

29 OCTOBER 2014

ASX Code: AUQ

DIRECTORS

Ian Williams
Non-Executive Chairman

Philip Hopkins
Managing Director

John Hopkins
Non-Executive Director

HRH Prince Abdullah bin Mosaad bin
Abdulaziz Al Saud
Non-Executive Director

James Phipps
Alternate Director

MANAGEMENT TEAM

Victor Ho
Company Secretary

Elle Macdonald
Corporate Affairs Manager

Justin Richard
Country Manager, Saudi & Oman

John Watkins
Chief Financial Officer

CAPITAL STRUCTURE

As at 28 October 2014

Shares: 242,007,500

Options: 27,066,667

Share Price: \$0.026

Market Cap: \$16.29m

Cash as at 30 September 2014 -
\$2.8m

RESOURCES – KHNAIGUIYAH *

Measured & Indicated:
Zinc-Copper Resource 25.32 Mt @
4.03% Zn and 0.17% Cu

Measured & Indicated:
Copper Resource 8.53Mt @ 0.64%Cu

RESERVE – KHNAIGUIYAH *

Proved:
Zinc-Copper Reserve 17.7 Mt @
3.4% Zn and 0.29% Cu

Probable:
Zinc-Copper Reserve 8.35 Mt @
3.1% Zn and 0.13% Cu

CONTACT DETAILS

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*Refer JORC Statements at page 14

Highlights

➤ Daris/Washihi Copper/Gold Project (Oman) Advanced Scoping Study completed with three development options evaluated:

- A '**Base Case**' 0.5Mtpa conventional flotation plant (post Heavy Media Separation (HMS)) from mining inventory sourced from the existing JORC Mineral Resources at the Washihi and Daris-East deposits – shows US\$40M NPV, 18% IRR, US\$96M capex, 5.3 year pay-back, US\$514M LOM revenues (from 74,747t Cu and 38,088oz Au LOM production), US\$289 LOM opex (at US\$3,870/t Cu recovered);
- An '**Enhanced Base Case**' 0.5Mtpa conventional flotation plant (post HMS), which is based on a slight increase in the mining inventory sourced from a high grade early stage prospect within the Mullaq exploration licence - shows a more attractive US\$52M NPV, 20% IRR, US\$96M capex, 4.5 year pay-back, US\$544M LOM revenues (from 79,683t Cu and 37,151oz Au LOM production), US\$303M LOM opex (at US\$3,801/t Cu recovered); and
- Both deposits are open along strike and at depth and based on existing geological data, JORC Exploration Targets have been identified on these and other prospects across the Oman Project area. This upside potential was tested under larger scale flotation plant (post HMS) case scenario based on a more substantial increase (x2) in the mining inventory sourced from these Exploration Targets – the economics of this larger capacity case are more attractive due to economies of scale and capital efficiencies and suggests an opportunity to leverage the Oman Project's value through further systematic exploration and upgraded resource definition.

(The financial model assumes an 8% discount rate, US\$7,000/t Copper price, US\$1,300/oz Gold price, 100% ownership and is inclusive of taxes and royalties)

➤ Remedies are being investigated in relation to the impasse with Joint Venture (**JV**) partner United Arabian Mining Company LLC (**Manajem**) over the Heads of Agreement (**HoA**) for the Khnaiguiyah Project. The Company remains cautiously optimistic that a resolution will be achieved.

➤ During the quarter Zinc traded in a range of \$1.02-1.09/lb. The market continues to be supportive for project economics with the Khnaiguiyah Project Base Case DFS established at a Zinc price of \$1.05/lb.

➤ Additional cost management initiatives have been implemented to reduce expenditure.

Introduction

The first Quarter of the 2015 Financial Year saw progress with Alara's projects in Oman and cautious optimism that a resolution of the impasse with the Khnaiguiyah Project in Saudi Arabia can be achieved.

The Oman Advanced Scoping Study was completed, and desk top level Project update studies progressed for the Khnaiguiyah Project. The previously announced HoA for Alara to acquire an additional 10% of the Khnaiguiyah Project JV remains open but with no progress from our JV partners on meeting the conditions.

Various remedies to the impasse are being investigated and progressed.

The continuing strength in the price of Zinc is a significant positive for the Khnaiguiyah Project economics.

Saudi Arabia

KHNAIGUIYAH ZINC-COPPER PROJECT

As previously announced ¹ & ² Alara and its JV partner, Manajem entered into a HoA for the Khnaiguiyah Project whereby Alara would move from its current 50% equity position to 60% equity in the JV Company, Khnaiguiyah Mining Company (KMC).

The Company subsequently announced ³ that the implementation of the HoA had reached an impasse resulting from JV partner Manajem's failure to comply with the steps in an agreed Road Map. As a result Alara postponed preparations for a General Meeting to seek shareholder approval for the issue of the shares required to effect the equity transfer to Manajem under the New JV Agreement and also sought return of the first payments under the HoA which were held in escrow.

Both Alara and the Saudi Deputy Ministry of Minerals and Resources (DMMR) are impatient with our JV partner's lack of progress to advance the Project, which has a completed DFS ready to move forward to the next stages of financing, pre-development and construction.

Various remedies are being investigated in relation to the impasse with Manajem. The Company remains cautiously optimistic that a resolution will be achieved.

¹ Refer Alara's ASX market announcement dated 14 March 2014 and entitled "[Alara Moving to 60% Interest in the Khnaiguiyah Project](#)"

² Refer Alara's ASX market announcement dated 4 April 2014 entitled "[Completion of Agreement for Updated Khnaiguiyah Project Joint Venture](#)".

³ Refer Alara's ASX market announcement dated 4 June 2014 entitled "[Khnaiguiyah Project Joint Venture Agreement Has Reached Impasse](#)".



Control room and observation level Dammam's King Abdul Aziz Sea Port, the largest port on the Persian Gulf. The DFS assumes concentrates will be exported from here.

PROJECT ENHANCEMENTS IDENTIFIED FOR FURTHER STUDY

Additional technical studies designed to materially enhance the value and/or reduce the key risks associated with the Khnaiguiyah Project were commenced during the first half of 2014. Alara does not intend to expend significant additional funds on Project optimisation until a clear way forward for the JV has been identified and progressed. These studies are being undertaken at a desk top level primarily by our internal staff or on a business development basis with key suppliers.

The current status of the Project Enhancement Studies is as follows:

HEAVY MEDIA SEPARATION (HMS) EVALUATION FOR THE KHNAIGUIYAH ORE

- > Test work (at lab or 'bench' scale) has been completed and a final report is being closed off. The study indicates positive amenability of Khnaiguiyah ore to the HMS process. Test work to bring this flow sheet change up to DFS level is pending the resolution of the current Project delay.
- > As reported in the March 2014 Quarterly Report⁴, a HMS plant would allow a relatively coarsely crushed ore feed (4-7 mm diameter) to be processed up front and as a result of this pre-treatment, the lighter (non-metallic) silica material included in the ore could potentially be inexpensively separated from the Zinc-Copper bearing rock. The outcome of this process flow sheet enhancement is a 70-90% upgrade in the effective ore grade being fed to the processing plant.
- > Should further studies and test work prove to be technically viable and economically justifiable for the Khnaiguiyah ore, then there will be an option for the Khnaiguiyah Project to advance on one of two paths:
 - i) Maintain the 2Mtpa ore feed as per the DFS, but change the circuits to have ore pass through the HMS first. This would allow the remainder of the processing plant to be downsized to 1.0-1.5Mtpa thus reducing the complexity and capital cost of the plant; or alternatively
 - ii) Increase the front end feed through the HMS to 3.5- 4.0Mtpa and retain the back end of the process plant throughput at 2Mtpa but due to the upgrade in ore grade, produce up to 1.5-1.8 times more concentrate per annum.

WATER SUPPLY OPPORTUNITIES

- > A water supply review has identified several alternative process water supply sources which are being investigated and discussions held with the relevant government departments who have been very supportive and encouraging.

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Refer Alara's ASX market announcement dated 29 April 2014 and entitled "[Quarterly Activities Report - March 2014](#)"

COMMUNITION CIRCUIT OPTIMISATION

- > Initial analysis and computer simulation modelling is underway on the potential to replace the SAG mill with 1-2 crushing units and for general optimisation of the comminution circuit.

PLANT ORE FEED GRIND SIZE OPTIMISATION

- > There is an opportunity to increase the grind size thus reducing the plant size, power consumption and other associated operating costs. A grind size review and potential optimisation study will commence only after the result of the HMS evaluation is finalised.

BULK PRODUCT TRANSPORTATION/SHIPPING VERSUS A CONTAINER BASED APPROACH

- > The potential to bulk ship concentrates from site as an alternative to transporting concentrates in containers will be considered for potential savings in freight and capital costs.

KHNAIGUIYAH PROJECT INDICATIVE TIMELINE

The Khnaiguiyah Project indicative development timeline is as follows:

Project Activity	2014	2015				2016				2017				2018			
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Secure Licences																	
2 Project Finance																	
3 Project Construction																	
4 Commissioning																	
5 Full Operations																	

Oman

DARIS/WASHIHI COPPER-GOLD PROJECT

An upgraded Scoping Study for the Daris/Washihi Project in Oman was completed. External interest in the Project has continued with various parties having undertaken due diligence activities. The Study was based on and followed a full Options Analysis Study. The depth and nature of the work undertaken was very advanced for a scoping study but does not contain all aspects of a pre-feasibility study.

ADVANCED SCOPING STUDY

An Advanced Scoping Study to fully evaluate the Project is now complete with very positive outcomes and suggests a staged feasibility study as a possible way forward.⁵

HIGHLIGHTS

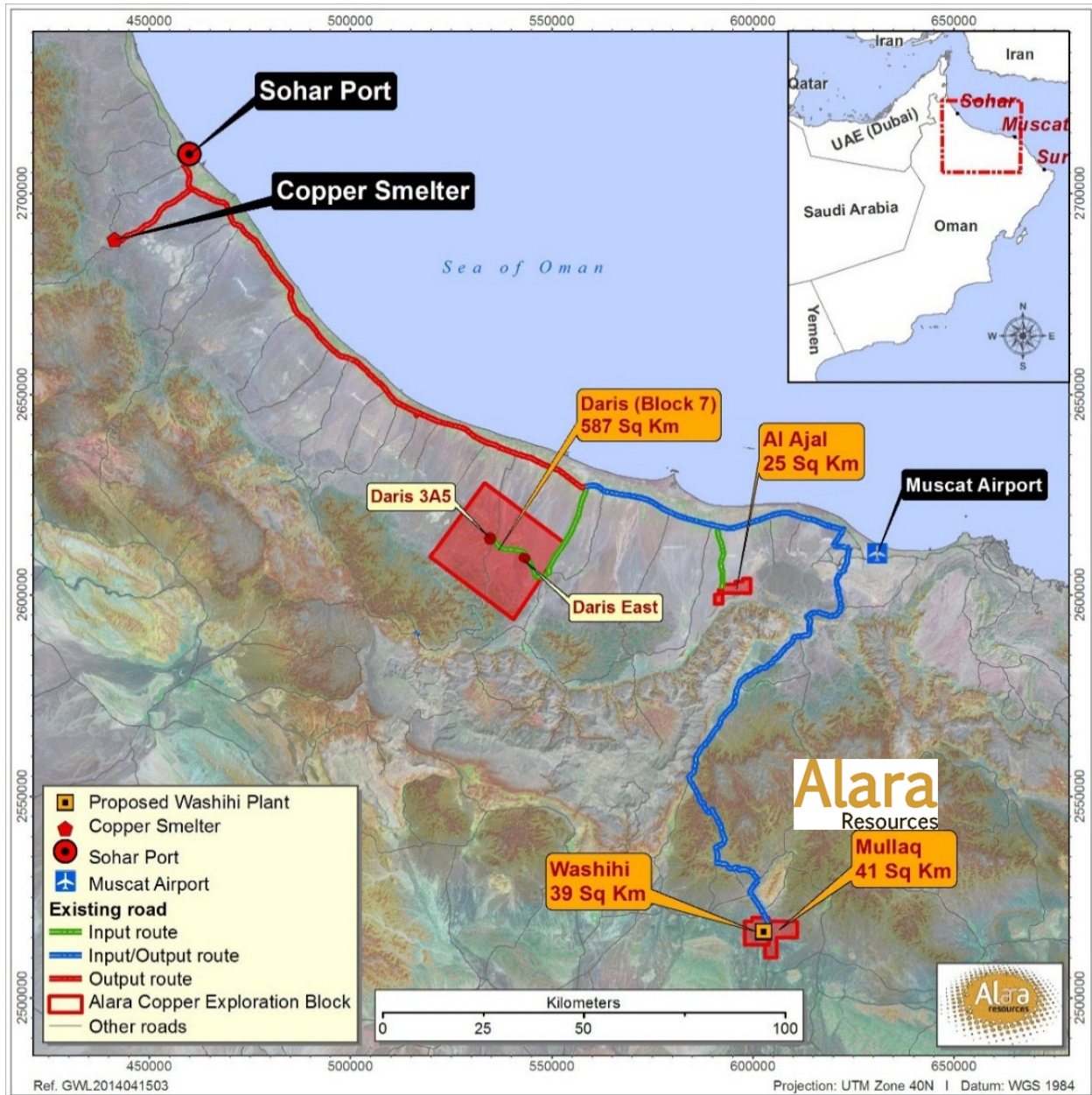
- > Three development options were evaluated under the Advanced Scoping Study, namely:
 - A '**Base Case**' 0.5Mtpa conventional flotation plant (post HMS) from mining inventory sourced from the existing JORC Mineral Resources at the Washihi and Daris-East deposits;

