

Alara Resources Limited A.B.N. 27 122 892 719 Level 11, 216 St Georges Tce

Perth WA 6000, Australia

GPO Box 2517 Perth WA 6831 Telephone | +61 8 9481 0389 Facsimile | +61 8 9463 6103

Web | www.alararesources.com Email | info@alararesources.com

ASX/MEDIA RELEASE

Tuesday, 10 May 2016

PROJECT UPDATE - OMAN

Further to the feasibility study findings announced earlier this month¹, Alara Resources Limited (ASX: AUQ) (Alara or Company) provide this update on recent developments at the Al Hadeetha Copper-Gold Project in Oman (the 'Project').

Infill Drilling Program

The Project currently includes three exploration licences (Washihi, Al Ajal and Mullaq) covering an area of more 100sqkm, with a 14mt JORC Resource contained within the Washihi licence area².

In April, infill drilling was conducted on the Washihi licence. With drill spacing appropriate to the deposit geometry, the program is directed towards further increasing the size of the resource within the indicated category. Figure 1 below shows the location of historic, recent and proposed drill holes in relation to existing Washihi resource boundaries.

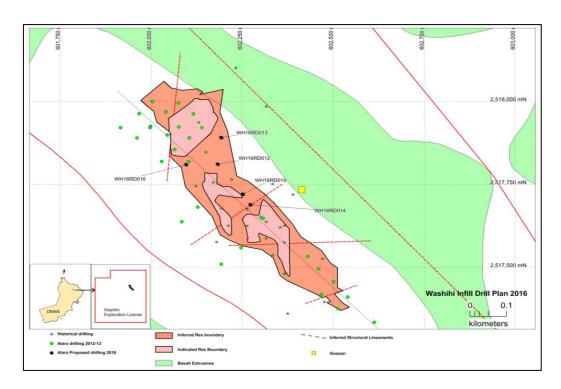


Figure 1: Drill hole locations at Washihi



¹ Refer Alara's ASX Announcement of 1 April 2016: Feasibility Study Update

² Refer Alara's March 2016 Quarterly Report for further details.



Alara Resources Limited A.B.N. 27 122 892 719

Level 11, 216 St Georges Tce Perth WA 600, Australia

GPO Box 2517 Perth WA 6831 Telephone | +61 8 9481 0389 Facsimile | +61 8 9463 6103

Web | www.alararesources.com Email | info@alararesources.com



Drill rig set up at Washihi near gossan hill

The drilling of three holes, namely WH16RD012, WH16RD013 and WH16RD014 has now been completed.

Geological observation of RC cuttings from these completed drill holes confirmed sulphide mineralisation as expected; however hole WH16RD012 appears to have intersected previously unknown mineralisation between 20 and 24m depths below an oxidised horizon. Detailed chemical analysis of samples will be completed to confirm the presence of copper mineralisation in this new zone.

Samples are now being dispatched to the laboratory for testing, with remaining drill holes due to be completed this month.

Community Meeting

Al Hadeetha Resources LLC recently held a community gathering and luncheon near the Washihi site (see images below). The luncheon was hosted by Alara's JV partner Sheikh Khalid bin Hamed bin Saif Al Busaidi. The event was attended by over fifty Omani nationals representing stakeholders from local communities, key government ministries, including the Public Authority of Mining, Ministry of Environment, Director General of Municipality, and officials from the local province (Wilayat).

The community meeting agenda included:

- 1. update on outcomes of the feasibility study;
- 2. discussion of key milestones going forward (e.g. mining licence grant and mine construction); and
- 3. questions and answers regarding the impact of the Al Hadeetha Project on the local community.

Sheikh Khalid Al Busaidi led the meeting and community interactions supported by key Government officials. The outcome of the discussions was very positive with good community support for the Project. This community feedback, coupled with subsequent meetings at relevant Ministry offices and recent public announcements on streamlining of approval processes, all bode well for Al Hadeetha's Washihi mining licence application.





Alara Resources Limited A.B.N. 27 122 892 719

Level 11, 216 St Georges Tce Perth WA 600, Australia

GPO Box 2517 Perth WA 6831 Telephone | +61 8 9481 0389 Facsimile | +61 8 9463 6103

Web | www.alararesources.com Email | info@alararesources.com



Government representatives and community leaders come to view drilling operations at the Washihi site.



Alara's joint venture partner, Sheikh Khalid Al Busaidi, and its Managing Director, Mr Justin Richard, meet and greet community leaders and government representatives.



Alara Director, Mr AV Sthapak and ministry officials reviews map of mine layout situated largely on a plain protected by a natural mountain barrier seen in the background



Sheikh Khalid Al Busaidi explains Project history and planned development, including one year mine construction and an initial ten years of mining operations.



After the meeting, Sheikh Khaild Al Busaidi generously hosted a traditional Omani meal including fresh fruits, roasted goats, rice, vegetables and halwa.





Alara Resources Limited A.B.N. 27 122 892 719

Level 11, 216 St Georges Tce Perth WA 600, Australia

GPO Box 2517 Perth WA 6831 Telephone | +61 8 9481 0389 Facsimile | +61 8 9463 6103

Web | www.alararesources.com Email | info@alararesources.com

· End -

Competent Person Statement

The information in this report that relates to JORC Resources in relation to the Washihi 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. 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, 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.

For further information, please contact:

Justin Richard **T** | +61 8 9481 0389

Managing Director E | jrichard@alararesources.com

Elizabeth Hunt T | +61 8 9481 0389

Company Secretary E | cosec@alararesources.com

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaiguiyah 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

