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ASX/MEDIA RELEASE

Thursday, 28 July 2016

AL HADEETHA COPPER-GOLD PROJECT
ANNOUNCEMENT IN RESPONSE TO ASX REQUEST

Alara Resources Limited (ASX: AUQ) (Alara or Company) refers to its ASX announcement of 14 June 2016, specifically "Appendix 2 – Washihi JORC Resources". Given the Washihi mineral resources now complies with the JORC Code 2012, the ASX have deemed the 14 June announcement to be a reporting of mineral resources for the first time.

Accordingly, the Company is required reproduce some information from its previous announcements.

GEOLOGY AND GEOLOGICAL INTERPRETATION

Thick stockwork of copper mineralisation towards the northwest extension of the previous JORC Resource contributed to the increased resource being announced on 16 July 2013.

A second phase of diamond drilling (completed in the first half of 2013) confirmed the mineralisation remained open both at depth and along strike to the north-west.

A high grade massive sulphide above the stockwork zone, which is a typical feature of VMS deposits in Oman, was previously anticipated but not intersected until after the infill drilling program commenced in April this year[1].

The project area is largely underlain by the Samail Ophiolite, with the Hawasina nappes appearing at the front of the Samail Nappe in Jabal al Hammah as well as in windows in Wadi Andam and Wadi Musfa.

The area around the Washihi Prospect is structurally complex and a large part of it is covered by wadi gravels. The area contains limited outcrops of several different geological units. The Washihi gossan outcrops in the center of the area surrounded by ophiolitic basalts and associated sediments. At the northeast of the gossan and southwest of Wadi Andam, the geology of Washihi prospect is in form of a mixture of sedimentary and igneous features. As the area is mostly devoid of any outcrops and most of the rock outcrops are covered under alluvial sediments, the interpreted geological map was developed based on the interpretation of alterations zones observed after ground geophysical surveys.

DRILLING TECHNIQUES

The project has been drilled using diamond drill core (DC) drilling technique and reverse circulation (RC) technique. A total of 58 drill holes has been drilled using DC, 14 drill holes has been drilled using RC (including 8 holes which are water monitoring holes); 5 drill holes are drilled as combination of RC and DC. Drilling diameter of drill holes drilled prior to Alara's involvement are not known. From Alara drilling 61% were drilled by HQ diameter and remaining 39% by NQ diameter. None of the drill holes provided oriented core.

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SAMPLING, SUB-SAMPLING TECHNIQUES AND SAMPLE PREPARATION

Sampling data includes Drill Core Samples (DC Samples) and Reverse Circulation chip samples (RC samples). diamond drilling and reverse circulation drilling were used to obtain samples for geological logging, sampling and assaying. Drill core samples were split by saw or manually (manually in case of crushed material in tectonic zones or sandy material from first few initial meters of drilling).

Drill core samples represent adequate half core samples. In case of RC samples, representative sample from riffle splitter has been used for further processing. Drill Core was sampled and saw split in Oman and with QC samples shipped to Laboratory for crushing, pulverization and chemical analyses.

During sample preparation samples are generally dried, crushed and a split of up to 1200 g was taken and pulverized to better than 85% passing a 75 micron. Quality control was adopted for all sub-sampling stages. During initial sub-sampling while drill core splitting, adequacy of splitting was checked by project geologist to ensure that splitting was not biased. Quality of crushing and pulverization is checked by grind checks after crushing, pulverization. Field blanks were inserted into the sample stream to check for contamination. Check samples and Field duplicates have been implemented. Industry standard sample preparation by accredited labs has been used.

SAMPLE ANALYSIS METHOD AND QUALITY OF ASSAY DATA

The pulverized samples were analysed for Copper using four acid digestion followed by ICP-OES (Inductively Coupled Plasma Optical Emission Spectrometry); for Gold using 50g Fire Assay followed by AAS (Atomic absorption spectroscopy).

Alara employed a rigorous QAQC program including implementing certified reference materials, (standards), field blanks, field duplicates, check samples, check assays and grind checks. Industry standard batch-wise QAQC procedures were implemented for all analytical results.

Analysis of the second and third batch of representative samples from the infill drilling program has now been completed at the ALS laboratory and the results are being fed into the existing resource model. Further updates will follow in due course.

All sample batches went through control gate quality assessment prior to inclusion in or request for re-assay and no significant issues were identified in analytical results.

MINERAL RESOURCE ESTIMATE

The database used in this Mineral Resource Estimate (MRE) comprises of 77 drill holes drilled by Prospection, NMC, Pilatus and Alara. Detailed data verification and QA/QC procedures were followed before using this data for the MRE. 69 drill holes are resource drill holes; remaining 8 drill holes are water-monitoring boreholes.