⁵ Refer Alara's ASX market announcement dated 14 October 2014 and entitled "[Oman Project Update - Positive Advanced Scoping Study Outcomes](#)"

- An '**Enhanced Base Case**' 0.5Mtpa conventional flotation plant (post HMS), which is based on a slight increase in the mining inventory sourced from a high grade early stage prospect within the Mullaq exploration licence; and
 - A 'larger scale flotation plant (post HMS), which is based on a more substantial increase (x2) in the mining inventory sourced from JORC Exploration Targets across the Project area.
- The **Base Case** shows US\$40M NPV, 18% IRR, US\$96M capex, 5.3 year pay-back, US\$514M LOM revenues (from 74,747t Cu and 38,088oz Au LOM production), US\$289 LOM opex (at US\$3,870/t Cu recovered).
- The **Enhanced Base Case** shows a more attractive US\$52M NPV, 20% IRR, US\$96M capex, 4.5 year pay-back, US\$544M LOM revenues (from 79,683t Cu and 37,151oz Au LOM production), US\$303M LOM opex (at US\$3,801/t Cu recovered).
- The financial model assumes an 8% discount rate, US\$7,000/t Copper price, US\$1,300/oz Gold price, 100% ownership and is inclusive of taxes and royalties.
- Economics of the larger capacity case are significantly more attractive due to economies of scale and capital efficiencies and suggests an opportunity to leverage the Project's value through further systematic exploration and upgraded resource definition.
- A number of enhancement opportunities have been identified to potentially add value under all development cases.
- The Study has provided Alara with a much better overall evaluation of the prospects for the Project and Alara's Oman assets generally, and the potential for other commercial options and opportunities to be explored.
- Alara has initiated a review to help further define the commercial options available for the Project and Alara's Oman assets generally for a final decision on the way forward.

ASX and JORC Code Cautionary Statements:

For further information on the outcomes of the Advanced Scoping Study and the Exploration Targets identified for the Daris/Washihi Project, refer to Alara's ASX Announcement dated 14 October 2014 and titled "[Oman Project Update: Positive Advanced Scoping Study Outcomes](#)" (per ASX Listing Rule 5.19.1). Alara confirms that all material assumptions underpinning the production targets and forecast financial information derived from production targets (under the Study reported in the 14 October 2014 announcement) continue to apply and have not materially changed (per ASX Listing Rule 5.19.2). The Study is based on low level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised (per JORC Code (2012 Edition) para. 38). The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a JORC Mineral Resource and there is no certainty that further exploration work will result in the determination of JORC Mineral Resources or that the production target (under the Study) will be realised (per ASX Listing Rules 5.19.4 and 5.16.5).



Location Map of Alara's Exploration Licence Areas in Oman

PROJECT BACKGROUND

The Daris and Washihi Copper-Gold Projects (comprising four exploration licences and five applications for mining licences) are located ~185km apart and ~60-160km west and southwest of Muscat Airport by road (refer figure next page).

The proximity to a paved highway and modern Copper extraction facilities in Sohar (~370km by road from Washihi and ~198km from Daris-East) provide an opportunity for the Project to benefit from this infrastructure.



Washihi Gossan Oman. A gossan is an oxidised or decomposed rock, often indicating the upper part of a mineral deposit.

The Advanced Scoping Study (and previous evaluation work) is based on locating a processing plant at the Washihi deposit (due to its longer lifespan, more significant resource base and potential expansion based on Exploration Targets) with the Daris resource (being a smaller tonnage but with high grade Copper and Gold) and other prospects (ie. Mullaq, Daris 3A-5 and Al-Ajal) being satellite feed sources to the Washihi plant.

Each project is subject to a separate joint venture shareholders' agreement. Details of both projects and their JORC Mineral Resources (based on the 2004 edition of the JORC Code) are included in the Table Interests in Mining Licences and Table of Resources on page 13 of this Report.

The Advanced Scoping Study is underpinned largely by JORC classified Mineral Resources of Measured, Indicated and Inferred categories (refer Tables 5 and 6 in the JORC Statements on page 15 of this Report) (the source of the assumed mining inventory under the Base Case) with additional modelling based on the addition of a sub-set of the Mullaq Exploration Targets (refer [Annexure A](#)) (resulting in the Enhanced Base Case) and the addition of other Exploration Targets across the Project area (resulting in the Target Case).

The mining inventory under the Advanced Scoping Study is partly based on Inferred Resources (42.3% under the Base Case and 41.3% under the Enhanced Base Case) and an Exploration Target (2.3% under the Enhanced Base Case). The mining process schedule assumes the following approximate relative sequence – in Years 1 and 2 (Washihi Indicated Resource and Mullaq Exploration Target), Years 3 and 4 (Washihi Indicated and Inferred Resources), Year 5 (Washihi Indicated and Inferred Resources and Daris-East Indicated and Inferred Resources), Year 6 (Washihi Indicated and Inferred Resources) and Years 7 to 9 (Washihi Inferred Resources, included stockpiled material after Year 7) (per JORC Code (2012 Edition) para. 38).

SUMMARY OF PROJECT ECONOMICS⁶

The economics of the Base Case shows a Net Present Value (NPV) of US\$40.6M. If the Mullaq prospect is included under the Enhanced Base Case, the NPV increases to US\$51.8M. A summary of the key physical and economic indicators are as follows:

Key Financial Indicators			
Case Name		Base Case	Enhanced Base Case
Description		0.5Mtpa Flotation Plant (Post HMS) at Washihi	
Mining Inventory		JORC Mineral Resources – Washihi and Daris-East	JORC Mineral Resources + Mullaq Exploration Target
Metrics			
Discounted Cash Flows (NPV @ 8%)	US\$	40,433,594	51,647,805
Undiscounted Cash Flows	US\$	98,623,503	115,929,048
NPV/CAPEX	NPV:CAPEX	0.4	0.5
IRR	%	17.7	20.0
LOM/Duration of Operation	years	7	7
Payback Period	years	5.3	4.5
Cash Costs			
Unit OPEX (per tonne of ore mined)	US\$/t	30.15	30.86
Unit OPEX (per tonne of ore process feed)	US\$/t	60.44	61.89
Unit OPEX (per tonne of Cu recovered)	US\$/t Cu	3,870	3,801
Unit OP EX (per pound of Cu recovered)	US\$/lb Cu	1.76	1.72
Cash Costs with Au Credits	US\$/t Cu	3,377	3,364
Cash Costs with Au Credits	US\$/lb Cu	1.53	1.53
Capital Costs			
LOM CAPEX	US\$M	96	96
Unit CAPEX (per tonne of Cu recovered)	US\$/t Cu	1,289	1,209
Unit CAPEX (per pound of Cu recovered)	US\$/lb Cu	0.58	0.55
Physicals			
Total Ore Mined	t	9,594,462	9,816,462
Total Waste Mined	t	50,805,187	54,899,854
Total Contained Cu	t Cu	81,299	86,798
Total Contained Au	oz Au	43,740	42,700
Total Cu Production	t Cu	74,747	79,683
Total Au Production	oz Au	38,088	37,151

Notes:

1. Assumed US\$7,000/t Copper price and US\$1,300/oz Gold price.
2. Assumed discount rate of 8% for DCF analysis.
3. Assumed 100% ownership.
4. Assumed tax holiday of 5 years plus a 5 year extension commonly offered to major development projects in Oman (otherwise 12% corporate tax) and 5% royalties on revenues (net of operating cost).

⁶ The production target should be read in conjunction with the cautionary statement on page 5.

The NPV's were determined using the discounted cash flow method of valuation, using the capital cost and operating cost parameters detailed below and summarised as follows:

Financials	Unit	Base Case	Enhanced Base Case
NPV @ 8%	US\$M	40.4	51.6
NPV/capex	ratio	0.4	0.5
LOM Revenue	US\$M	514	544
LOM opex	US\$M	289	303
LOM capex	US\$M	96	96
IRR	%	18%	20%
LOM	years	7	7
Payback Period	years	5.3	4.5

Staged Feasibility Study

Overall, the Advanced Scoping Study has demonstrated that the Daris/Washihi Project is sufficiently robust to warrant progressing the Project and the opportunities it presents further.

The positive outcomes from the third development option case scenario suggest that further exploration to delineate additional resources will create the most substantial additional value in the short term for the Project. Such an exploration programme may be merged with other work areas identified in the course of the Study and undertaken in an organised manner as part of a staged Feasibility Study.

The potential next stage Feasibility Study phase would have clear focus on tackling critical work areas, Project enhancements and Project size assessments in the first phase of the work programme. This preliminary phase would be expected to be followed by two final stages in order to complete the full evaluation. The indicative work plan has been defined as follows:

Stage 1: Field Work and Data Gathering

Building critical knowledge on the key areas of:

- Resource size and grade i.e. undertake sufficient exploration to close off the resource and provide a base for mining studies.
- Geochemical, geophysical and geotechnical field work to be able to assess the critical parameters for mine design and support exploration targeting.
- Identification of major ore domains and undertaking sufficient metallurgical test work to understand their metallurgical performance.

Stage 2: Evaluation

Evaluating (using a decision/financial model) all options, trade-offs, and enhancement opportunities. This would allow the Project (eg. equipment, mine, plant, and infrastructure) to be more accurately gauged with an updated assessment of the Project economics prior to progressing with areas to better define the Project in a risk reduction phase.

Stage 3: Risk Reduction

Undertaking sufficient engineering analysis on the selected Project scope(s) to deliver the required level of accuracy on the capital and operating costs. Generally, this would require mine designs, General Arrangement drawings and Process and Instrument Diagrams to be compiled with material take-offs underpinning many of the cost estimates. Budget pricing will also be obtained for all major equipment items.

The Advanced Scoping Study has provided Alara with a much better overall evaluation of the prospects for the Project and Alara's Oman assets generally and the potential for other commercial options and opportunities to be explored. As such, the Company has recently initiated a commercial review (expected to be completed by end of November 2014) to help further define the options available such that Alara can make a final decision on the way forward for this Project.

Commercial

ZINC MARKET

During the quarter Zinc traded in a range of \$1.02-1.09/lb.

Commentators on the Zinc market believe that the market has moved into up-cycle driven by organic growth in demand and near term supply constraints as several large mines are about to close.

This is aligning with the project timeline for the Khnaiguiyah Zinc-Copper Project which is planned to commence commissioning in 2017 when forecasters are predicting a zinc price range of US\$1.40-\$2.00/lb (Glencore-CRU). Should these prices be achieved they would provide significant upside to the Project economics which is based on a zinc price of US\$1.05/lb.

Corporate & Finance

GENERAL

The Company presented at the MENA Mining Conference in Dubai 22-22 October 2014.⁷

FINANCE & METAL OFFTAKE DISCUSSIONS

The Saudi Industrial Development Fund (SIDF) is mandated to support the industrialisation objectives of the Kingdom of Saudi Arabia by providing technical, administrative, financial and marketing advice and financial assistance in the form of medium and long term loans to investors in industry. For approved projects in more remote areas of the country, the SIDF can fund up to 75% of construction capital cost and 5-10% of pre-construction cost. As part of funding conditions the SIDF would require a significant portion of concentrate output to be covered by metal offtake agreements. The Khnaiguiyah Project is believed to meet the SIDF 'remote location' criteria

During the Quarter, Alara continued discussions with metal traders and financiers. Further discussions are planned as we refine the DFS optimisation studies and project finance timeline.

COST CONTROL

The Company is continuing to maintain a tight control of expenditure until resolution of the Khnaiguiyah JV HoA impasse, and further reductions in costs are expected to be achieved.

The cash operating expenditure was reduced to \$985k in the September 2014 Quarter, and is forecast to be \$900k in the December 2014 Quarter. The expenditure rate reduces significantly following the December quarter as the cash management initiatives take full effect.

SHARE REGISTRY AND CAPITAL STRUCTURE

A Small Holding Share Sale Facility was announced on 3 September⁸ for holders with unmarketable parcels to enable disposal of those holdings free of brokerage charges. Approximately 1500 holders, some with holdings of less than 50 shares, were covered under this arrangement and the reduction in these holdings will result in savings in administration of the Registry including mailing and other associated costs of Annual Reports and Shareholder Notices.

Subsequent to the end of the quarter, 5,650,000 unlisted options with an expiry date of 25 October 2014, and exercise prices of 35 cents and 60 cents, have lapsed unexercised and a further 3,333,333 unlisted options with an expiry date of 21 November 2016 and exercise price of 15 cents have been cancelled⁹.

⁷ Refer Alara's ASX market announcement dated 21 October 2014 and entitled "[Presentation at MENA Mining Show 2014](#)"

⁸ Refer Alara's ASX market announcement dated 3 September 2014 and entitled "[Small Holding Share Sale Facility](#)"

⁹ Refer Alara's ASX market announcement dated 27 October 2014 and entitled "[Lapse and Cancellation of Unlisted Options](#)"

CASH POSITION

Alara's cash position as at 30 September 2014 was \$2.8 million (30 June 2014: \$3.1 million).

The bank cheque for the first payment under the Khnaiguiyah Project JV HoA of USD 601,000 (\$637,000), held in escrow pending completion of the transaction, was called back and re-banked in September.

