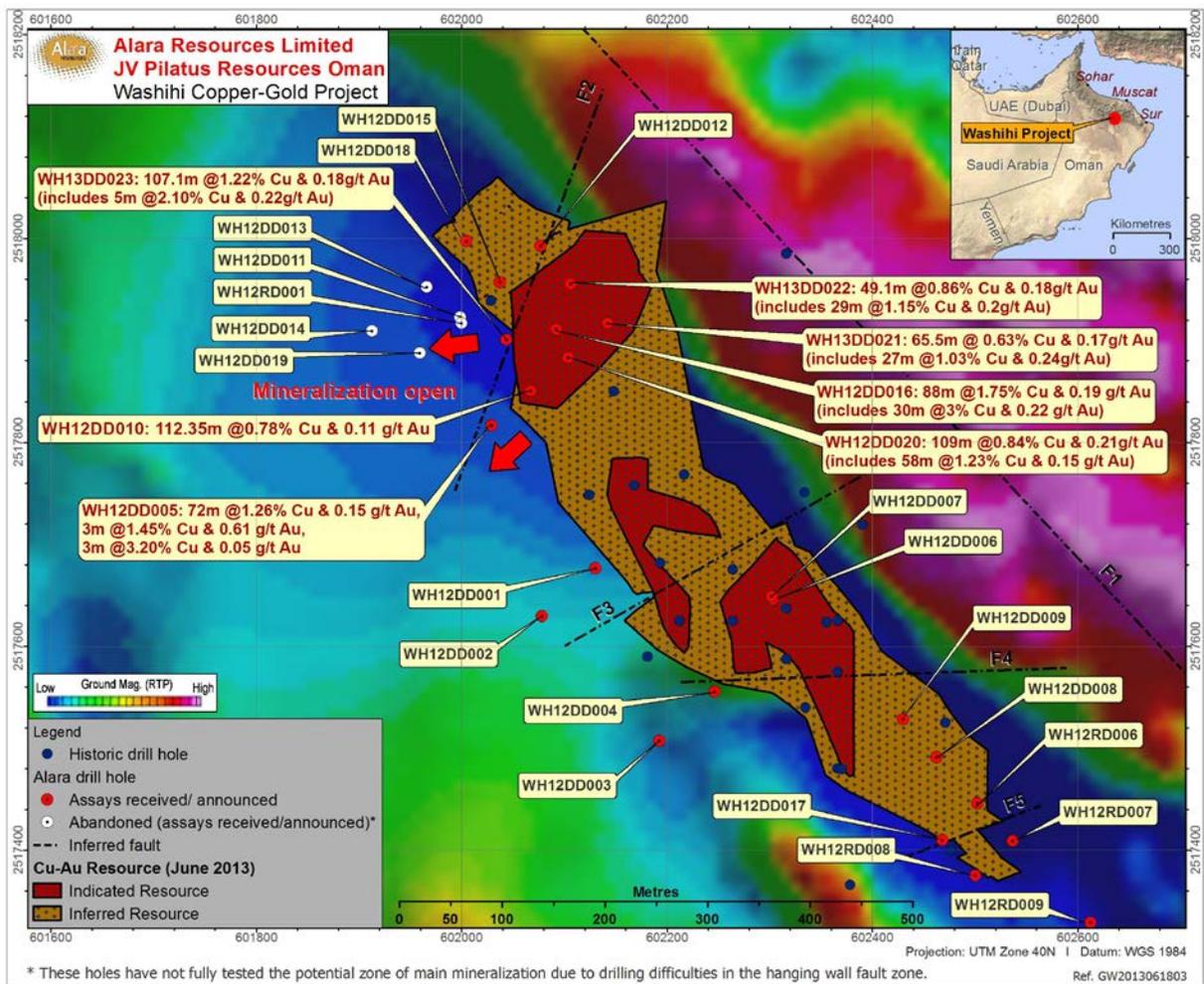


Figure 1: Washihi Datamine Block Model over RTP ground magnetics image

Resource Estimation Methodology

The JORC Resource was estimated within constraining wireframe surfaces based on geological constraints to the mineralised units. In addition to geology, clear natural breaks in copper grades were used to generate wireframes.

