

ASX/MEDIA RELEASE

Tuesday, 24 January 2017

Oman Activities Update

Alara Resources Limited (ASX: AUQ) (Alara or Company) provides updates on the recent Oman Minerals and Mining Conference held in Muscat, and also the Al Hadeetha feasibility study findings previously announced.

Oman Minerals & Mining Conference & Exhibition

Oman Minerals & Mining Conference & Exhibition was held in Muscat last week. The conference was held in partnership with Sultanate of Oman Public Authority for Mining and was directed toward leveraging the increasing demand for minerals, discussing and addressing topics and issues relevant to the expansion of the industry, and attracting investment.

Alara's CEO, Mr Justin Richard, delivered a presentation on Alara's project investments, including the Al Hadeetha Copper Gold Project in Oman, the potential to reignite the Sultanates' 4000+ year history of copper mining, and re-establish the mining sector as a pillar of the Omani economy (see Annexure A).



Above: Alara's CEO, Mr Justin Richard presents to the Oman Minerals & Mining Conference in Muscat.

The "Project Opportunities" session was chaired by a representative of Mining Development Oman, and also included presentations from Gulf Mining Group (Gold Sponsor), Savannah Resources, Kunooz Oman Holding (Main Sponsor) and Oman Mining Company other presentation was followed by other Mining Investment Middle East & Central Asia Conference in Muscat. The session was very

well attended and followed by an enthusiastic question answer session which revealed a keen interest in copper.

Alara board members Atmavireshwar Sthapak and Vikas Jain also attended the conference and meetings with key figures, including H.E. Eng. Hilal Al Busaidi, Chief Executive Officer, Public Authority for Mining, who was a guest of honour at an Indian Embassy function the same week.

Feasibility Study Update

Further to the Al Hadeetha feasibility study findings previously announced¹, this update takes account of 1) the new mining schedule prepared following the last mineral resource upgrade², 2) the maiden ore reserve statement³, and 3) copper price forecast trends.

Key Financials

Base Case financial modelling on the Feasibility study for the Al Hadeetha Copper Gold Project (“the Project”) indicate robust returns as follows:

- Forecast **Revenue US\$ 452 million over 10.4 years.**
- Forecast **EBITDA** over the same period **US\$ 159 million**
- Pre-Start Capital Expenditure of **US\$ 49.74 million**
- **FCFF** – Free Cash flow available in 10.4 years **US\$ 96 million**
- **Project NPV of US\$ 39 million**
- Forecast IRR over the same period **26%**

Resource Base

The Project findings are underpinned by Mineral Inventory, comprising in-pit JORC Probable Reserves which account for 96.5% of the in pit Resource. An additional 3.5% of Inferred Resources that is mined during the process of accessing the Reserves has been included for financial projections, but does not have a material impact on the value of the Project.

A summary of the In-Pit Mineral Reserves and Resources are given in Table 14.1 below.

¹ Refer Alara’s ASX Announcement dated 31 March 2016.

² Refer Alara’s ASX Announcement dated 19 September 2016.

³ Refer Alara’s ASX Announcement dated 15 December 2016.

Table 14.1 In Pit Mineral Inventory

In Pit Resources JORC 2012 Category	Tonnes millions	Cu %	Au g/t
Probable Reserves	9.70	0.88	0.22
Inferred Resource	0.35	0.65	0.22
Total	10.05	0.87	0.22

Project Fundamentals

The Al Hadeetha Project study has concluded a technically feasible and financially robust mining operation. The process plant is designed to process 1,000,000 tonnes of copper and gold bearing mineralised material per annum. A 12-month construction and a-month ramp up period is envisaged to reach full capacity. Project life is anticipated to be 10.4 years. Key Project parameters are summarised in Table 14.2 below.

Table 14.2: Key Parameters

DFS Fundamentals	
Pre-production Capex	\$49.74 million
Mining method	Open pit, 10.4 years
Project construction	1 year
First production	Q4 CY 2017
Final production	2028
Processing rate	1 Mtpa
Average annual concentrate production	35,000 (wmt)
Total Tonnes Copper metal production	79,297(t)
Total Gold ounces	21,825 ounces
Unit Operating Costs (\$US/ t of processed material)	\$26.95/ tonne of processed material
Cash Cost	US\$3,428.25 per tonne of Copper or US\$1.56/lb of Copper

Financial Modelling Assumptions

The assumptions used for financial modelling produce a:

- Base Case;
- Market Case; and
- High Case.

The variable parameters used in each case are Copper prices. The gold price is fixed at \$1,200/oz for all three cases.

Table 14.3 Variable copper prices used for Base Case, Market Case and High Case

Case Scenario		Cu US\$/t	Au US\$/oz
Base Case	World Bank forecast copper metal price (nominal) for 2019 fixed for Life of Mine. This is below current copper price.	5,593 for Life of Mine	\$1,200/oz
Market Case	Economist Intelligence Unit forecast price for Copper until 2019 and thereafter flat.	Minimum 5,907 and maximum 6,171	\$1,200/oz
High Case	Higher of Economist Intelligence Unit and World Bank Copper price forecast until 2025, thereafter flat for remaining Project life	Minimum 5,593 and maximum 7,000	\$1,200/oz

A summary of financial returns for each of the above three cases is summarised below.

Table 14.4 Financial Summary of Base Case, Market Case and High Case.

Case Scenario	Total Revenue US\$ millions	Total Opex US\$ millions	EBITDA US\$ millions	NPV* US\$ millions	IRR
Base Case	452	271	159	39	26%
Market Case	479	271	186	55	33%
High Case	521	271	228	73	37%

*NPV is based on a discount rate of 8.92%

The relative NPV between the Base Case, Market and the High Case (varying from US\$ 39 million to US\$ 73 million) show the Project may do much better than predicated if referenced copper price forecasts are the underlying supply deficits are realised.

Going Forward

The Company set itself an ambitious target to commence construction in Q4 2016. Construction was unable to proceed absent the mining licence. However, recent positive feedback from the mining authority provided sufficient assurance on the licence application for the Company to announce a maiden reserve statement last month.