Conclusion

Alara is impatient with its Khnaiguiyah Project JV partner's lack of progress to advance the Project which has a completed DFS ready to move forward to the next stages of financing, predevelopment and construction. Various remedies are being investigated in relation to the impasse with Manajem over the HoA and transfer of the Mining Licence (ML). The Company remains cautiously optimistic that a resolution will be achieved.

In Oman we are pleased with the outcomes of the Advanced Scoping Study which has identified considerable upside to work towards achieving enhanced value for shareholders. Our JV Partners in Oman, as well as the Omani government and local community representatives have been very supportive and relationships continue to be developed and strengthened with these key stakeholders.



Highway near Muscat Oman

Next Quarter Planned Activities

- Secure the Khnaiguiyah Project ML
- Progress the Khnaiguiyah Project financing plans
- Final review of toll mining/treatment option for Daris Project
- Finalise retention or divestment options for Daris/Washihi

INTERESTS IN MINING AND EXPLORATION LICENCES

Khnaiguiyah Zinc-Copper Project (SAUDI ARABIA)

The Khnaiguiyah Zinc-Copper Project (Khnaiguiyah Project) is located approximately 170km south-west of the capital city Riyadh and 35km north-west of Al-Quwayiyah, which is a regional centre located around the Riyadh to Jeddah Highway.

The Khnaiguiyah Project comprises one mining licence (issued in December 2010 with an exclusive 30 year term and no mineral royalties), 2 exploration licences (granted, pending renewal) and 5 exploration licence applications, totalling approximately 380km² currently held by Manajem pending completion of transfer to the JV company, KMC (Saudi Arabia, incorporated on 10 January 2011).

Alara's wholly owned subsidiary, Alara Saudi Operations Pty Limited has a 50% interest in KMC, with an agreement to move to 60% equity¹.

Two exploration licences, Umm Al Hijja and Mutiyah, have expired and are pending renewal and are considered by Alara to be non-core to the Khnaiguiyah Project vis a vis the five exploration licences (applications pending grant) surrounding the existing Mining Licence

The current status of all licences/applications for this project is presented in the table below.

Project	Licence Owner	Status	Tenement	Grant/Applic- ation Date	Expiry Date	Area	Location/ Property Name	Country	Alara's Interest
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Granted	Mining Lease No 2. Qaaf	Dec 2010 dated 6/1/1432H	30 years	5.462km ²	~170km west of Riyadh	Saudi Arabia	50%**
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Two (2) Granted/ pending renewal	Exploration Licence "Qaf"/101	Oct 2007 dated 17/10/1428H	Expired (pending renewal/ reissue)	84 + 66km ²	~170km west of Riyadh	Saudi Arabia	50%**
Khnaiguiyah Zinc-Copper Project	United Arabian Mining Company LLC	Five (5) Applications	Exploration Licence "Qaf"/99	Oct 2007 dated 17/10/1428H	N/A	24.99 + 66.71 + 65.52 + 34.65 + 30.08km ²	~170km west of Riyadh	Saudi Arabia	50%**

** Upon transfer of rights from Manajem to KMC.

INTERESTS IN MINING AND EXPLORATION LICENCES (CONTINUED)

DARIS/WASHIHI COPPER-GOLD PROJECT (OMAN)

Daris Copper-Gold Project

The Daris Copper-Gold Project is located approximately 150km west of Muscat, the capital of Oman, and comprises a mineral excavation licence of ~587km². The JV company, Daris Resources LLC, has made applications for two mining licences covering 3.2km² and 1.3km² which have been filed over the Daris East and Daris 3A-5 prospects.

Alara's wholly owned subsidiary, Alara Oman Operations Pty Limited has a 50% interest (with a right to increase to 70%+) in the JV company, Daris Resources LLC (Oman, incorporated on 1 December 2010), which holds the exclusive right to manage, operate and commercially exploit the exploration licence.

The current status of all licences/applications for this project is presented in the table below.

Block Name	Licence Owner	Alara JV Interest	Exploration Licence					Mining Licences within EL		
			Area	Date of Grant	Date of Expiry	Application for Renewal	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC, Oman	50-70%	587km ²	Nov 2009	Nov 2012	Oct 2012	Deemed renewed as per law	Daris East 3.2km ²	Dec 2012	Accepted in April 2013; in progress
								Daris 3A-5 1.3km ²		

Also refer to Alara ASX announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)" for further background information.

Washihi-Mullaq-Ai Ajal Copper-Gold Project

The Washihi-Mullaq-Ai Ajal Copper-Gold Project is located approximately 80-160kms east of Alara's Daris Project.

Alara's wholly owned subsidiary, Alara Oman Operations Pty Limited holds 70% of the shares in the JV company, Al Hadeetha Resources LLC (Al Hadeetha). Al Hadeetha holds exploration licences over the Washihi area of 39km², the Mullaq area of 41km², and the Ai Ajal area of 25km².

Two of the exploration licences, Washihi and Mullaq, are located approximately 100km south-southeast of the Daris Project (Block 7 licence). One exploration licence, Ai Ajal, is located approximately 40km east of the Daris Project (Block 7 licence).

The JV entity has made applications for mining licences over the Washihi area of 3km², Mullaq area of 1km² and Ai Ajal area of 1.5km².

The current status of all licences/applications for this project is presented in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Licence					Mining Licence within EL		
			Area	Date of Grant	Date of Expiry	Application for Renewal	Status	Area	Date of Application	Status
Washihi	Al Hadeetha Resources LLC Oman	70%	39km ²	Jan 2008	Jan 2013	Dec 2013	Deemed granted as per law	3km ²	Dec 2012	Accepted in April 2013; in progress
Mullaq	Al Hadeetha Resources LLC Oman	70%	41km ²	Oct 2009	Oct 2012	Sep 2012	In progress	1km ²	Jan 2013	In progress
Ai Ajal	Al Hadeetha Resources LLC Oman	70%	25km ²	Jan 2008	Jan 2013	Dec 2013	In progress	1.5km ²	Jan 2013	In progress

Also refer to Alara's market announcement dated 8 December 2011 and entitled "[Project Acquisition - Ai Ajal-Washihi-Mullaq Copper-Gold Project in Oman](#)" for further background information.

JORC STATEMENTS

Khnaiguiyah Zinc-Copper Project (SAUDI ARABIA)

Table 1 - Khnaiguiyah JORC Ore Reserves¹⁰

Mineralised Zone	Proved			Probable			Proved + Probable		
	Mt	Zn%	Cu%	Mt	Zn%	Cu%	Mt	Zn%	Cu%
1	0.78	4.2	0.23	1.07	4.3	0.25	1.85	4.3	0.24
2	8.75	2.6	0.32	1.2	3.8	0.44	9.95	2.7	0.34
3	8.21	4.1	0.27	6.08	2.7	0.05	14.28	3.5	0.17
Total (All Pits)	17.73	3.4	0.29	8.35	3.1	0.13	26.08	3.3	0.24

Table 2 - Khnaiguiyah JORC Measured and Indicated Resource - Zinc (Domain 1) and Zinc-Copper (Domain 2)¹¹

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Measured	1 and 2	1, 2	9.65	3.37	0.16	1.5
		3	6.37	5.28	0.25	1.5
Indicated		1, 2	3.12	4.45	0.3	1.5
		3	6.18	3.55	0.05	1.5
Measured and Indicated		1, 2 and 3	25.32	4.03	0.17	1.5

Table 3 - Khnaiguiyah JORC Measured and Indicated Resource - Copper (Domain 3)^[10]

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Copper %	Cu Cut-off (%)
Measured	3	1, 2	4.7	0.72	0
		3	1.07	0.63	0
Indicated		1, 2	1.59	0.54	0
		3	1.16	0.43	0
Measured and Indicated		1, 2 and 3	8.53	0.64	0

Table 4 - Khnaiguiyah JORC Inferred Resource - Zinc (Domain 1) and Zinc-Copper (Domain 2)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Inferred	1 and 2	4	4.32	2.9	0.03	1.5

The information in these JORC Reserve and Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

¹⁰ Refer to Alara's ASX Announcement of 18 April 2013 entitled "[Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#)"

¹¹ Refer to Alara's ASX Announcements of 21 February 2012 entitled "[Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project](#)", 12 October 2012 entitled "[JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project](#)," and 30 October 2012 entitled "[JORC Resource Upgrade and Update for Khnaiguiyah Zinc-Copper Project](#)"

JORC STATEMENTS (CONTINUED)

WASHIHI-MULLAQ-AL AJAL COPPER-GOLD PROJECT (OMAN)

Table 5 - Washihi JORC Mineral Resources¹²

Cu % Cut off	Indicated Resource			Inferred Resource		
	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

DARIS COPPER-GOLD PROJECT (OMAN)

Table 6 - Daris-East JORC Mineral Resources

Ore type	Cut-off grade Cu%	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t
Sulphides	0.5	129,155	2.48	0.23	110,870	2.24	0.51	240,024	2.37	0.43	30,566	2.25	0.55
Oxides	0.5	96,526	0.77	0.03	86,839	0.66	0.14	183,365	0.72	0.08	1,712	0.61	0.97

The information in these JORC Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

¹²

Refer to 16 July 2013 ASX Announcement: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

JORC COMPETENT PERSONS STATEMENTS

1. The information in this report that relates to Ore Reserves in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) is based on, and fairly represents, information and supporting documentation prepared by Mr Geoff Davidson, who is a Fellow of the Australasian Institute of Mining and Metallurgy and a consultant to Khnaiguiyah Mining Company LLC (KMC). Mr Davidson 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 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code, 2004 edition). In assessing the appropriateness of the Ore Reserve estimate, Mr Davidson 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 Khnaiguiyah Project Detailed Feasibility Study. These reports are understood to be compiled by persons considered by KMC to be competent in the field on which they have reported. Mr Davidson has approved and given his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Refer also to Table 5 (Estimation and Reporting of Khnaiguiyah JORC Ore Reserve Statement) of the JORC Code Competent Person Statements in Alara Resources Limited's ASX market announcement dated 18 April 2013: [Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#) for further information in relation to the Ore Reserve estimate for the Khnaiguiyah Project.
2. The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zone 3 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) is based on, and fairly represents, information and supporting documentation prepared by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal 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, 2004 edition. Mr Guibal 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.
3. The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia), Mineral Resources in relation to the Daris/Washihi Copper-Gold Project (Oman) and other Exploration Results (excluding Annexure A) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. 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, 2004 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.
4. The information in Annexure A of this report that relates to Exploration Targets and other Exploration Results in relation to the Washihi Copper-Gold Project (Oman) and the Daris Copper-Gold Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Philip Hopkins, who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hopkins is the Managing Director of Alara Resources Limited. Mr Hopkins 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 Hopkins 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.

FORWARD LOOKING STATEMENTS:

This announcement 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 reserves and resources, the financial position of Alara, industry growth and other trend projections. 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 the audience 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 silver, 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.

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and an Advanced Scoping Study on its Daris/Washihi Copper-Gold Project in Oman. Alara is now transitioning toward establishing itself as an emerging base and precious metals mine development and production company.

For more information, please visit: www.alararesources.com

EXPLORATION TARGETS - WASHIHI AND DARIS PROJECTS

As part of the background work to the Options Analysis Study, a range of Exploration Targets have been assessed for the Washihi and Daris Projects, as follows:

Prospect / Licence Area	Target	~Tonnages (million tonnes)	~Copper Grades (%)	~Gold (g/t)
Washihi (39km ²)	WHT-1	3 – 4	0.9 -1.1	0.1 – 0.3
	WHT-2	2.5 – 7.5	0.9 -1.1	0.1 - 0.3
	WHT-3	0.5-1	1.0 – 3.0	0.1 - 1.0
Mullaq (41km ²)	MQT-1	0.25 - 1	1 – 3	0.09 - 1.2
	MQT-2	3 - 4	0.9 – 2	0.09 – 0.3
Daris 3A-5	B7T-1	0.25- 0.5	1.0 – 5.0	0.1 – 0.5
Daris (587km ²)	B7T-2	0.25 – 1	1.0 – 2.5	0.1 – 0.5
Al Ajal (25km ²)	AJT-1	1 – 2	0.9 – 1.5	0.5 – 1.5

JORC Code Cautionary Statement: *The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a JORC Mineral Resources (per JORC Code (2012 Edition) para. 17).*

The relevant proportions of JORC Mineral Resources and Exploration Targets underpinning the mining inventory (ie. the Production Target) assumed under the Base Case and Enhanced Base Case under the Advanced Scoping Study is outlined in [Annexure A of Alara's ASX market announcement dated 14 October 14 and titled "Oman Project Update: Positive Advanced Scoping Study Outcomes"](#). The economics (ie. Production Target) of the larger capacity Target Case (the third development option) are more attractive but has not been disclosed pursuant to ASX guidance.¹³

The previously reported JORC Mineral Resource Statements for Washihi (Indicated Resource of 6.84Mt at 0.9% Cu and 0.17g/t Au and Inferred Resource of 7.27Mt at 0.71% Cu and 0.2g.t Au) and Daris-East (Measured and Indicated Resources of 240,024t Sulphides at 2.65% Cu and 0.43g/t Au and 183,365t Oxides at 0.72% Cu and 0.08g/t Au) at page 15 of the September 2014 Quarterly Activities Report.