The database utilised for the Geological Model and Mineral Resource Estimate is comprised of 69 drill holes totalling 10,668 metres (diamond core – 8,685m, RC - 898m and core-cum-RC - 1085m). Detailed data verification was carried out prior to it being incorporated into the Mineral Resource Estimate.

Industry standard batch-wise QAQC procedures were implemented for all analytical results. All sample batches went through control gate quality assessment prior to inclusion in or removal from the database and no significant issues were identified in analytical results.

Drill hole samples were composited into 1m composites. The spatial continuity of the copper and gold grades are confirmed by variogram and continuity analysis.

20m x 20m x 5m blocks were estimated by Ordinary Kriging. Block size was determined based on optimisation of Kriging neighbourhood analysis. Resource classification is based on the industry standard practice of using parameters from Kriging Neighbourhood Analysis (KNA) including block regression slope and Kriging efficiency in combination with drill hole spacing, number of composites and Kriging variance.

Capping of 4.9% Cu was used for copper and 1g/t Au for gold. Constant densities of 2.93 based on 184 composites were used for converting volumes into tonnages.

Figure 1 (above) outlines the distribution of the Inferred and Indicated Resource at Washihi together with key drill intersections utilised in the estimation of the JORC Resource.

Figure 2 (below) shows the drill hole intersections along the discovery section.

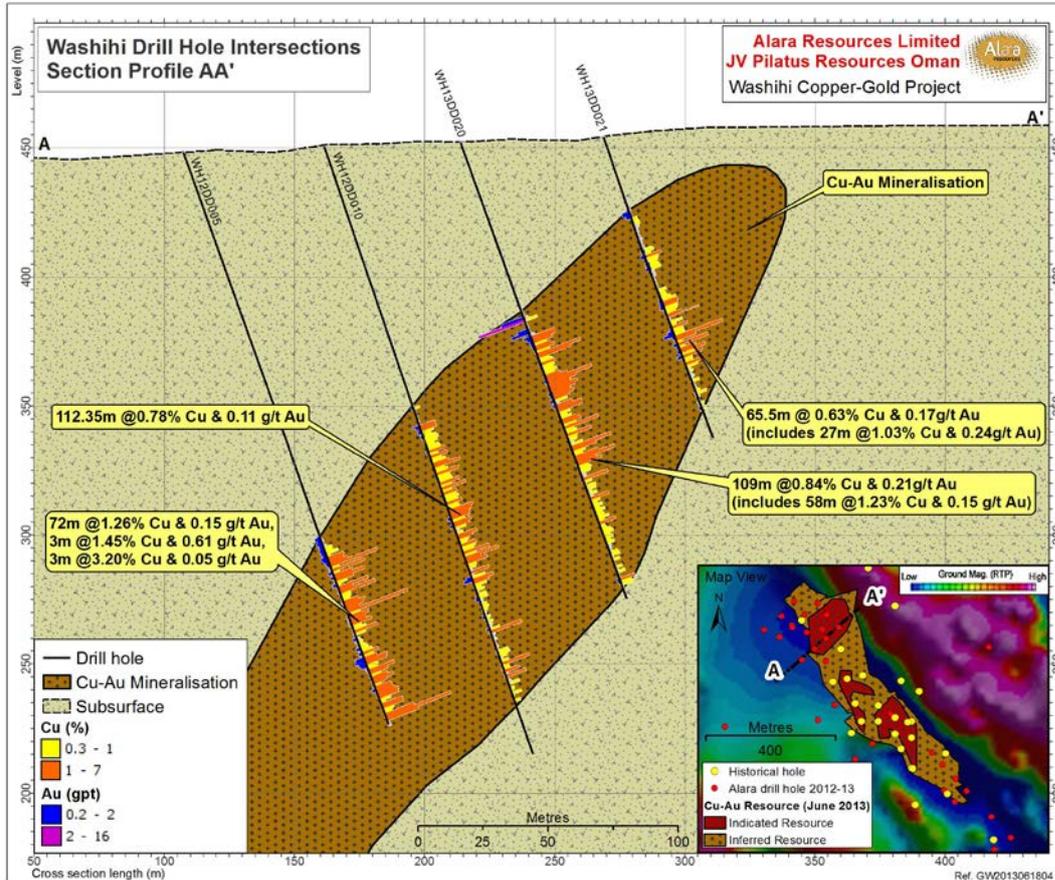


Figure 2: Washihi Discovery Section