The project implementation schedule provides for production ramp up nine months after construction begins, and six months before reaching full production in 2018.

A number of recent media reports have covered the new mining law, drafted by the Public Authority for Mining (PAM), which is expected to be announced soon. It is also understood the new law will include provisions aimed at making the application process more streamlined. The Company welcomes these improvements and based on feedback from the mining authority, does not expect the introduction of the new law to be the cause of delay for the Al Hadeetha mining application.

APPENDIX A – Oman Minerals & Mining Conference, 17 January 2017

Alara
Resources



Resource Developer to Mine Builder and Operator

**OMAN MINERALS AND MINING CONFERENCE,
MUSCAT, OMAN
17 JANUARY 2017**



Board of Directors



James Phipps
Chairman

Mr Phipps is a strategic advisor, business executive, and lawyer with extensive international and Middle East experience. He previously served as an Alternate Director to HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud and was appointed Chairman of the Company in July 2015.



Justin Richard
CEO & Managing Director

Joined Alara in 2011 and became CEO in May 2015. Previously worked as Alara's Country Manager for Saudi Arabia and Oman, and in mining construction with UGL Resources, Bateman Engineering and Minter Ellison Lawyers.



Atmavireshwar Sthapak
Executive Director

20+ years mining industry experience, specializing in mineral resource exploration and evaluation studies. Has worked on world class deposits, including Mt. Isa copper deposits in Australia. Rio Tinto Discovery Award in 2009



Vikas Jain
Non-Executive Director

15 years in the field of mineral exploration and allied activities, including open cast mining. Managing Director and CEO of the South West Pinnacle Exploration P/L, founded by him in 2006.

Company Data

ASX Code	AUQ
Issued Capital	
- Shares	592M
- Options	234M

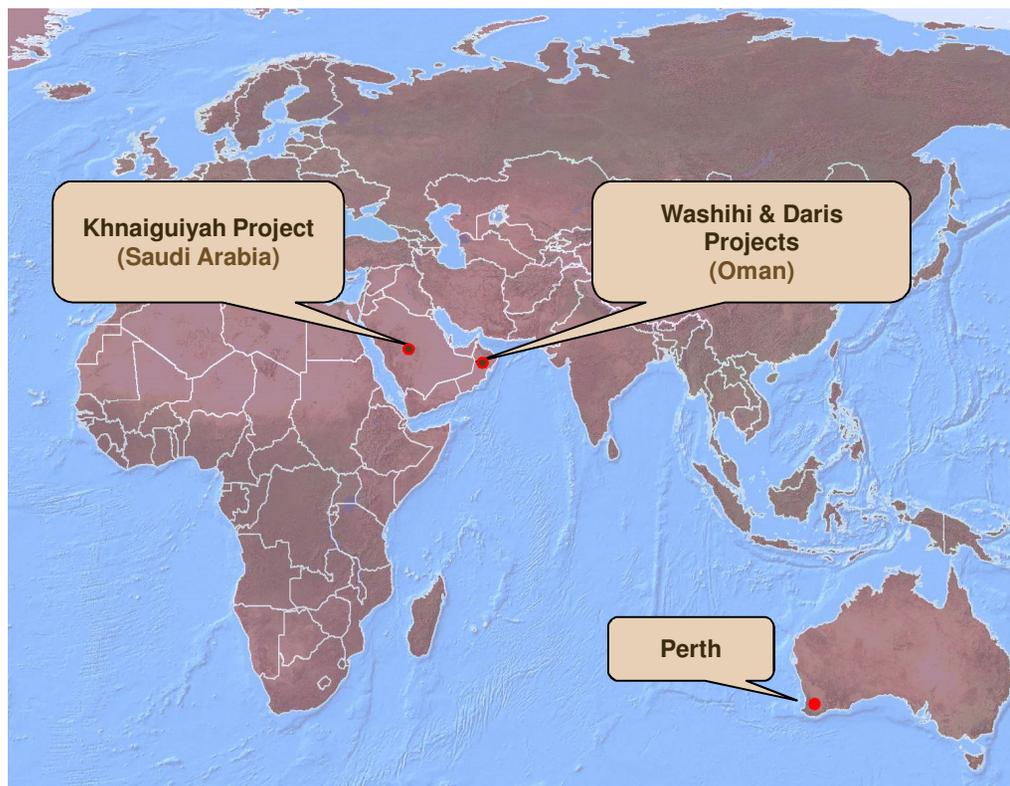
Top 10 Shareholders

MENG MENG	6.501
VIKAS JAIN	5.786
METALS CORNERS HOLDING CO	5.148
CITICORP NOMINEES PTY LTD	4.903
MUL CHAND MALU	4.822
VIKAS MALU	4.822
JUSTIN RICHARD	4.406
PIYUSH JAIN	3.858
WHITECHURCH DEVELOPMENTS	3.473
HSBC CUSTODY NOMINEES (AUSTRALIA)	2.787