A. Washihi Project - Washihi, Mullaq and Al Ajal prospects/exploration licence areas

The Washihi Project comprises 3 prospects/exploration licences (Washihi, Mullaq and Al Ajal) totalling ~105km² located approximately 80 to 160km east and southeast of Alara's Daris Copper-Gold Project. 3 Mining Licence applications covering 3km² at Washihi, 1km² at Mullaq and 1.5km² at Al Ajal have been filed.

(1) Washihi Prospect

The JORC Mineral Resources for the Washihi prospect/exploration licence area (Indicated Resource of 6.84Mt at 0.9% Cu and 0.17g/t Au and Inferred Resource of 7.27Mt at 0.71% Cu and 0.2g.t Au, as outlined at page 15 of the September 2014 Quarterly Activities Report) and mineralisation across the Washihi Project have been confirmed by drilling and exploration (as previously reported), including as follows:

- 69 drill holes totalling 10,668m (diamond core – 8,685m, RC - 898m and core-cum-RC – 1,085m) comprising 35 holes totalling 6,207m (diamond core – 4,224m, RC - 898m and core-cum-RC – 1,085m) drilled by Alara and verified historic drilling data from 34 holes totalling 4,461m (diamond core);
- 321.6 line kilometres of high resolution ground geophysical magnetic surveys; and
- 10.6 line kilometres of Induced Polarisation (IP)/ electromagnetic (EM) ground surveys.

¹³ Per ASX Listing Rules Guidance Note 31 (Reporting on Mining Activities), the disclosure of a Production target is prohibited by ASX Listing Rule 15.15 if JORC Inferred Mineral Resources and Exploration Targets underpinning the same feature as a significant proportion early in the mine plan – the proportion of JORC Inferred Mineral Resources within the assumed mining inventory under the Base Case is 42.3% and the proportion of JORC Inferred Mineral Resources and Exploration Targets within the assumed mining inventory under the Enhanced Base Case is 43.6%, which are both not considered significant in this context. However, the proportion of JORC Inferred Mineral Resources and Exploration Targets within the assumed mining inventory under the Target Case is considered significant at 71.3%.

The mineralisation in the north-western part of the existing JORC Mineral Resource body (with significantly thick stockwork of Copper mineralisation) is still open both at depth and along strike (refer Figure A1), albeit affected by the presence of a complex growth fault displacing mineralisation and associated with clay rich alteration zone saturated in ground water as observed in the holes WH12DD011 and WH12RD001 which had to be abandoned in mineralisation due to drilling difficulties. The downward structural dislocation of mineralisation was also observed in another abandoned hole (WH12DD014) which intersected top of mineralisation at 279m depth before closure.

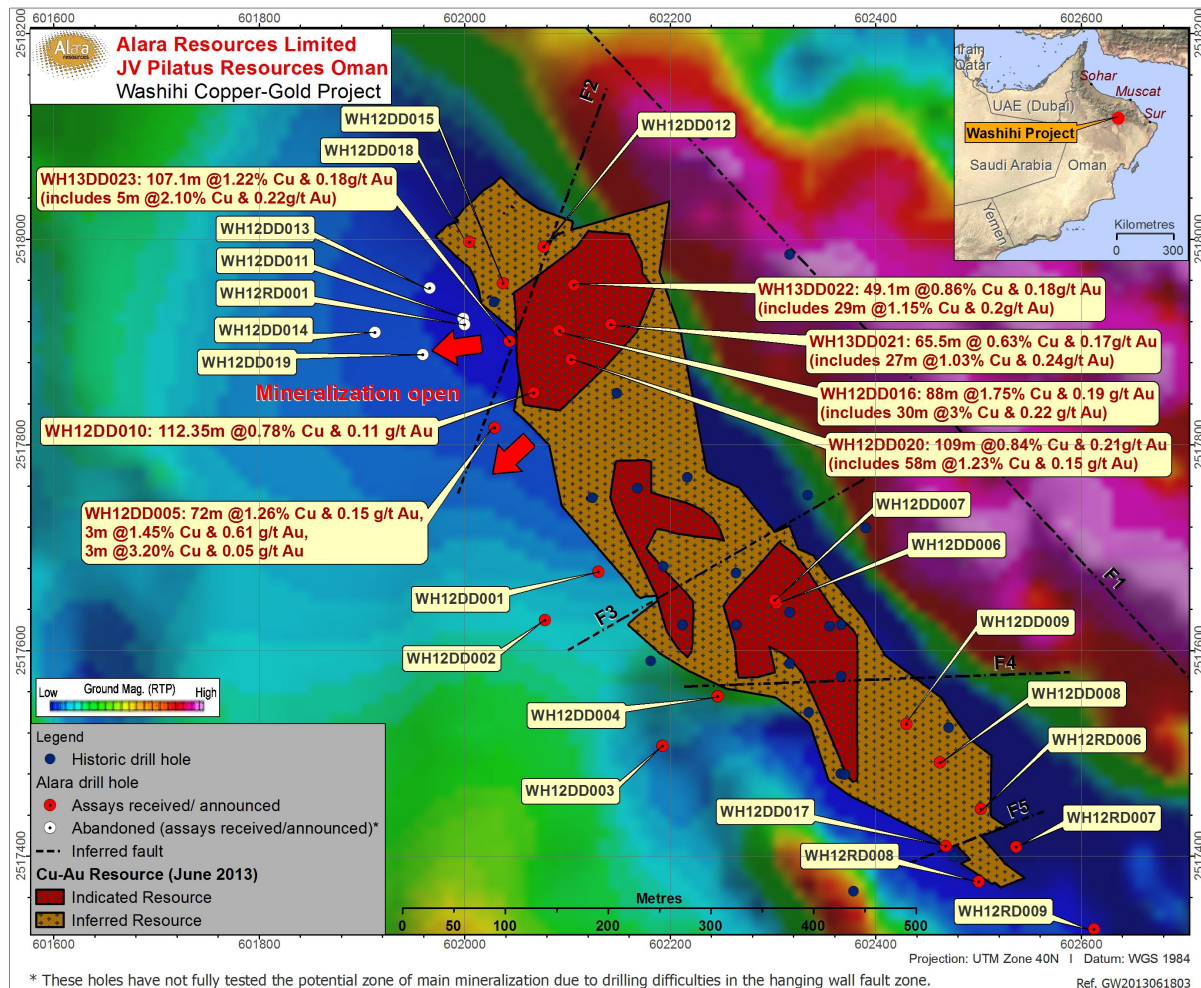


Figure A1: Washihi Datamine Block Model over RTP ground magnetics image

Highlights of significant intersection results from Alara drilling at Washihi (which have been previously announced) are in Table A1.

Table A1: Washihi Significant Intersection Results from Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS - WASHIHI PROSPECT						
Drill Hole	Significant Mineralisation			Mineralised Zone		
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)
WH12DD001	Primary	137	159	22	0.71	0.11
	Inclusion	144	153	9	1.08	0.15
WH12DD004	Primary	120.3	134	13.7	0.64	0.52
	Inclusion	120.3	127	6.7	0.78	0.93
	Inclusion	126	128	2	1.16	0.61
WH12DD005	Primary	160	232	72	1.26	0.15
	Inclusion	168	169	1	3.57	0.21
	Inclusion	187	188	1	4.66	0.08
	Primary	206	209	3	1.45	0.61
	Primary	229	232	3	3.20	0.05
WH12DD007	Primary	62	80	18	1.35	0.21
	Inclusion	62	66	4	2.26	0.12
	Inclusion	77	78	1	1.26	0.51
WH12DD008	Primary	74	76	2	0.72	0.15
	Primary	82	86	4	1.09	0.28
	Inclusion	84	85	1	3.19	0.48
WH12DD009	Primary	52	92	40	0.58	0.21
	Inclusion	55	58	3	1.08	0.27
WH12DD010	Primary	112.65	225	112.35	0.78	0.11
	Inclusion	112.65	180	67.35	1.00	0.13
WH12DD011	Primary	155	165	10	1.63	0.89
	Inclusion	159	165	6	2.6	0.86
WH12DD015	Primary	116	134.7	18.7	1.99	1.92
	Inclusion	129	131	2	4.14	1.60
WH12DD016	Primary	67	155	88	1.75	0.19
	Inclusion	77	107	30	3.00	0.22
WH12RD001	Primary	151	170.3	19.3	1.09	1.16
	Inclusion	151	165	14	1.41	1.16
WH12RD008	Primary	48	64	16	0.32	0.05
	Inclusion	54	56	2	1.24	0.01
WH12DD020	Primary	71	180	109	0.84	0.21
	Inclusion	79	137	58	1.23	0.15
WH13DD021	Primary	45.5	111	65.5	0.63	Pending
	Inclusion	66	93	27	1.03	Pending
WH13DD022	Primary	63.5	112.6	49.1	0.86	Pending
	Inclusion	78	107	29	1.15	Pending
WH13DD023	Primary	109.7	216.8	107.1	1.22	Pending
	Inclusion	140	145	5	2.10	Pending

Notes:

- The cut-off grade is 0.2% Cu. In addition to cut-off, a natural break in assay (a marked change in grade) was also considered in calculation of intersections. Assays less than 0.2% Cu within primary interval are included as internal dilution.
- Drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modelling stage. The drill intersections are approximately perpendicular to mineralisation and no significant difference is expected in true and intersection thicknesses.
- WH12DD011 and WH12RD001 were drilled at the same location and abandoned due to drilling difficulties in the hanging wall fault zone after intersecting the top of main mineralisation. WH12DD013, WH12DD014 and WH12DD019 were also abandoned due to drilling difficulties in the hanging wall fault zone. WH12DD014 had intersected relatively anomalous Au, Ag and Zn values at 279m depth while WH12DD013 intersected an isolated 1m low grade Cu bearing vein above the fault zone. These five holes have not fully tested the potential zone of main mineralisation.
- WH12DD006 was abandoned at 61.7m due to technical reasons and WH12DD007 is a re-drill at the same location.
- WH12RD006, WH12RD010 and WH12RD011 intersected low grade mineralization.
- WH12DD002, WH12DD003, WH12DD012, WH12DD017, WH12DD018, WH12RD007 and WH12RD009 did not intersect significant mineralisation.
- WH12RD002, WH12RD003, WH12RD004 and WH12RD005 were drilled 0.5-1km northwest of the main mineralisation to test geophysical anomalies. No mineralisation was intercepted in these holes.

As the majority of the area in Washihi (and Mullaq) is covered by ancient and recent alluvial fans, the well held understanding of magnetic lows indicating possible VMS mineralisation is supported by downhole magnetic susceptibility readings taken on core from a selection of the Washihi drillholes. There is a distinct reduction in the magnetic susceptibility values within the mineralised zone.

The obvious feature of interest in the magnetics survey grid is the NW-trending magnetic low, coincident with known mineralisation. The magnetic low extends further along strike to the NW and SE, representing significant potential to increase mineralisation tonnage in both directions. Of significant interest is the sub-circular ‘reduction to the pole’ (RTP) magnetic high, situated along the NW-trending linear RTP low, coincident with mineralisation. This feature may represent a large “feeder” for the entire mineralised system in the Washihi Prospect.

Based on the premise that magnetic low zones are prospective for VMS-style mineralisation, four targets have been identified for further follow-up, as shown in Figure A2 (as WH01 to 04).

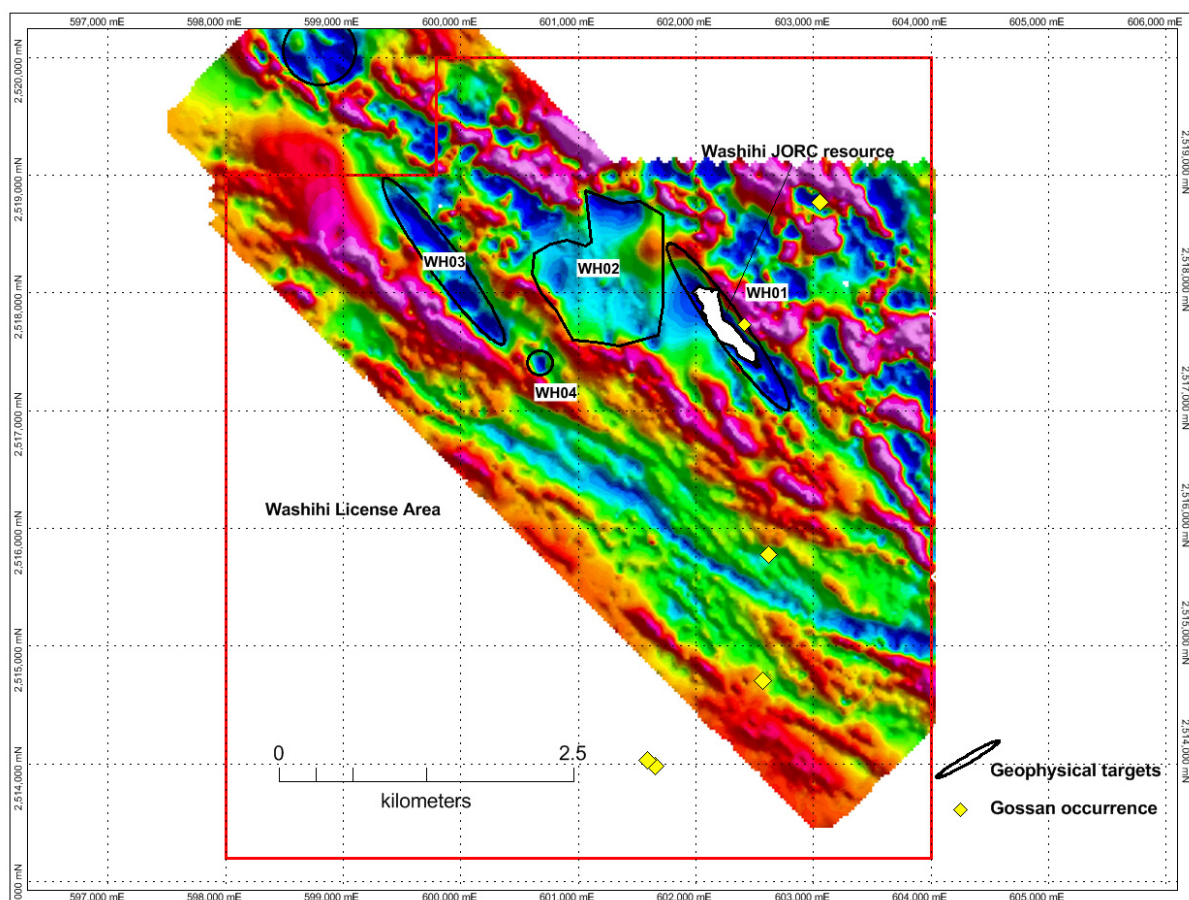


Figure A2: Regional Geophysical Anomalies at Washihi based on RTP magnetics

Exploration Targets have been identified for WH-1 to WH-3, as follows:

