

ASX/MEDIA RELEASE

Thursday, 31 March 2016

BOARD CHANGES AND EMPLOYEE OPTIONS

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) provides this update in relation to upcoming board changes and performance based incentives under the Company's Employee Share Option plan.

Resignation of Director

Alara has received a Notice of Resignation from Mr Shanker Madan, effective 31 March 2016. The Company takes this opportunity to thank Mr Madan for his valuable contributions; in particular his work on the Feasibility Study in Oman¹ which findings are due to be announced this week. Mr Madan will continue his association with Company providing ad hoc advice as a technical consultant.

New Director to join the Board

Mr Vikas Jain has accepted an invitation to join the Alara board as a non-executive director. The effective date of this appointment will be advised. As previously noted², Mr Jain is a major shareholder in the Company and Managing Director of Southwest Pinnacle, a premier resource exploration Company in India. Further details will be provided in due course.

Employee Share Option Plan

Subject to shareholder approval, and pursuant to the Company's Employee Share Option Plan, the following incentive plan has been introduced:

Alara Chairman (Mr James Phipps) to acquire unlisted options with a term expiring three (3) years after the date of issue with exercise prices, as follows:

- (i) Tranche 1 - 7,000,000 options each with an exercise price of \$0.04 which will vest upon the attainment of Milestone 1 on or before 31 July 2016;
- (ii) Tranche 2 – 7,000,000 options each with an exercise price of \$0.04 which will vest upon the attainment of Milestone 2 on or before 31 October 2016;
- (iii) Tranche 3 – 7,000,000 options each with an exercise price of \$0.04 which will vest upon the attainment of Milestone 3 on or before 31 December 2016; and
- (iv) Tranche 4 – 10,000,000 options each with an exercise price of \$0.10 which will vest upon the attainment of Milestone 4 on or before 31 December 2016.

¹ Refer Alara's ASX Announcement dated 26 August 2016 "Commencement of Feasibility Study in Oman".

² Refer Alara's response to ASX Price & Volume Query dated 17 November 2015.