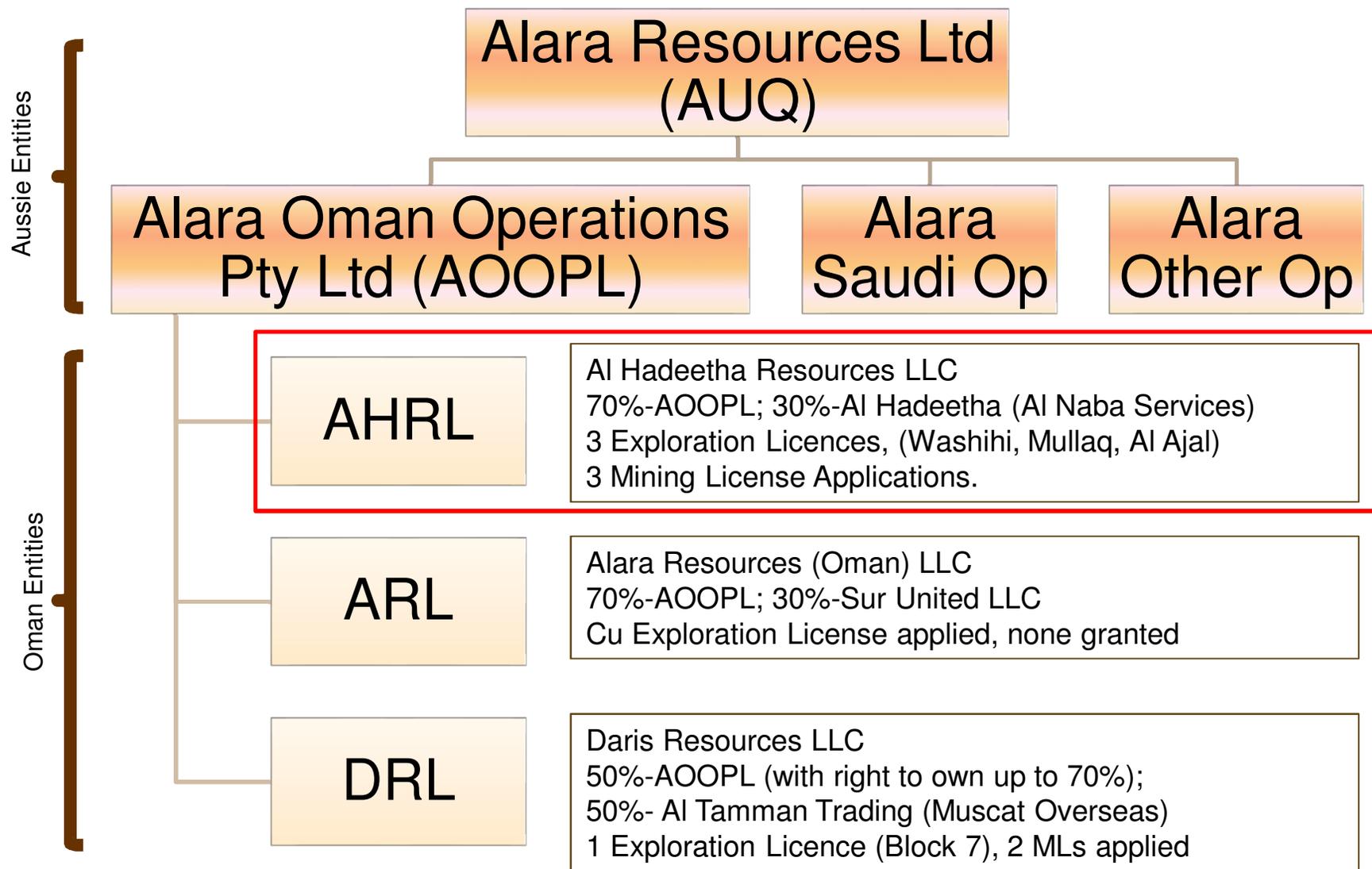
Moving from Exploration into Development and Production

Alara is an Australian minerals exploration and development company, with its registered office located in Perth, Western Australia.

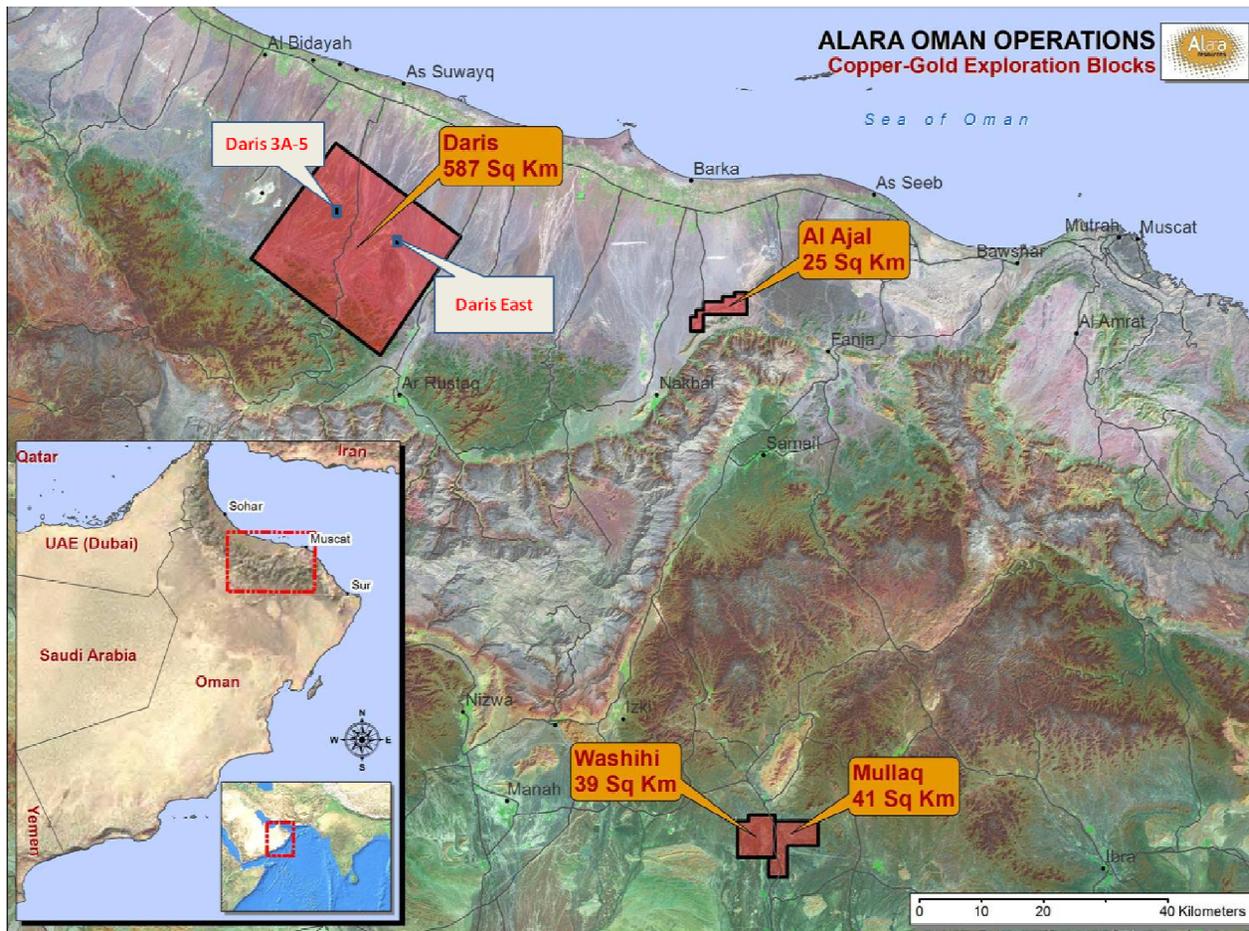
Alara has established itself in the Middle East with a portfolio of advanced development and early stage exploration projects as listed below.