Washihi Targets	~Size	~Tonnages (million tonnes)	~Copper Grades (%)	~Gold (g/t)	Comments
WHT-01	1400m long x 200-450m wide	3 – 4	0.9 -1.1	0.1 – 0.3	Extension of existing JORC Mineral Resources (refer Figures A1 and A3) - mineralisation remains open at depth and along the strike length of the geophysical anomaly to the northwest
WHT-02	1300m x 1400m	2.5 – 7.5	0.9 -1.1	0.1 - 0.3	Identified four (WH01-04) untested ground magnetic targets based on the premise that magnetic low zones are prospective for VMS-style mineralisation; these targets incorporates three features (refer Figure A2): (i) RTP mag low along same trend as WH01 target here anomaly wavelength suggests a shallower source to WH001 (ii) In the same zone, there exists the presence of RTP mag high; and (iii) Broad complex RTP mag lows which may be part of the same mineralisation system as the known Washihi mineralisation to the SE and a possible feeder zone to the entire Washihi mineralised system.
WHT-03	1500m x 230m	0.5-1	1.0 – 3.0	0.1 - 1.0	The additional Exploration Target is based on anticipated mineralisation in the form of the classic mound type “massive ores,” typical of high grade Cyprus-type deposits, absent or still to be discovered above Washihi stock work type mineralization. Elsewhere in Oman mining pits the proximal sulphide mound breccias similar to modern black smoker deposits are quite common above well-developed stringer vein feeder systems.

JORC Code Cautionary Statement: *The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a JORC Mineral Resources (per JORC Code (2012 Edition) para. 17).*

These targets need to be followed up with electrical geophysical methods (EM or IP) or gravity surveys to confirm the target potential for drilling. Future drilling will not only focus within the deposit area wrapping around a low magnetic anomaly (~1600m x 250m) but also in the Feeder Zone “B” and two low magnetic anomalies at “A” and “C” (shown in Figure A3). Anomaly B and C were drill tested by RC drilling (2 holes at C and 2 holes at B) but failed to test the magnetic susceptibility anomaly. This failure could be attributed to incorrect location and azimuth and inclination of the holes.

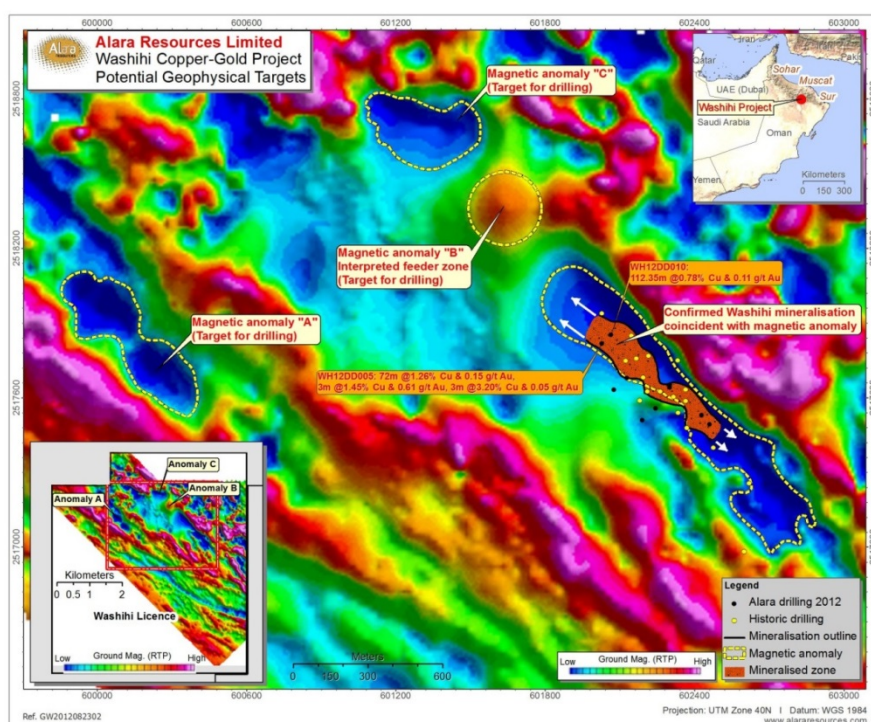


Figure A3: Low magnetic anomalies at Washihi as future drilling targets

(2) Mullaq Prospect

Alara's initial focus in the Mullaq prospect/licence area was to locate historical mineralisation (with historical data lacking accurate coordinates) and establish structural and host rock lithological continuity with the adjacent Washihi prospect/licence. A total 9 ground magnetic anomalies have been identified as Exploration Targets in the area based on the results of 259 line kilometres of ground magnetic and 29 line kilometres of ground IP/EM surveys along with geological traverses over a number of promising areas (refer Figure A4).

Targets within the prospect are generally strike limited RTP magnetic lows with the majority located on ~NW trending structures, which is approximately perpendicular to the Washihi mineralisation trend. The known mineralisation previously intersected by historical drilling appears to be coincident with an RTP magnetic low, although drilling through this zone failed to replicate the earlier high-grade intersections.

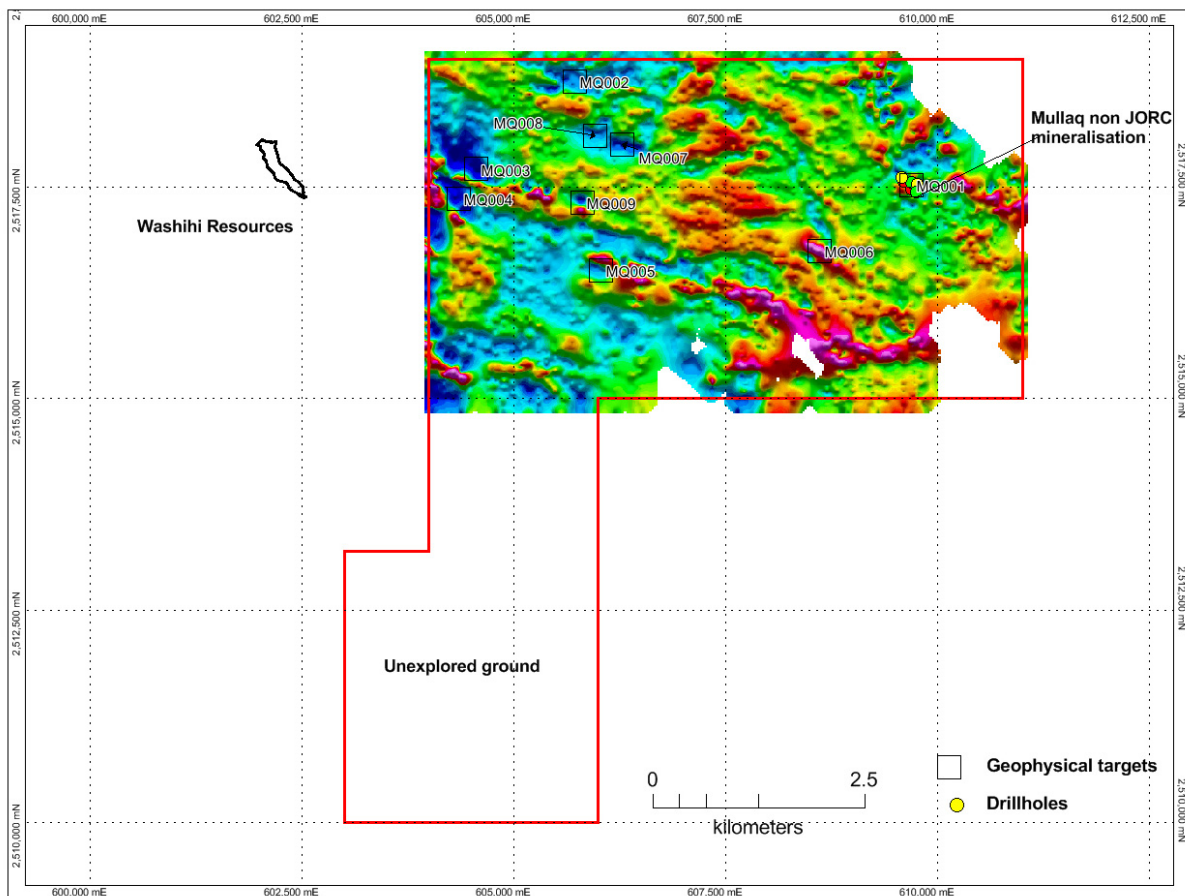


Figure A4: Potential regional geophysical anomalies/targets at Mullaq based on RTP magnetics

EM and high resolution nano-TEM (transient or time-domain electromagnetic) surveys to locate the shear zone and drilling (922m in 9 core drill holes) have been undertaken at target MQ001 to confirm the mineralisation (previously intersected by historical drilling).

A drill hole location map (refer *Figure A5*) and tabulation of the significant intersection results for the Mullaq prospect (refer *Table A2*) (which have been previously announced) are outlined below.

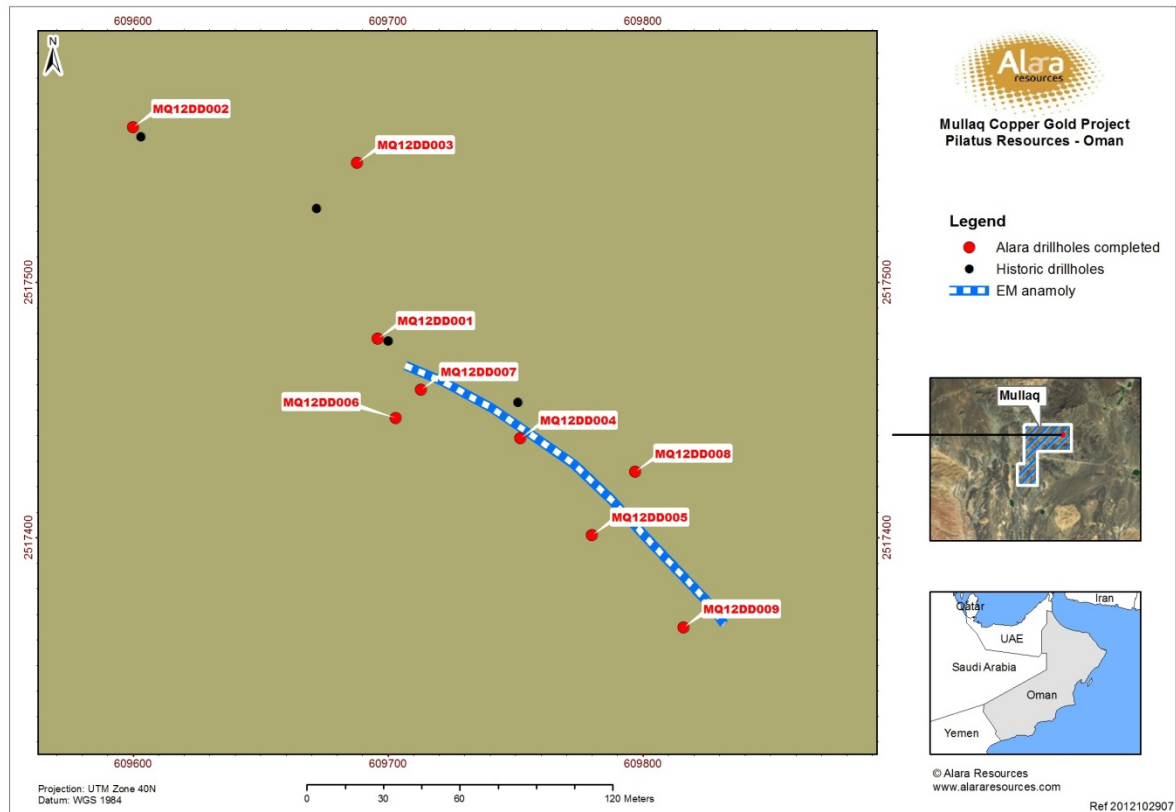


Figure A5 - Mullaq Drill hole Location Map

Table A2: Mullaq Significant Intersections from Alara Core Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS - MULLAQ PROSPECT						
Drill Hole	Significant Mineralization				Mineralized Zone	
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)
MQ12DD004	Primary	33	36	3	0.60	-
	Primary	75	78	3	4.68	-
	Inclusion	76	78	2	6.91	-
MQ12DD005	Primary	64	65.75	1.75	0.89	0.48
	Inclusion	65.25	65.75	0.5	2.53	1.66
	Primary	76.6	79	2.4	1.46	0.96
MQ12DD006	Primary	69.6	73	3.4	2.50	0.25
	Inclusion	69.6	70.75	1.15	3.75	0.52
	Primary	100	107	7	0.99	0.09
	Inclusion	102	103	1	1.91	0.30
MQ12DD007	Primary	58	68.25	10.25	0.33	0.03
	Inclusion	58	59	1	1.45	0.10
	Primary	74	85	11	0.90	0.07
	Inclusion	75	78	3	2.37	0.19
MQ12DD008	Primary	41.3	42.2	0.9	0.86	0.09
	Primary	47	53.25	6.25	2.65	0.35
	Primary	78.2	81.2	3	0.42	0.27

Notes:

- The cut-off grade is 0.2% Cu. In addition to cut-off, a natural break in assay (a marked change in grade) was also considered in calculation of intersections. Assays less than 0.2% Cu within primary interval are included as internal dilution.
- Holes MQ12DD001, MQ12DD002, MQ12DD003 and MQ12DD009 did not intersect any significant mineralisation.

