

ASX/MEDIA RELEASE

6 July 2016

RIGHTS ISSUE TO RAISE \$1.45M

- ✓ **Renounceable Rights issue to raise up to \$1.45 million (before costs)**
- ✓ **Funds raised will be used to advance the Company's Al Hadeetha Copper-Gold project in Oman**
- ✓ **1 new share offered for every 7 shares held at a price of \$0.02 per share, a discount of 29% to the 30 day volume weighted average price of \$0.028 per share**
- ✓ **Issue fully underwritten by CPS Capital Group**

Alara Resources Limited (ASX: AUQ) (Company) is pleased to announce a pro rata renounceable rights issue (Rights Issue) of 1 new fully paid ordinary share for every 7 shares held by eligible shareholders on 14 July 2016 (Record Date), at an issue price of \$0.02 per share to raise up to approximately A\$1.45 million (before costs). The issue is fully underwritten by CPS Capital Group with the Company's directors and their associates agreeing to take up their entitlements and sub-underwrite the issue for \$500,000.

Funds raised from the Rights Issue will be used primarily to:

- help secure a mining licence for the Al Hadeetha Copper-Gold project in Oman by providing bridge finance to meet pre-operating expenses prior to commencement of mine and plant construction at Washihi;
- incorporate the recently announced high grade copper and gold mineralisation into the existing Resource Model for the Company's Al Hadeetha Copper-Gold project; and
- continue pursuing other licences/projects, including meeting commitments on Al Ajal, Mullaq and Daris with the aim of increasing mining inventory to feed a concentration plant at Washihi, and concluding legal action before the Board of Grievances in regard to the Khnaiguiyah Zinc-Copper Project and (if necessary) judgement enforcement in Saudi Arabia.

The Rights Issue offer price is \$0.02 per share which represents a discount of 29% to the 30 day volume weighted average price of \$0.028. Shareholders on the Record Date with a registered address in Australia and New Zealand will be entitled to participate. Eligible shareholders may also apply for additional shares in excess of their entitlement. Shareholders with unmarketable parcels are encouraged to take advantage of this opportunity to allow them to achieve a marketable parcel.

The proposed timetable for the Rights Issue is as follows:

Prospectus lodged with ASIC and ASX	8 July 2016
Ex Date – Shares trade ex Entitlement	13 July 2016
Rights trading commences	13 July 2016
Record date to determine Entitlement (Record Date)	14 July 2016

Prospectus with Entitlement and Acceptance Form dispatched	15 July 2016
Offer opens for receipt of Applications	15 July 2016
Rights trading ends	26 July 2016
Closing date for acceptances (Closing Date)	2 August 2016
Notify ASX of Shortfall	5 August 2016
Issue of New Shares	9 August 2016
Deferred settlement trading ends	9 August 2016
Dispatch of shareholding statements	9 August 2016
Normal trading of New Shares expected to commence	10 August 2016

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to the Corporations Act and Listing Rules. As such the date the New Shares are expected to commence trading on ASX may vary.

Further information on the Rights Issue will be set out in a prospectus for the Rights Issue, which will be lodged with ASIC on or about 8 July 2016 and mailed to eligible shareholders shortly after the Record Date. Persons should consider the prospectus before deciding whether to acquire securities and will need to complete a personalised entitlement and acceptance form that will accompany the prospectus.

– ENDS –

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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 minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi deposit. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: www.alararesources.com