Project	Resources	Interest	Location	Status
Khnaiguiyah	Zinc-Copper	50%	Saudi Arabia	Feasibility complete Judgement hearing in March
Al Hadeetha	Copper-Gold	70%	Oman	Feasibility complete Awaiting Mining Licence
Daris	Copper-Gold	50% (70% option)	Oman	Advanced Scoping Study
www.alararesources.com		3		© Alara Resources Limited

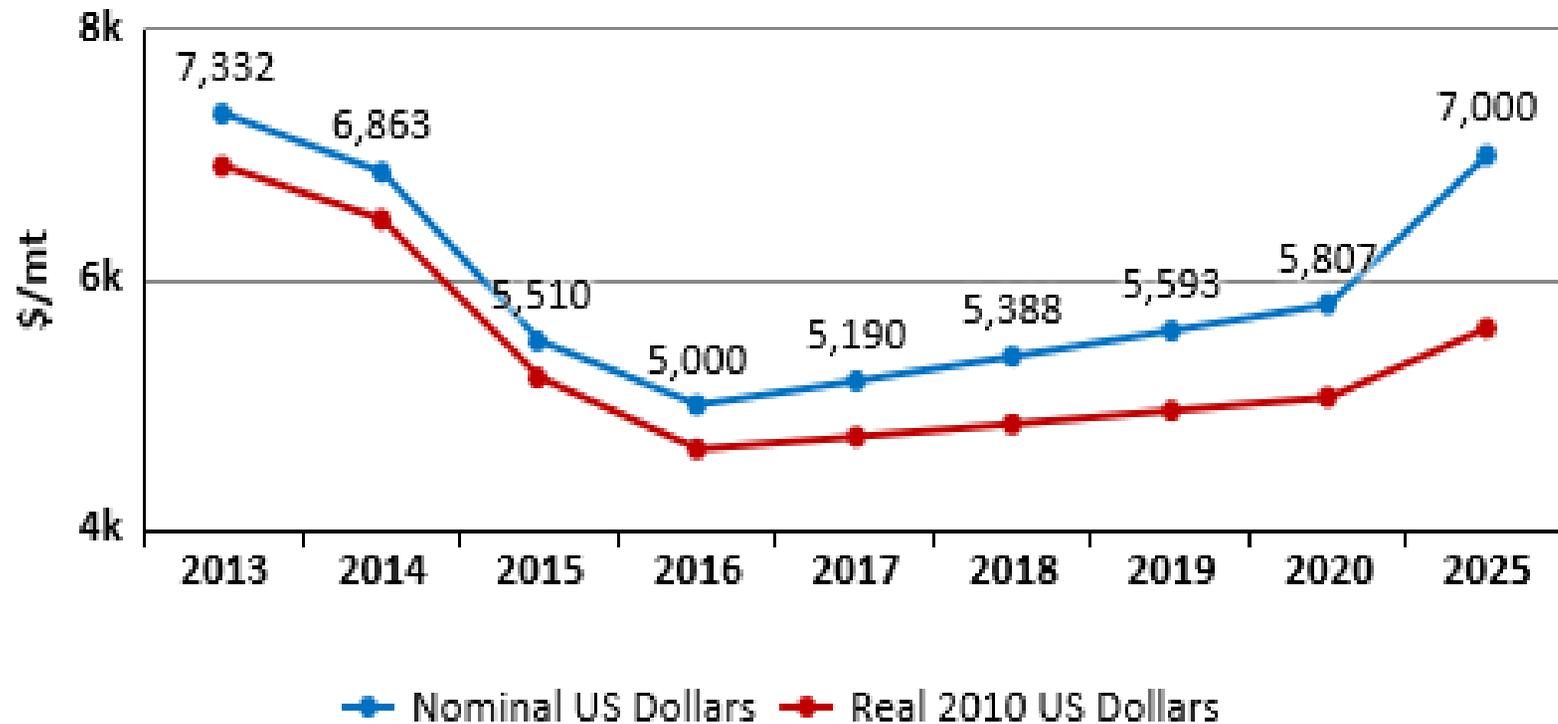


The Oman Copper Gold Projects are located in a region with several examples of VMS Copper Deposits and within reasonable proximity to a Copper Smelter and port at Sohar