The TEM survey defined a resistive zone coincident with the mineralisation intersected by Hole MQ12DD004 on the first traverse line (Line 1) (refer Figure A6). The extent of the TEM resistive target is ~150m in strike length, which is consistent with historical drilling suggesting a mineralisation strike length of ~200m.

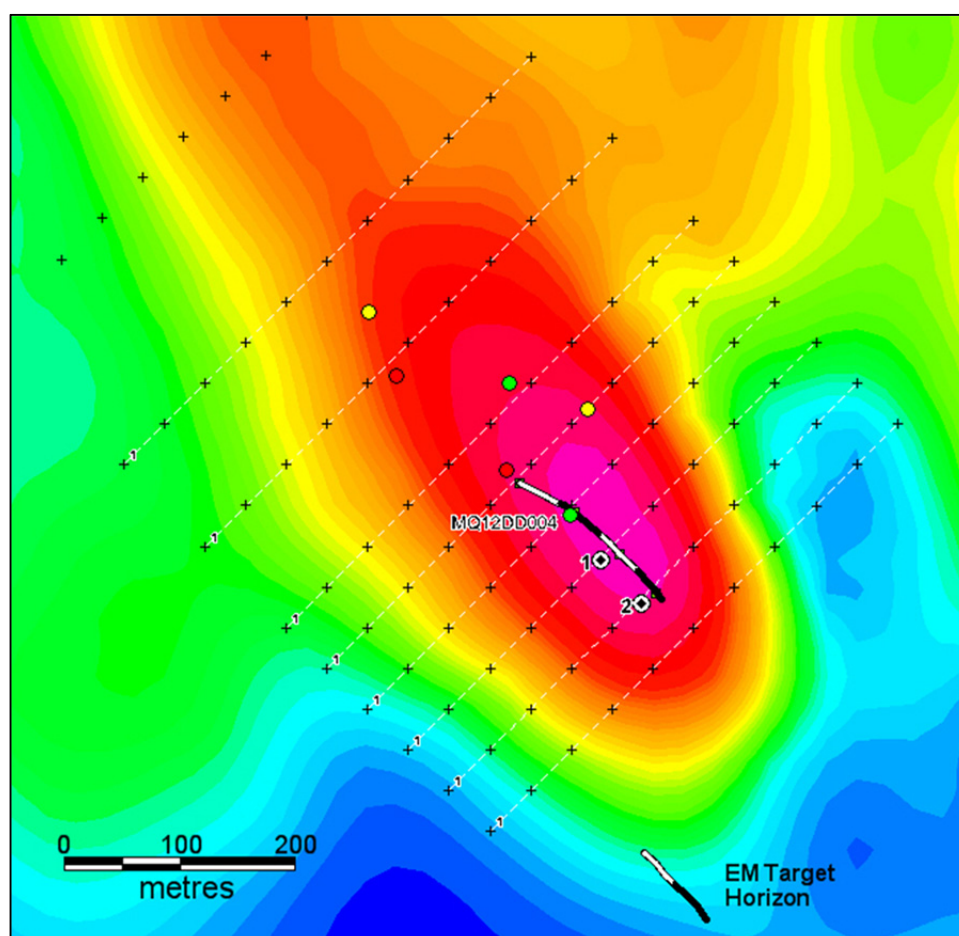


Figure A6: Target MQT-1: TEM Resistive Horizon plotted on Modelled IP Chargeability (50m Depth Slice)

Exploration Targets have been identified for Mullaq as follows:

Target	~Tonnages (million tonnes)	~Copper Grades (%)	~Gold (g/t)	Comments
MQT-1	0.25 - 1	1 – 3	0.09 - 1.2	Extensions of previously encountered mineralisation; mineralisation extensions represented by EM anomaly have not closed off (refer Figure A6)
MQT-2	3 - 4	0.9 – 2	0.09 – 0.3	Untested geophysical anomalies based on presence of several identified geophysical anomalies (MQ02 to MQ09 in Figure A5)

JORC Code Cautionary Statement: *The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a JORC Mineral Resources (per JORC Code (2012 Edition) para. 17).*

The correlation of the intersected mineralisation (Hole MQ12DD004) and the larger size anomaly evident in TEM results (refer Figure A6) provides the basis for additional follow up work and drilling targeting the TEM resistive zone.

(3) Al Ajal Prospect

Al Ajal prospect is unique as it is considered to be the only known mineral occurrence in the Oman Mountains that is not associated with the ophiolite volcanics, but with a tertiary extension phase in relation with listwaenite. Despite its small size and relatively difficult terrain, in view of the high Gold grades detected by preliminary sampling of the gossan during the course of BRGM regional mapping in 1983 (one sample with 70 ppm Au), this prospect was selected for detailed geochemical and geophysical investigations.

Alara has carried out ground geophysical surveys (~1.7 line kilometres of IP/EM and 8.1 line kilometres of magnetics) over limited areas to confirm the geophysical signatures of historically encountered mineralisation (refer Figure A7). Geological traverses uncovered the presence of two more areas of potential positivity in similar geological trends.

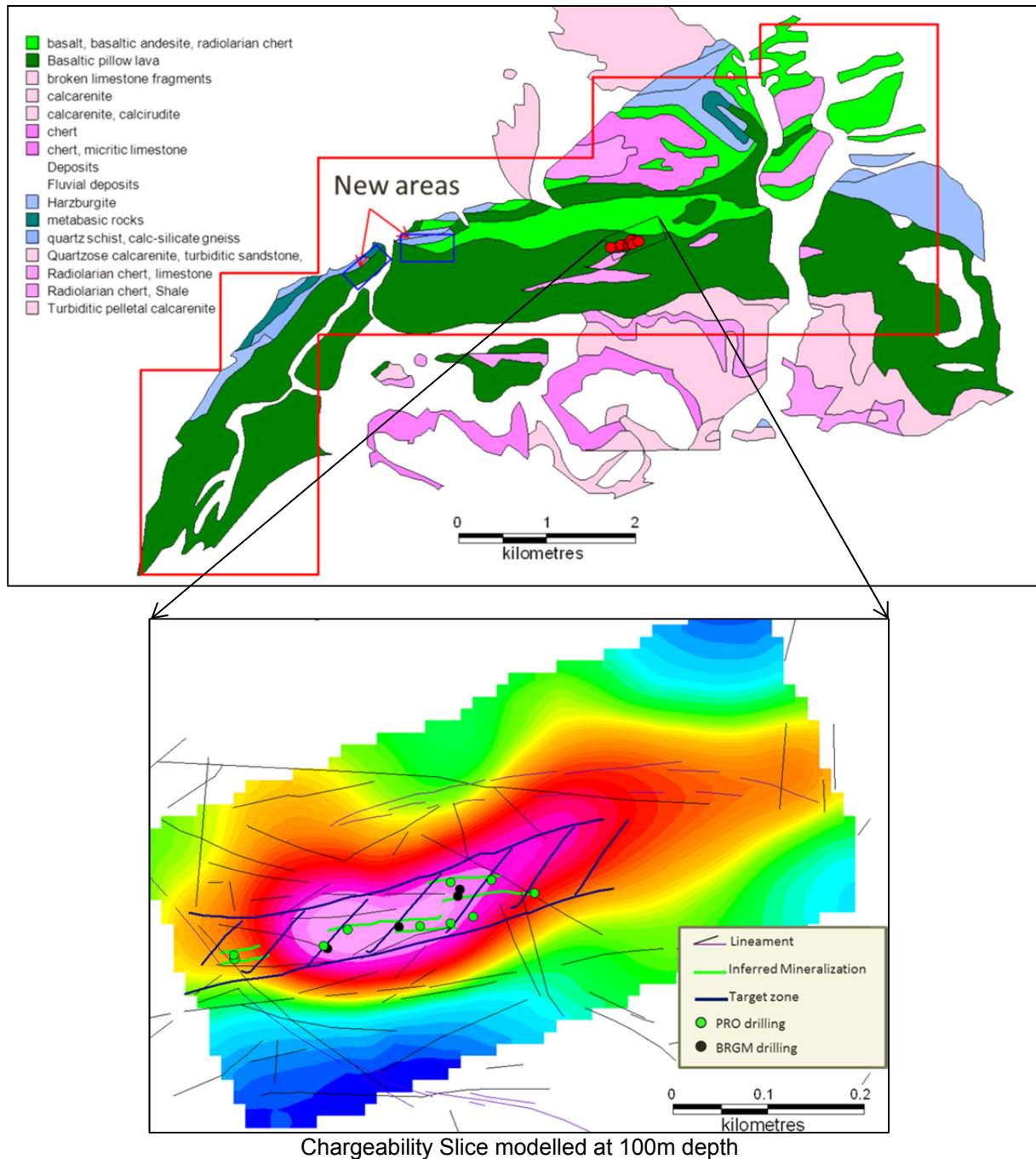


Figure A7 - Geological map showing prospective areas within Al Ajal

Exploration Targets have been identified for Al Ajal as follows:

Target	~Tonnages (million tonnes)	~Copper Grades (%)	~Gold (g/t)	Comments
AJT-1	1 – 2	0.9 – 1.5	0.5 – 1.5	Untested geological Exploration Targets - geological traverses confirmed the presence of two further areas of potential prospectivity in similar geological settings where previous explorers encountered mineralisation.

JORC Code Cautionary Statement: *The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a JORC Mineral Resources (per JORC Code (2012 Edition) para. 17).*

The next phase of exploration for the Al Ajal prospect will involve modelling of existing mineralisation drilled by previous explorers to identify extensional targets, undertaking geophysical and geochemical sampling programmes and undertaking ground mag surveys over the 'virgin' ground under alluvial/gravel cover.

Alara ASX Market Announcements for Washihi Project

Alara's ASX market announcements released in relation the Washihi Project (on exploration matters) are as follows:

Date	Announcement Title
13 June 2014	Oman Project Update - Positive Options Analysis Study Outcomes
18 February 2014	Oman Project HMS Breakthrough – Ore Upgrade Heavy Media Separation Tests Successful
16 Jul 2013	Upgrade to JORC Resource at Washihi Copper-Gold Project
18 Mar 2013	Drilling success continues at Washihi - Oman Project Update
19 Feb 2013	109m Copper Sulphide Intersection – Oman Drilling Update
9 Jan 2013	Washihi Copper Mineralisation Continues to Expand - Oman Projects Update
15 Oct 2012	Initial JORC Resource – Washihi Project in Oman
23 Aug 2012	Substantial Copper Discovery - 112m at 0.8% Cu and 72m at 1.3% Cu Washihi Project Oman
20 Jun 2012	Washihi Copper-Gold Project Alara intersects 72m at 1.3% Copper
8 Dec 2011	Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman

B. Daris Project – Daris-East and Daris 3A-5 prospects

The Daris Project comprises one exploration licence (Block 7) of ~587km². 2 Mining Licence applications covering 3.2 km² at the Daris East and 1.3 km² at the Daris 3A-5 prospects have been filed.

The JORC Mineral Resource Statement for the Daris-East prospect (Measured and Indicated Resources of 240,024t Sulphides at 2.65% Cu and 0.43g/t Au and 183,365t Oxides at 0.72% Cu and 0.08g/t Au, as outlined at page 15 of the September 2014 Quarterly Activities Report) and mineralisation across the Daris Project have been confirmed by drilling and exploration (as previously reported), including as follows:

- Extensive geophysical surveys - 1,213 line kilometres of helicopter-borne electromagnetic Versatile Time Domain Electromagnetic (VTEM) survey, 246 line kilometres of ground magnetic surveys and 38.5 line kilometres of ground IP and EM survey;
- Daris East prospect – 21 rotary and 41 diamond core holes have been drilled by Alara totalling 5,278m to test shallow oxide mineralisation and geophysical targets in the vicinity and to locate massive sulphide and stringer zones beneath the oxide cap. In addition, historic drilling data from 44 holes totalling 4,353m have been included in the resource database; and
- Daris 3A-5 prospect located ~10 kilometres north-west of Daris East – 10 diamond core holes have been drilled by Alara totalling 857m to test shallow sulphide mineralisation around a known gossan.