Mineralized shell wireframe of Washihi project is based on drilling data. The two dimensional sectional interpretation was carried out using the drill holes. This was carried out section-by-section incorporating logging data (litho codes, alteration and other) and assay information from drill holes along with grade histogram has been used while sectional interpretation. Sections were created at approximate distance of 30-40 m based on number of holes passing through or near the section. These sections were used to define a

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mineralized shell at a cut-off of 0.1 % Cu. The digitized section polygons were used to create mineralized shell wireframe.

4.9 % Cu was used to cap copper assays and 1 g/t Au was used to cap gold assays. Capping was done based on probability plot on assay samples within mineralized envelope. Compositing was done on capped samples.

Length weighted composites of 1 meter were created using Datamine software. Composites were created within mineralized wireframe.

Snowden Supervisor software was used to create directional pair-wise relative variograms on copper and gold composites. A nested spherical variogram with three structures was modelled for composited Copper and Gold.

Parent block size of 20 m in X direction, 20 m in Y direction and 5 m in Z direction was created based on Kriging neighbourhood analysis 'KNA' in Snowden Supervisor software. The KNA exercise analysed various block sizes.

Block model grades for Copper and Gold were estimated by Ordinary Kriging. Kriging neighbourhood analysis was carried out to optimize parameters for good confidence estimate. Besides Ordinary Kriging, ID2 was also tested.

To preserve local grade variation, a search neighbourhood strategy with three search ellipse was used.

For Resource classification the two stage classification method was attempted. Stage 1 is based on mathematical rules to justify classification based on quality of estimates, this includes regression slope (adequacy of block size and search neighbourhood parameter's), Kriging efficiency (reliable variogram and number of composites to estimate blocks) and Kriging variance. In stage 2, Blocks coded based on mathematical rule were visually inspected in relation to drill density. A 30m radius was drawn around hole and strings were digitized to include cluster of these 30m radius with blocks meeting criteria in stage 1 (30m radius is general drill hole spacing used for indicated resource category. Drill spacing above 30m has been generally applied for inferred resource category). The second stage was used to avoid spotty appearance. Classified block model was reviewed in section in relation to drill density before finalizing the classification. In general for

Block model has been validated through visual checks in section and plan view between block model and composites, the statistical validation checks were carried out to validate model.

Bulk density determinations are made on selected diamond drill samples. Samples were selected to cover lateral extent, vertical extent, different rock type, alteration and grade. Tonnages are estimated on a dry basis. Average density was derived from composite samples within mineralized wireframe and was used to apply constant density factor of 2.93 g/cm3 to convert block volume to tonnage.

No Mining factors and metallurgical factors assumptions have been used in mineral resource estimate.

Table I – Washihi JORC Mineral Resources, July 2013.

Cu %	Indicated Resource	Inferred Resource

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Cut off	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0	7.16	0.87	0.17	7.77	0.67	0.2
0.25	**6.84**	**0.9**	**0.17**	**7.27**	**0.71**	**0.2**
0.5	5.66	1.01	0.18	5	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1	2.39	1.37	0.2	1.24	1.31	0.27

Note: Washihi resources are reported at cut off 0.25% Cu. Gold is reported using the copper cut off (0.25% Cu). 0.25 % Cu is a reasonable economic cut-off based on the current prices and available information.

Figure I 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 I: Washihi drill holes and resource distribution.