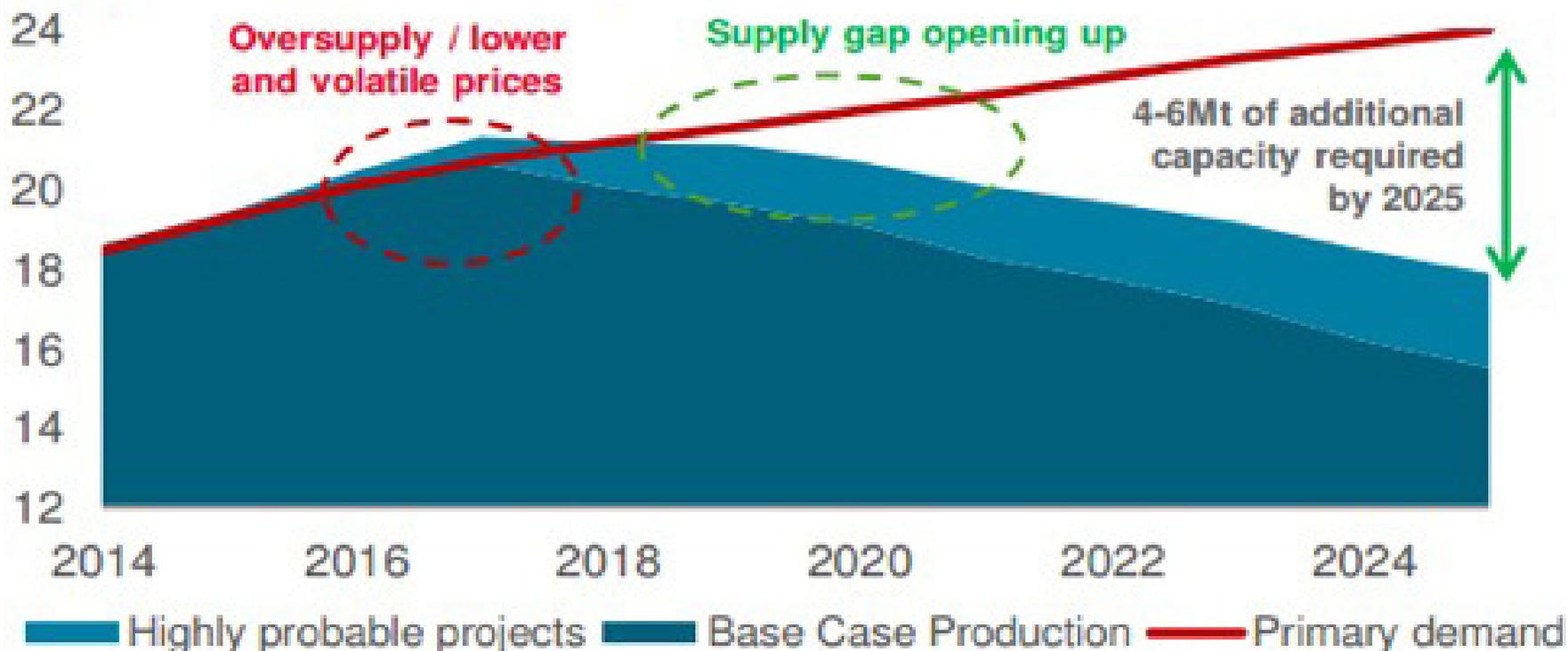


- Project revenue: US\$452M
- Project costs : US\$270m
- Capex: US\$59 million, including \$9m owners' capitalised expense, plus working capital and contingency
- EBITDA: US\$142M
- Project free cash flow: US\$96m (after Capex paid)
- Project NPV: US\$39m at an IRR of 26%
- Payback: <4 years
- First production 2018
- Production of >321,000 dmt copper concentrate over first10 years



Source – World Bank Commodity Forecast Price Data, January 2016

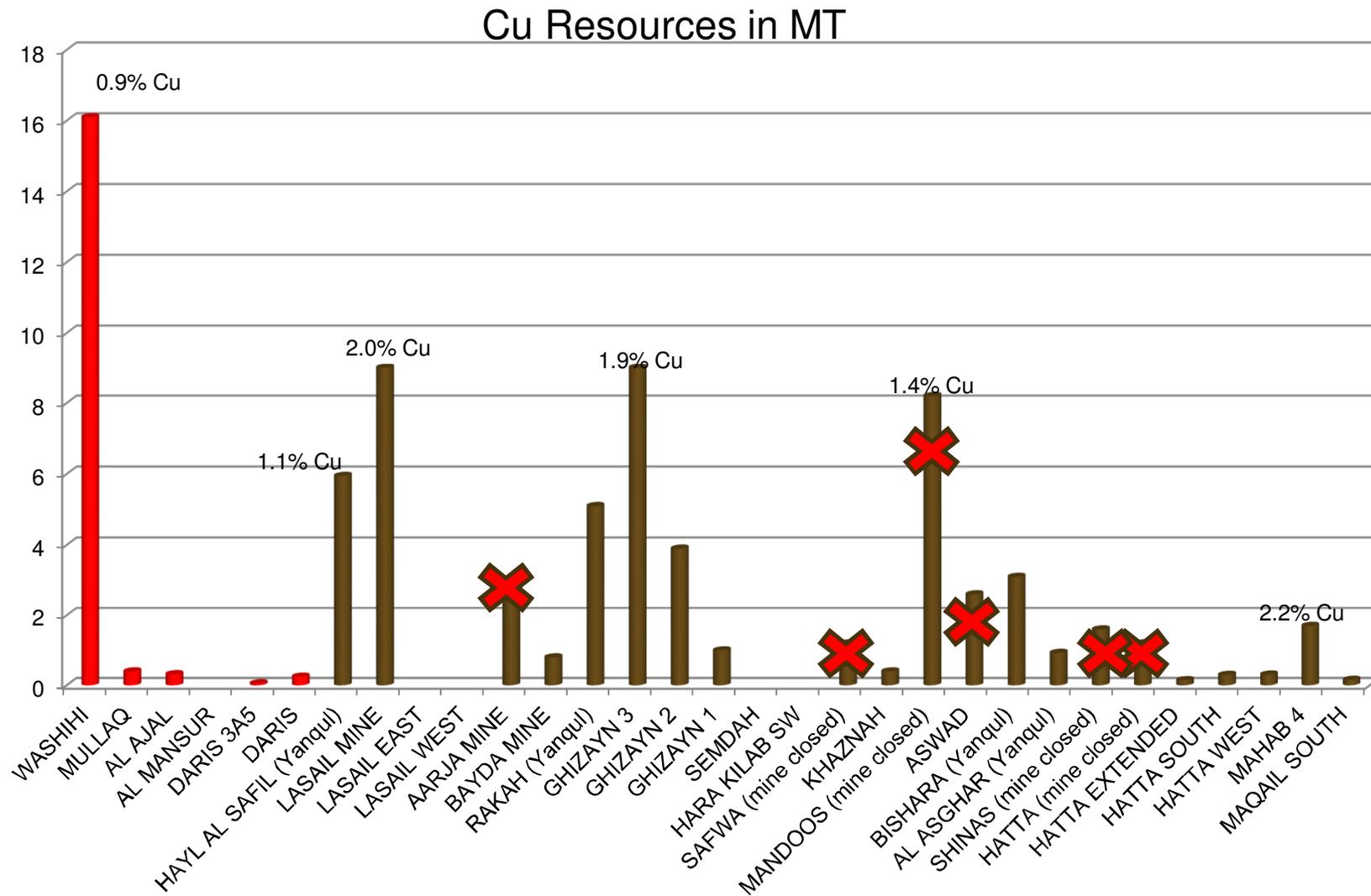
Copper supply/demand (million tonnes)