(1) Daris East Prospect

A drill hole location map (refer *Figure A8*) and tabulation of the significant intersection results for Daris-East (refer *Table A3*) (which have been previously announced) are outlined below.

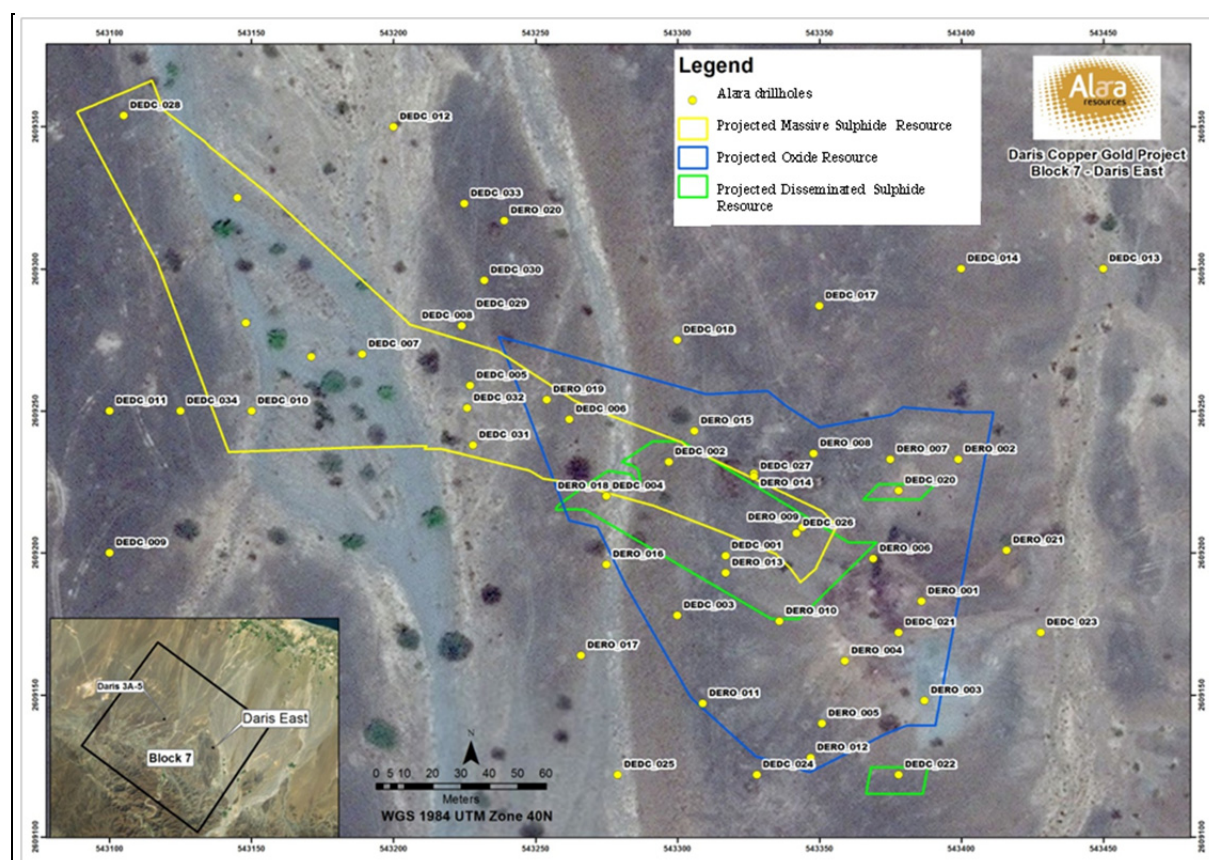


Figure A8 - Daris-East Drill hole Location and Resource Outlines

Table A3: Daris East Significant Intersections from Alara Core Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS – DARIS EAST PROSPECT						
Drill Hole	Significant Mineralisation				Mineralised Zone	
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)
DEDC_001	Primary	25	35	10	1.12	0.02
	Inclusion	27.85	33	5.15	1.89	0.00
DEDC_002	Primary	2.3	15	12.7	0.32	0.00
	Inclusion	5	6.5	1.5	0.88	0.00
	Primary	31.85	52	20.15	4.04	0.21
	Inclusion	37	43.25	6.25	9.38	0.55
DEDC_003	Primary	1	21	20	0.87	0.03
	Inclusion	13	21	8	1.05	0.02
	Primary	23.5	37	13.5	0.55	0.01
	Inclusion	23.5	25.5	2	1.18	0.00
DEDC_004	Primary	15	25	10	2.11	0.03
	Primary	45	49	4	0.37	0.03
DEDC_005	Primary	49.25	60	10.75	2.90	0.58
	Inclusion	52.3	56	3.7	5.88	0.97
DEDC_006	Primary	3.15	14	10.85	0.62	0.00
	Inclusion	10	12	2	1.70	0.01
	Primary	50.45	56	5.55	1.67	0.49
	Inclusion	54	55.1	1.1	4.15	0.59
DEDC_007	Primary	30.65	33.5	2.85	4.48	0.27
DEDC_008	Primary	56	62.5	6.5	3.06	0.50
	Inclusion	57	59	2	6.41	0.73
DEDC_010	Primary	12	25	13	1.03	0.40
	Inclusion	15.9	18	2.1	3.67	1.51
DEDC_011	Primary	16	18	2	0.24	0.00
DEDC_013	Primary	6	9	3	0.23	0.00
Drill Hole	Significant Mineralisation				Mineralised Zone	
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)

DEDC_020	Primary	0	18	18	0.33	0.02
	Inclusion	12	15	3	0.52	0.04
DEDC_021	Primary	51	53	2	0.65	0.01
	Primary	0	27	27	0.67	0.02
DEDC_022	Primary	78	83	5	0.60	0.01
	Inclusion	79	81	2	1.22	0.02
DEDC_023	Primary	95	96	1	0.71	0.01
	Primary	60	61	1	5.27	0.02
DEDC_026	Primary	3	52	49	1.15	0.06
	Inclusion	35.2	37.45	2.25	12.01	0.85
DEDC_027	Primary	15	21	6	0.76	0.01
	Primary	33	53	20	1.82	0.09
DEDC_029	Primary	40.4	42.5	2.1	7.19	0.60
	Primary	68.6	69.8	1.2	1.06	0.35
DEDC_032	Primary	34	36	2	0.96	0.47
	Primary	41	45	4	2.33	0.41
DEDC_037	Primary	47	53.7	6.7	2.82	0.58
	Primary	25	44	19	0.37	0.16
DEDC_038	Primary	25	27	2	1.29	1.23
	Inclusion	25	27	2	1.29	1.23
DEDC_039	Primary	15	31	16	2.68	0.35
	Inclusion	18	22	4	5.37	0.31

Notes:

- The cut-off grade is 0.2% Cu.
- Oxide and sulphide zone intersections are combined for the purpose of this table.

(2) Daris 3A-5 Prospect

A drill hole location map (refer *Figure A9*) and tabulation of the significant intersection results for Daris 3A-5 (refer *Table A4*) (which have been previously announced) are outlined below.

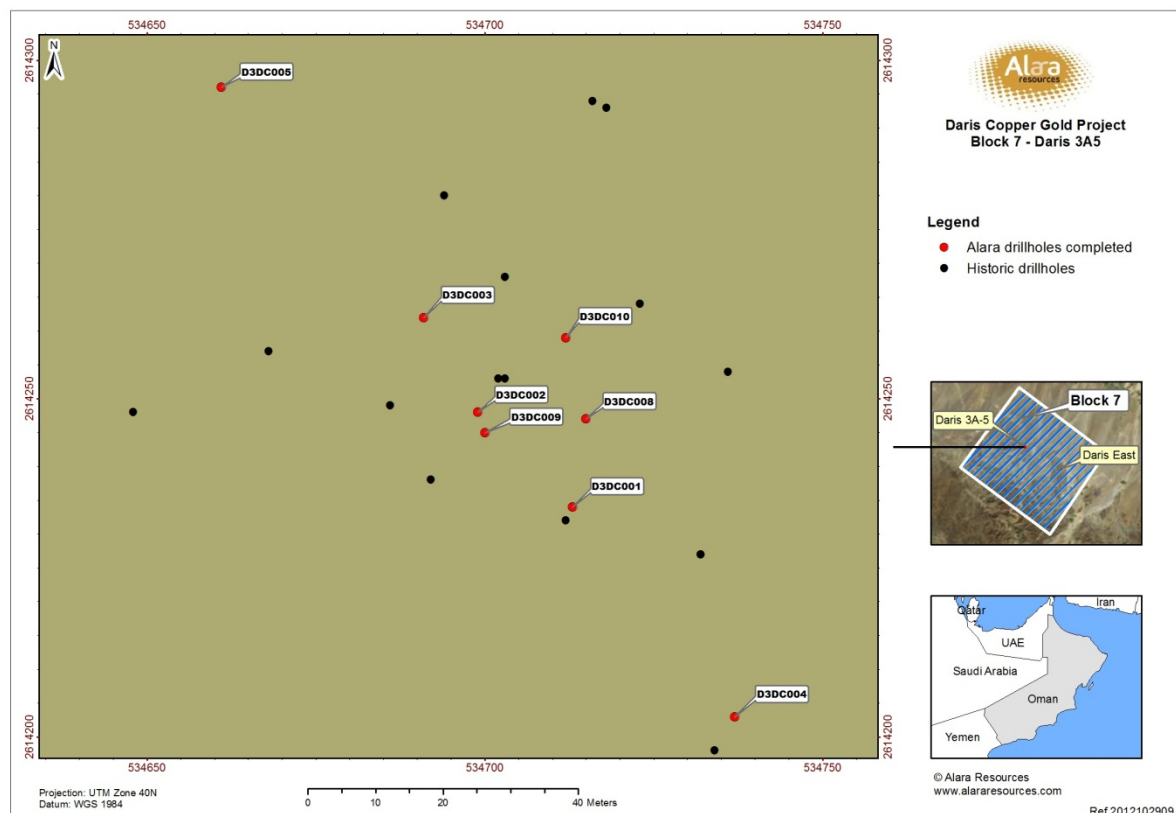


Figure A9 - Daris 3A-5 Prospect Drill hole Location Map

Table A4: Daris 3A-5 Significant Intersections from Alara Core Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS – DARIS 3A5 PROSPECT							
Drill Hole	Significant Mineralisation				Mineralised Zone		
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
D3DC001	Primary	15	37.65	22.65	1.61	3.39	50.68
	Inclusion	30	37.65	7.65	4.69	3.71	77.95
D3DC002	Primary	28.4	46.25	17.85	3.85	2.61	22.51
	Inclusion	34.35	46.25	11.9	5.74	2.06	24.07
	Primary	50.6	59	8.4	4.45	1.36	20.34
	Inclusion	50.6	54.05	3.45	10.28	3.10	46.79
D3DC003	Primary	41	71.75	30.75	4.69	1.56	16.75
	Inclusion	51.5	68.7	17.2	8.05	2.67	28.95
D3DC008	Primary	23	35.8	12.8	0.74	6.62	31.11
	Inclusion	33.5	35.8	2.3	3.92	5.20	106.37
D3DC009	Primary	21	31	10	0.07	3.34	5.41
	Inclusion	23	25	2	0.06	7.13	23.67
	Primary	36	39	3	0.85	0.01	1.23
D3DC010	Primary	57	67	10	5.62	1.16	17.82
	Inclusion	59.35	65.7	6.35	8.58	1.78	27.48

Notes:

- The cut-off grade is 0.2% Cu in respect of intersections within the copper-rich zone.
- The drill intercepts are reported as drilled. True thickness will be calculated at the interpretation and resource modelling stage.

The next phase of exploration for the Daris 3A-5 prospect will aim to develop a resource model from a further series of drill holes to close the mineralisation in the south towards the leached cap to define an increase in the size of the current mineralisation.

Exploration Targets

Whilst Alara has conducted intense exploration programmes including an airborne VTEM survey and ground geophysical surveys and follow up geochemical sampling programs within the Daris Project, drilling has largely focused on defining the JORC Mineral Resource at the Daris East prospect and limited delineation of the mineralisation at the Daris 3A5 prospect.

Several insufficiently tested potential new targets based on combination of geological, geochemical and geophysical data have been identified grouped broadly as three prospects which are shown in Figure A10:

- Prospect 1 – Majority of the area falls within prospective upper volcanic extrusive rocks exposed in Block 7 and bound by quadrangular airborne surveyed magnetic lineaments. Two VTEM targets have been identified in this prospect one of which have been drilled by Alara in 2011. Both of these vertical holes failed to test the VTEM signatures although it has a late time EM response and coincident low magnetics (RTP), which is a typical VMS target response in the area. It is adjacent to intersecting structures and located in the right stratigraphic horizon. Ground traverses have found surface Cu traces at this location. Seventeen rock chip collected from this prospect have returned Cu values ranging from 0.1% to 1%. One sample collected leached gossanised outcrop analysed 5ppm Au. Figure A11 shows a detailed view of Prospect 1 with anomalous rock chip results.
- Prospect 2 – This prospect falls around the sheeted dyke contact zone with cumulate gabbro south of the Daris East and Daris 3A-5 prospect areas. Although historically sampled rocks are higher in Cu content, the scattered nature of mineralisation have never attracted explorers in the past. The Wadi Hawqayn anomaly identified by BRGM but never pursued falls in this prospect.
- Prospect 3 - This prospect falls within lower crustal to upper mantle sequences of Samail ophiolites in Block 7. One oxidised rock sample collected from outcrop exposed near a creek returned 7% Cu. This prospect covers a series of ancient mine workings trending in peculiar NW-SE trend - a site marked as “+” sign in Figure A10 has been located; this ancient mine has a ~2m thick crude slag heap piled over a 150x40m area with a ~5m deep ‘rat hole’ ancient mining pit. Significant amount of malachite staining have been observed in the area although the mine pit seems to follow a quartz vein. Detailed high resolution ground magnetic survey has been carried out in parts of Prospect 3 covering the above mentioned ancient mine. Two core holes have also been drilled in this area without any significant intercepts.