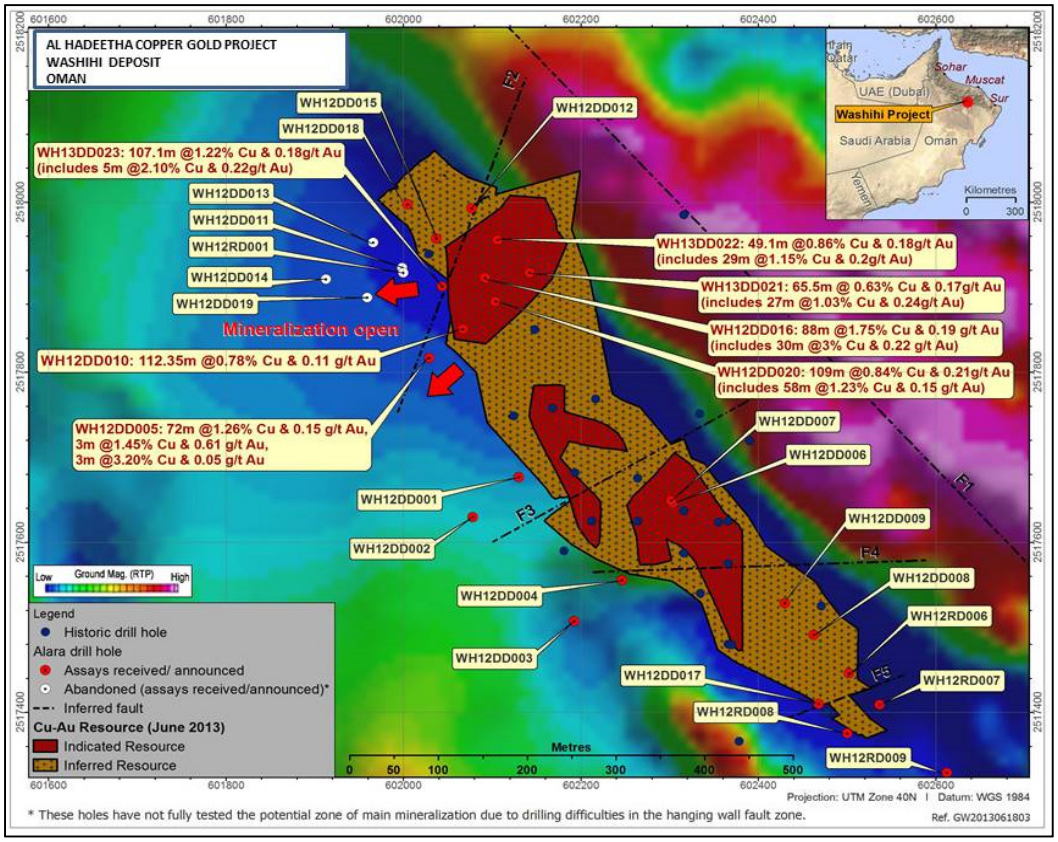

Figure 2: Typical Washihi Section.

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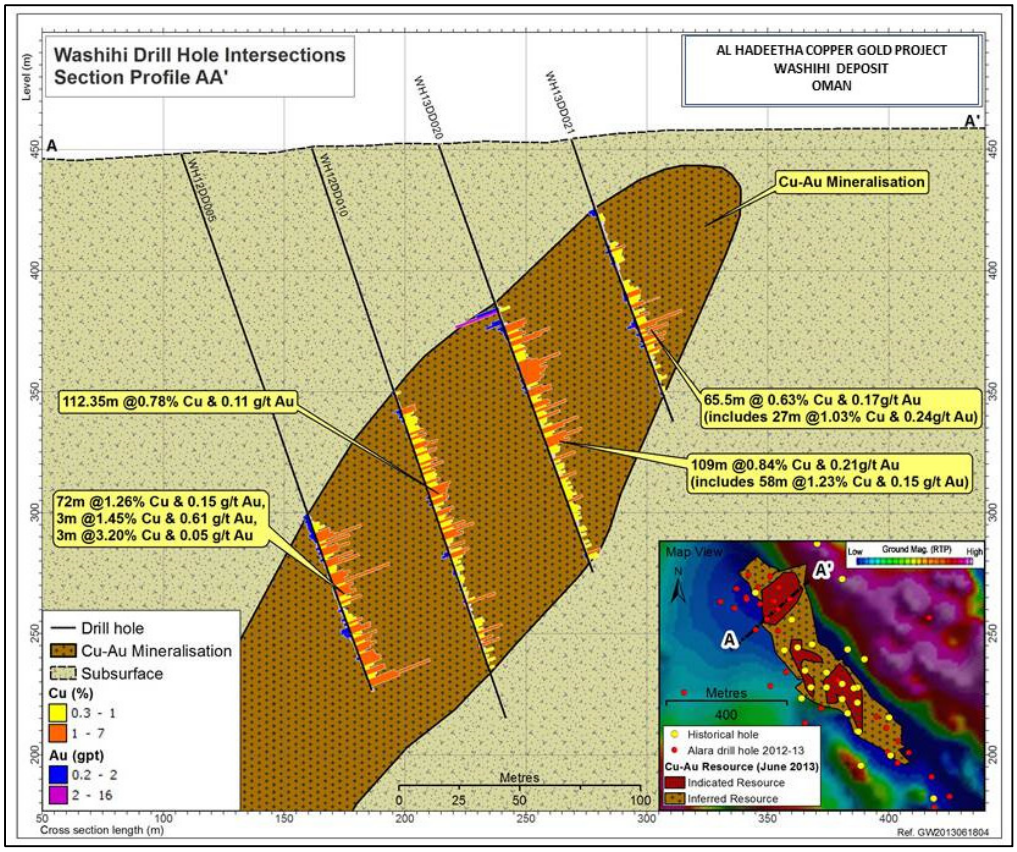

Competent Person Statement

The information in this report that relates to JORC Resources in relation to 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. Mr Sharma is 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:

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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 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