Source – Wood Mackenzie, Rio Tinto, mining.com



Source: *CommodityIntelligence.com*

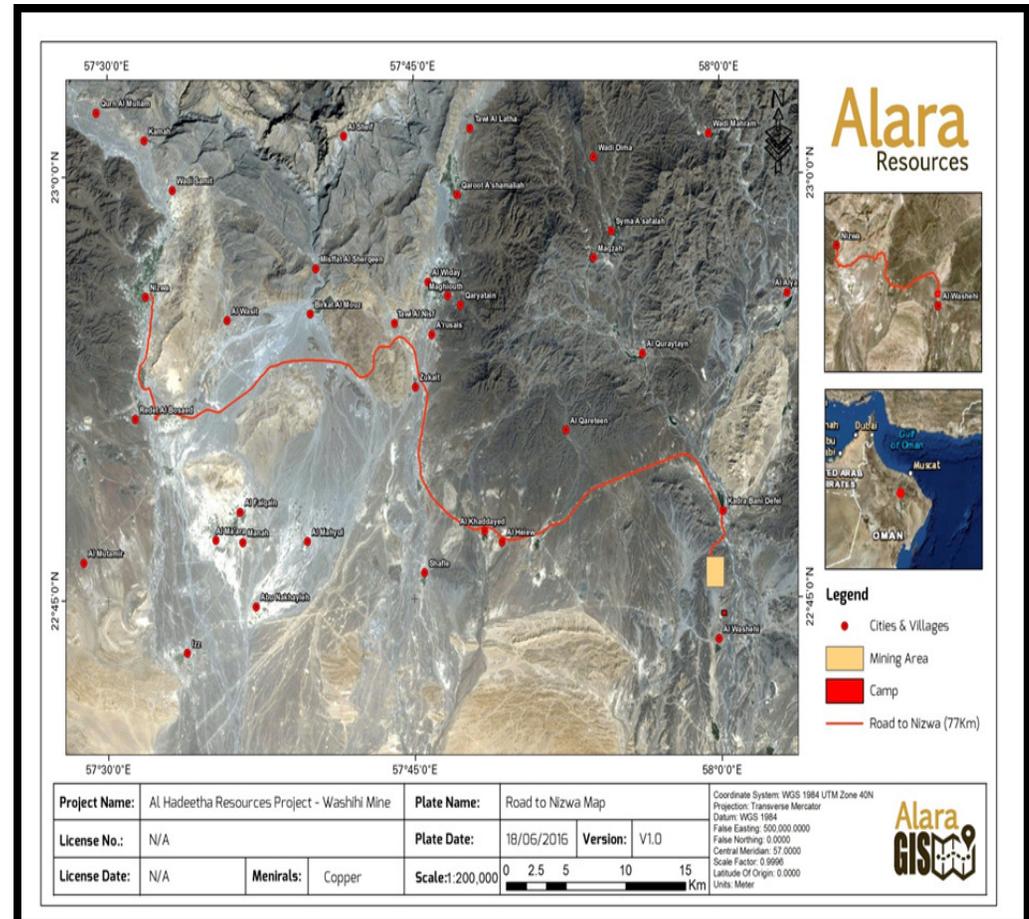


Source: Published information & Govt reports

- Sultanate of Oman Electricity Supply (SAOC) – Mazoon Electricity Company
 - Connection at Khadra Bin Daffa
- Mains Power Reticulation Equipment
 - 2 x 8MVA Substations
 - 33Kv Line extension – Consisting of 2 Km Overhead line
 - 4 x 2MVA Transformers on site
- Site Power Reticulation Equipment
 - 11KVA High Voltage transformers and cables
 - .400 KVA Low Voltage Transformer and cables