The next phase of exploration for these prospects will involve following up geophysical and geochemical targets with EM/IP/gravity surveys to generate drill targets, geological traverses and geochemical sampling programmes, ground mag surveys over the 'virgin' ground under alluvial/gravel cover.

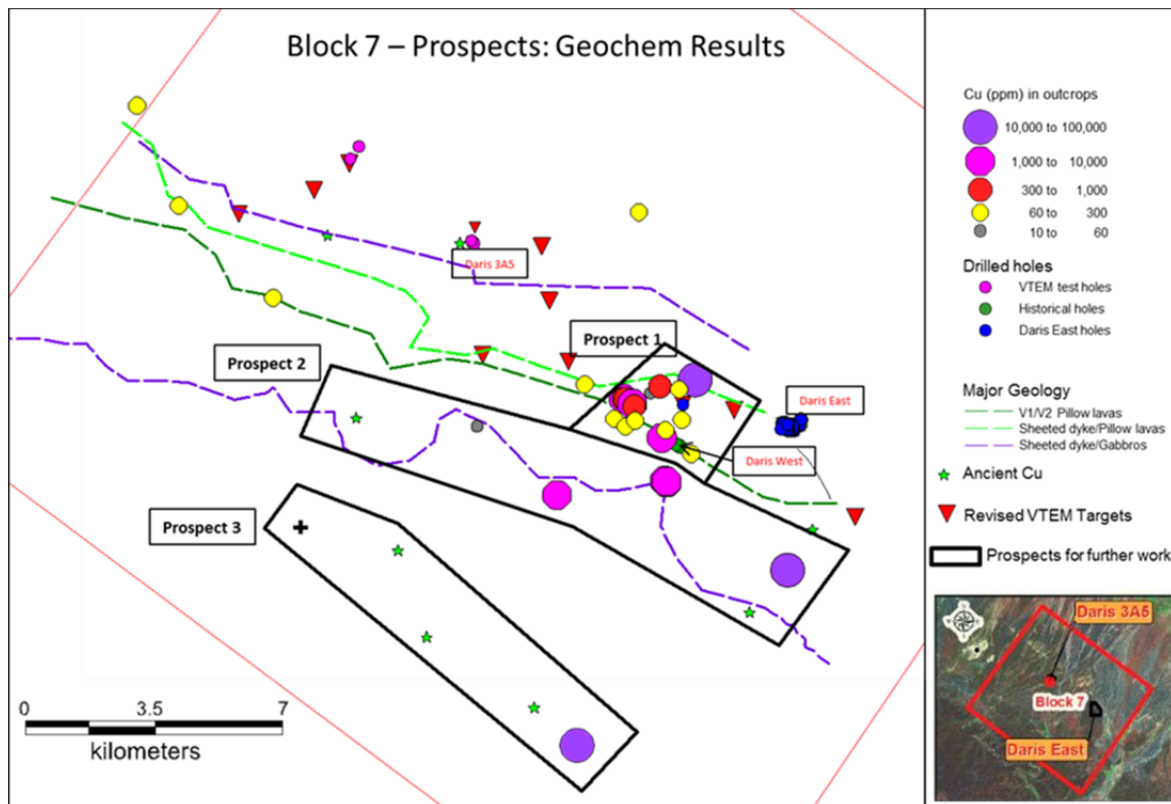


Figure A10 - Potential regional Exploration Targets within Daris Project Licence Area

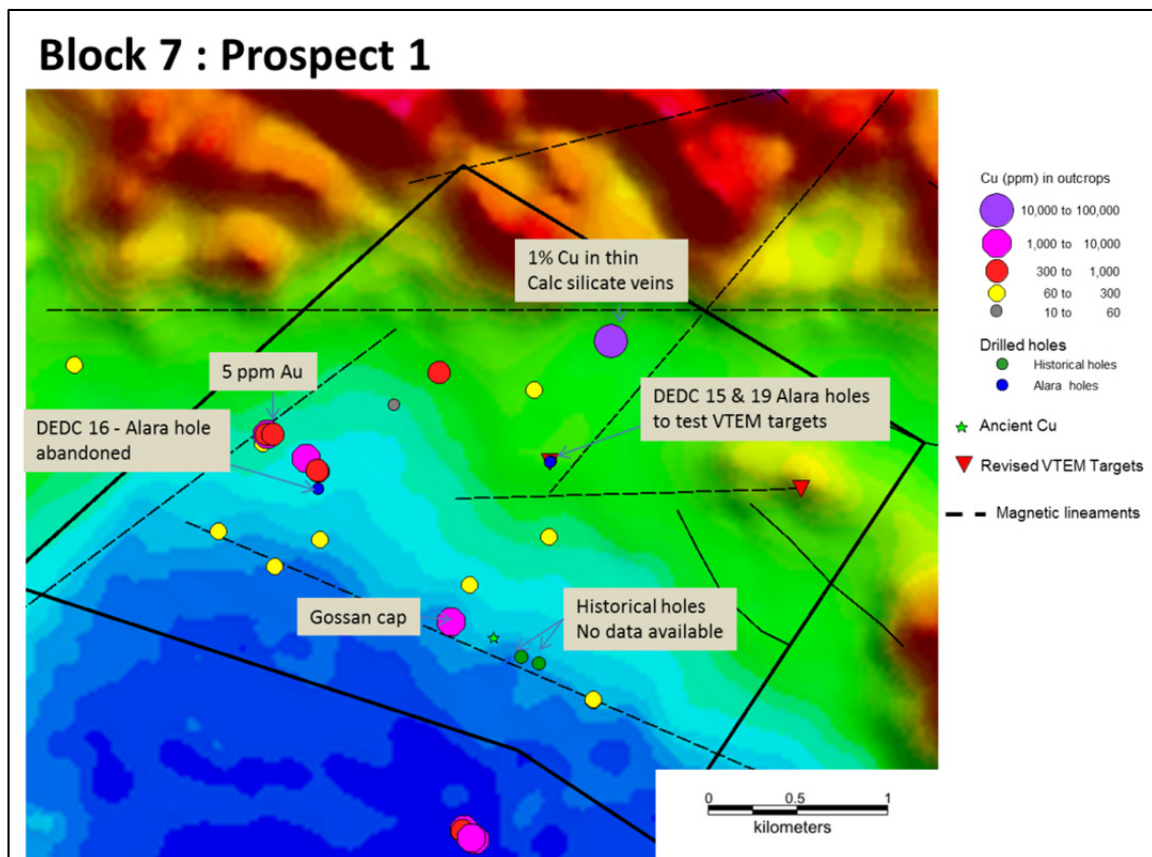


Figure A11 - Geochemistry of Prospect 1 over Magnetic image

Exploration Targets have been identified for the Daris 3A-5 prospect within the Daris exploration licence as follows:

Target	~Tonnages (million tonnes)	~Copper Grades (%)	~Gold (g/t)	Comments
B7T-1	0.25- 0.5	1.0 – 5.0	0.1 – 0.5	Based on previously encountered mineralisation and mineralisation extensions that are not closed off
B7T-2	0.25 – 1	1.0 – 2.5	0.1 – 0.5	Untested geophysical/geochemical targets - based on presence of several untested geophysical and geochemical anomalies between known occurrences at Daris East and Daris 3A-5

JORC Code Cautionary Statement: *The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a mineral resource and there is no certainty that further exploration work will result in the determination of a JORC Mineral Resources (per JORC Code (2012 Edition) para. 17).*

Alara ASX Market Announcements for Daris Project

Alara's ASX market announcements released in relation to the Daris Project (on exploration matters) are as follows:

Date	Announcement Title
29 June 2011	Drilling Rig Update - Khnaiguiyah Project in Saudi Arabia and Daris Project in Oman
19 April 2011	Massive Sulphide Copper Mineralisation - Daris Project in Oman
16 March 2011	Commencement of Phase 2 Drilling - Daris East Copper Project in Oman
13 December 2010	Further High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman
6 December 2010	Commencement of VTEM Electromagnetic Survey - Daris Copper Project in Oman
26 October 2010	Further High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman
6 October 2010	High Grade Copper-Gold Mineralisation - Daris Project Copper Project in Oman
14 September 2010	Daris Project Drilling Update
30 August 2010	Project Acquisition - Daris Copper Project in Oman

Exploration and Resource Targets

Any discussion in this Annexure A in relation to the potential quantity and grade of Exploration Targets is only conceptual in nature. While the Company may, with (and subject to) further exploration and evaluation works being undertaken, report additional JORC compliant mineral resources for the Oman Projects, there has been insufficient exploration to define mineral resources in addition to the current JORC compliant Mineral Resource inventory and it is uncertain if further exploration will result in the determination of additional JORC compliant Mineral Resources.

Table A5 – Summary of Exploration Activity Undertaken by Alara on Washihi and Daris Projects (Excluding Historical drilling Data)

Licence Area	Geology, GIS & Prospectivity studies	Field Activities								Analysis	Resource Model	Other Work/ Comments
		Geochemical Survey	Geophysical Survey		Drilling		Topographic survey	Samples Collected				
			Airborne	Ground	Core	Non-core		Rock/soil	Drill core/chips			
Daris (Block 7) (587km ²)	Historic Data collection, review and re-interpretation using GIS and updated imageries Compilation of various maps.	Stream sediment orientation survey, sampling at 500 x 500m grid of soil/rock chips over geologically potential zones	1213 line kms. of VTEM and Magnetics	246 line kms of. Magnetics. 38.5 line kms. of IP/EM	Alara drilled 5643m in 53 holes (41 at Daris East; 10 at Daris 3A5 and 2 exploration) in licence area	624m in 21 rotary open holes and 500m in 5 holes as G.W. monitoring holes	All drillhole collar pick-ups; 1m contour survey at Daris East and Daris 3A-5 prospects; connected to NSA Survey point	69	2656 (incl QC)	2725	Daris East Datamine Model completed. Daris 3A-5 Resource Model under compilation	
Washihi (39km ²)	Historic Data collection, review and re-interpretation using GIS and updated imageries Compilation of various maps.	500 x 500m grid sampling of soil/rock chips over geologically potential zones	-	321.6 line kms. Magnetics and 10.6 line kms IP/EM	4224m in 24 diamond core holes & 1085m in 5 Core cum RC/core holes	898m in 6 RC holes and 800m in 8 rotary open holes as G.W. monitoring holes	All drillhole collar pick-ups; 1m contour survey; connected to NSA Survey point	56	2092 (incl QC)	2148	Washihi Datamine Resource Model completed.	
Mullag (41km ²)	Historic Data collection, review and re-interpretation using GIS and updated imageries.	-		259 line kms. Magnetics and 21 line kms. IP and 8 line kms EM	922m in 9 diamond core holes	-	-	-	146	146	-	Datamine Resource Model under compilation
Al Ajal (25km ²)	Historic Data collection, review and re-interpretation using GIS and updated imageries Compilation of various maps.			1.7 line kms. IP and 8.1 line kms magnetics							Datamine Resource Model under compilation to validate historic resources	Relogging of PRO drillhole cores and validation completed

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Alara Resources Limited

ABN

27 122 892 719

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

		Current quarter (September 2014) \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(473)	(473)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(534)	(534)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	22	22
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (R&D Tax Refund)	-	-
Net Operating Cash Flows		(985)	(985)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects *	675	675
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		675	675
1.13	Total operating and investing cash flows (carried forward)	(310)	(310)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(310)	(310)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(310)	(310)
1.20	Cash at beginning of quarter/year to date	3,110	3,110
1.21	Exchange rate adjustments to item 1.20	22	22
1.22	Cash at end of quarter * excludes prepayment	2,822	2,822

*Prepayment of USD601k (AUD675k) for the Khnaiguiyah Project HoA settlement returned and re-banked.

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(147)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Directors fees, salaries and superannuation for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	500
Total	900

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,072	660
5.2 Deposits at call	1,750	2,450
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,822	3,110

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	Refer to quarterly activities report		
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to quarterly activities report		

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	+Ordinary securities	242,007,500	242,007,500	-
7.4	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	+Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- -	- -	- -	- -
7.7	Options (Unlisted Options)	3,650,000 2,000,000 400,000 6,666,667 3,333,333 10,000,000 10,000,000	- - - - - - -	<i>Exercise price</i> 35 cents 60 cents 35 cents 15 cents 20 cents 10 cents 15 cents	<i>Expiry date</i> 25 October 2014 25 October 2014 22 August 2015 21 November 2016 21 November 2016 15 January 2016 15 January 2016
7.8	Issued during quarter (Unlisted Options)	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	- - - -	- - - -	- - - -	- - - -
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Chief Financial Officer)

Date: 28 October 2014

Print name: John David Watkins

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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