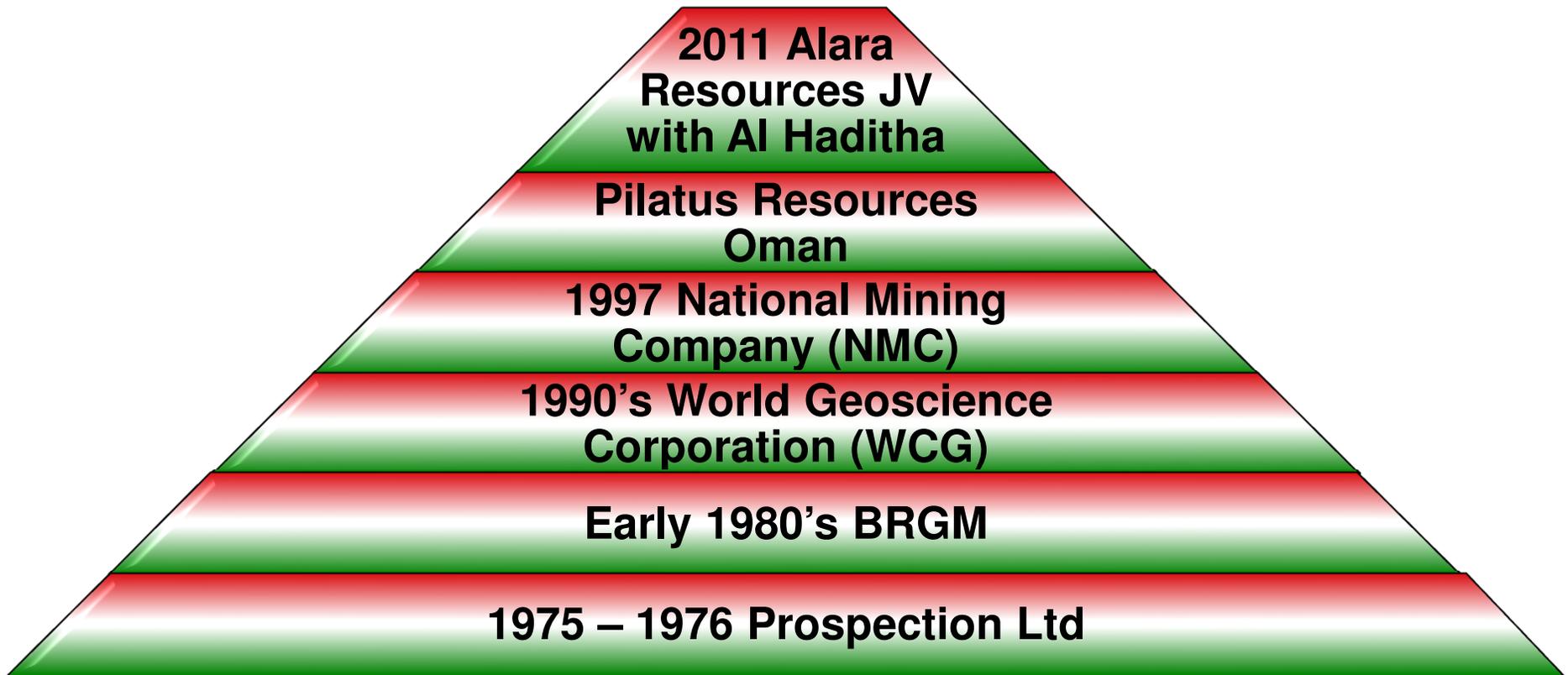


- Water from Nizwa treatment plant to mine site
- PDO well / groundwater options
- Water storage tank and reticulation
- Bore field and potable water supply and reticulation
- Process water tanks
- Pressurised ring Fire protection system

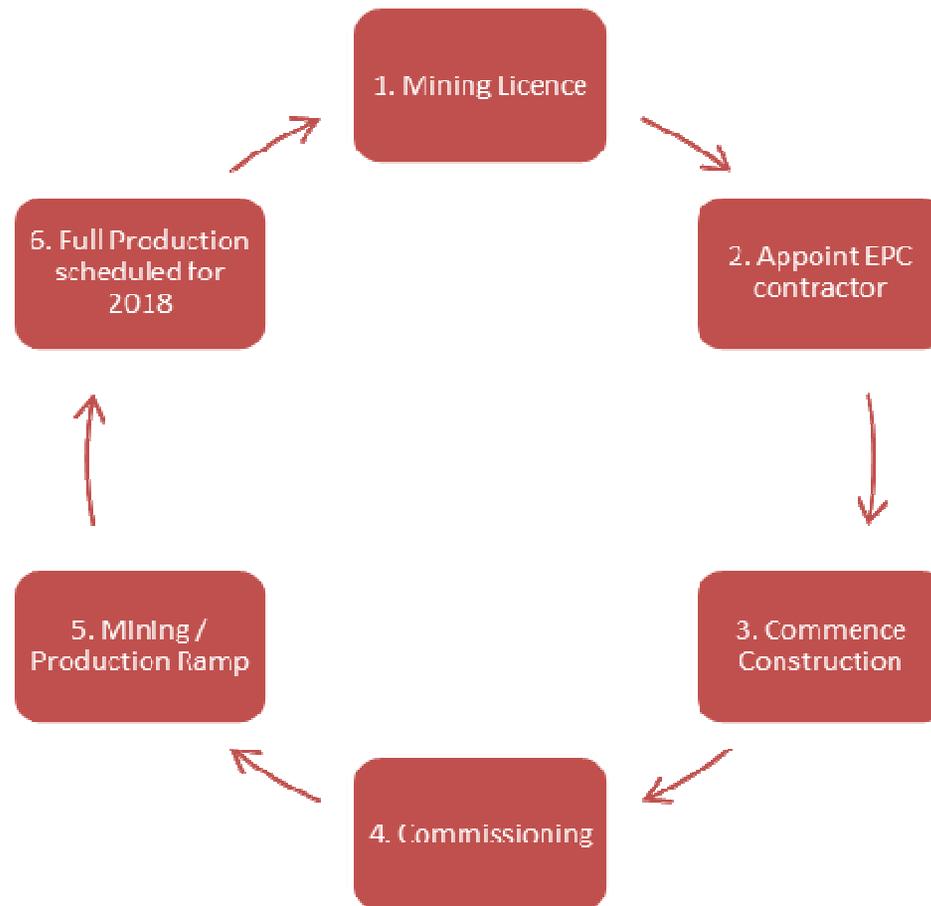


- Construction workforce Estimated 80 (Peak)
 - Construction work force – approx. 70 including management
 - Mining workforce 40 to 50
- Permanent work force – Total = 175
 - Mining – 58
 - Process – 73
- Administration
 - Management and support staff – 44
- Site Services
 - Village catering and cleaning
 - Village Maintenance

Receptor	Emission/Activity	Magnitude	Permanence	Reversibility	Cumulative
Air Quality	Digging, Blasting & Extraction and Transportation of Mined Materials	1	2	2	2
	Combustion Emissions from DG & Mining Equipment	1	1	1	1
Noise	Blasting, Extraction and Hauling of Mined Materials	1	2	2	2
Soil & Groundwater	Accidental Spills, Dewatering, Deeper Excavation, tailing pond	2	2	2	2
Loss of Habitat	Uprooting of trees and Grasses	2	3	2	3
Mining Staff & Public	Risk and Safety	1	1	1	2
Socio-Economic	Labour and Economy	+	+	+	+



The Al Hadeetha Project helps write the next page of the Sultanate's 4000+ year history of copper mining, as the mining sector re-establishes its rightful place as a pillar of the Omani economy.

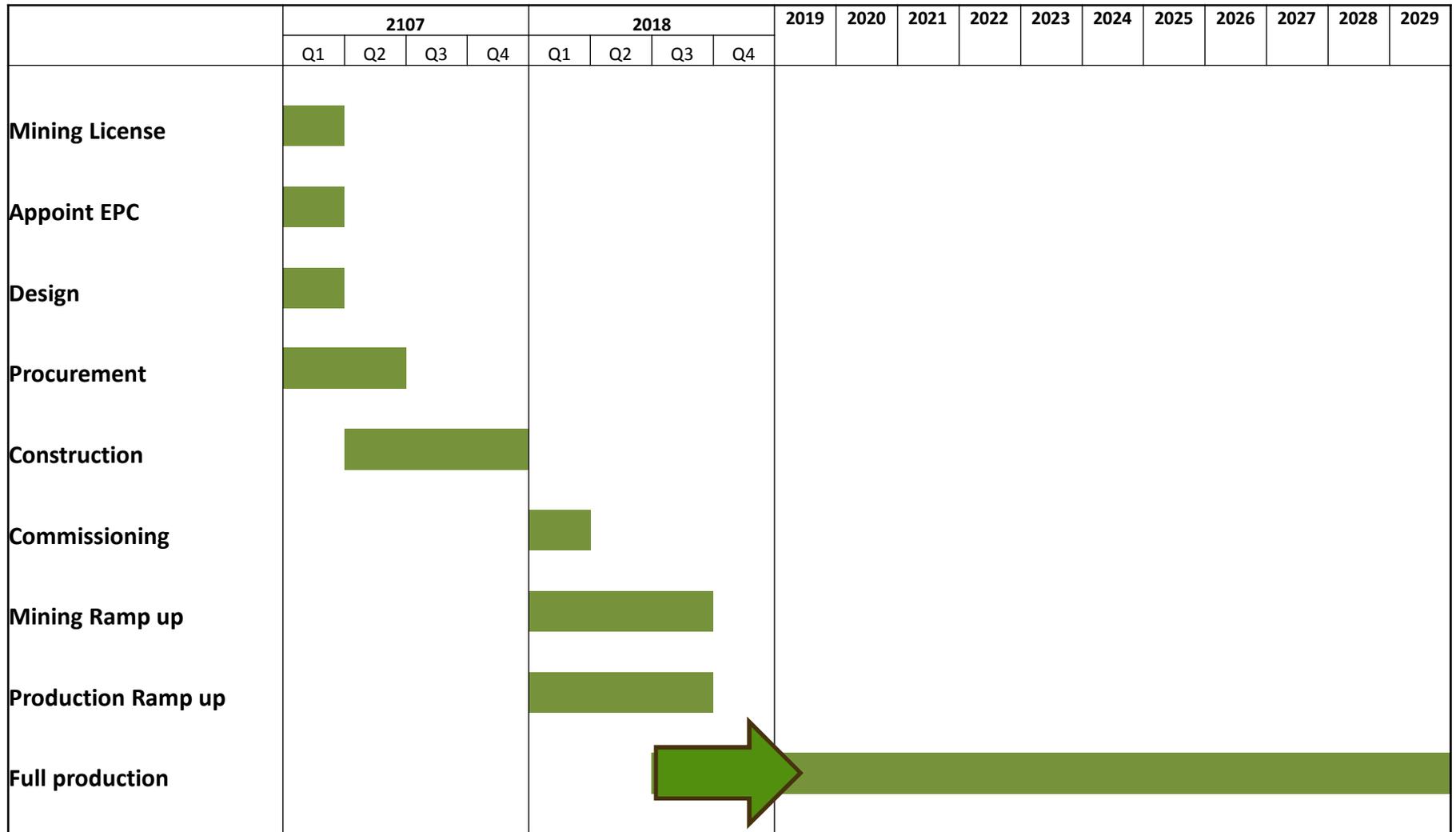


Slide 16

TN1

Edit original schedule - 'Commissioning' is missing an N

Tina Newbon, 25/08/2016



FORWARD LOOKING STATEMENTS

This Presentation has been prepared as a summary only and does not contain all information about the Company's assets and liabilities, financial position and performance, profits and losses, prospects and rights and liabilities. The information in this Presentation and made to you verbally is subject to updating, completion, revision, further verification and amendment without notice. The information contained in this Presentation or subsequently provided to the Recipient of this Presentation whether orally or in writing by or on behalf of Alara Resources Limited or its respective vendors, employees, agents or consultants ("Information") is provided to the Recipients on the terms and conditions set out in this notice. The purpose of this Presentation is to provide Recipients with Information relating to Alara Resources Limited. Each Recipient must make his/her own independent assessment and investigation of Alara Resources Limited and its business and assets and should not rely on any statement or the adequacy and accuracy of any Information contained in this Presentation. Alara Resources Limited makes no representation or warranty (express or implied) as to the accuracy, reliability or completeness of the Information. Alara Resources Limited and its respective directors, vendors, employees, agents and consultants shall have no liability (including liability to any person by reason of negligence or negligent misstatement) for any statements, opinions, information or matters (express or implied) arising out of, contained in or derived from, or for any omissions from the Presentation, except liability under statute that cannot be excluded. The Presentation contains reference to certain intentions, expectations and plans of Alara Resources Limited. These intentions are based on certain assumptions which may not be met or on which views may differ. No representation or warranty, express or implied, is made by Alara Resources Limited or any of its respective directors, officers, employees, advisers or agents that any intentions, expectations or plans will be achieved either totally or partially or that any particular rate of return will be achieved. This Presentation does not constitute in any way an offer or invitation to subscribe for securities in Alara Resources Limited pursuant to the Corporations Act.

COMPETENT PERSON STATEMENTS

The information in this announcement that relates to the feasibility study of the Al Hadeetha Copper-Gold project is based on information compiled by Mr Shanker Madan, who is a Member of the Australasian Institute of Mining and Metallurgy, and consultant to Alara Resources. Mr Madan 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, 2012 edition. Mr Madan consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to JORC Resources of the Al Hadeetha Copper-Gold Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravi Sharma, who is a Chartered Member of The Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. 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, 2012 edition. Mr Sharma approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserve of the Al Hadeetha Project was compiled by Mr Harry Warries, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Warries has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' In assessing the appropriateness of the Ore Reserve estimate, Mr Warries has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Al Hadeetha Project Feasibility Study. These reports are understood to be compiled by persons considered by Alara to be competent in the field on which they have reported. Mr Warries consents to the inclusion in the report of the information in the form and context in which it appears.

Resource Developer to Mine Builder and Operator

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