

29 January 2016

ASX Code: AUQ

DIRECTORS

James Phipps
Non-Executive Chairman

Justin Richard
Managing Director

Shanker Madan
Technical Director

Atmavireshwar Sthapak
Non-Executive Director

Ian Gregory
Alternate Director

COMPANY SECRETARIES

Elizabeth Hunt, Ian Gregory

CAPITAL STRUCTURE (30/12/2015)

Shares: 506,015,000

Options: 258,007,500

Share Price: \$0.013

Market Cap: \$6.58m

Summary

- Successful Rights Issue completed in November.
- Feasibility Study in Oman is well underway and is scheduled for completion in March.
- The Mining Licence held by Alara's former JV partner ('Manajem') cancelled, thus opening a way around the two year impasse which has delayed development of the Khnaiguiyah zinc-copper project in Saudi Arabia.
- Alara and Bayan entered into a Services Agreement in connection with their previously announced (Khnaiguiyah) JV Agreement.

CONTACT DETAILS

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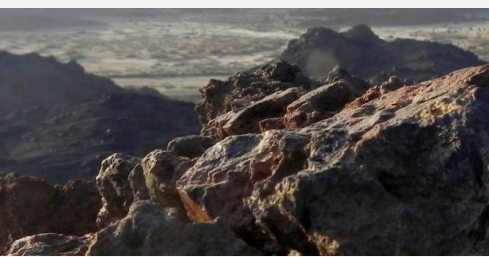
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Company Secretary

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Rights Issue

In October, the Company announced a pro rata renounceable rights issue of 1 new fully paid ordinary share for every share held by eligible shareholders.

On 10 November, the Company announced a successful outcome from the rights issue, which closed with acceptances of entitlement to 87,824,980 shares, along with applications for 6,850,982 additional shares and 122,000,000 shortfall shares.

The remaining shortfall offer of 31,331,538 shares closed oversubscribed two days later, bringing the total raised to ~\$2.5m.

The level of support the Company received from the rights issue reflected the quality of the Company's projects, and key milestones Alara is set to achieve in 2016.

Copper-Gold Projects (Oman)

The Feasibility Study announced in August is well underway. The Company refers to its recent updates¹ noting:

Geotechnical Logging, Sampling and Laboratory Test Work

Logging and test work data has been passed on to the mine planning and Whittle optimisation team for pit planning and scheduling.

Pit Planning, Optimisation and Scheduling

Operating costs, block models and other relevant data is being handed over to the mining consultants with optimisation and scheduling work expected to be completed by the end of February.

Operating Costs

Recent price rises in the cost of fuel are not expected to have any significant impact on mining costs. The processing OPEX is expected to remain below USD 7/tonne of material processed. Total OPEX costs are still to be confirmed, but are expected to be <USD 27/tonne inclusive of smelting and refining charges.

Capital Costs Estimates

Apart from the tailings dam, the mining village and the power line from the grid, all of the large ticket items have been costed. Total Capex including these items as well as EPCM charges, working capital and contingencies remain within expectations of <USD45m.

Khnaiguiyah Mining Licence

After agreeing to amend the Joint Venture Agreement in March 2014, Alara and its JV partner United Arabian Mining Company LLC ('Manajem'), reached an impasse when Manajem failed to submit a request to the Deputy Minister of Mineral Resources seeking a transfer of the Khnaiguiyah mining licence from Manajem to the Khnaiguiyah Mining Company LLC.

On 23 December, the Company announced that cancellation of the Khnaiguiyah mining license represented the removal of a major road block and was a "breakthrough moment". Having already funded and completed a Definitive Feasibility Study for the project, Alara is in a unique position to advance the project towards production without incurring a further cost and time delay.

Rather than seeking to restrict mining at Khnaiguiyah, the Company considers the mining licence cancellation to be in line with the Kingdom's aim of boosting the mining sector and not allowing unnecessary delays to impede the development of mining projects in Saudi Arabia.

¹ Refer Alara's ASX Announcements dated 18 December 2015 and 20 January 2016.

Bayan Services Agreement

In November, the Company announced it had entered into services agreements with Bayan Mining Company LLC, in connection with the JV Agreement announced previously² and that Bayan had become a shareholder in Alara.

Under the Agreement, Alara will provide a range of technical and management services through its subsidiary, Saudi Investments Pty Ltd.

Alara and Bayan have agreed to share economic interests under the JV Agreement, 70% in favour of Alara and 30% in favour of Bayan.

Mineral Licences

Khnaiguiyah Zinc-Copper Project

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 Expressway.

The Khnaiguiyah Project originally comprised one mining licence, 2 exploration licences and 5 exploration licence applications, totalling approximately 380km². These licences were previously held by Manajem, but have now been cancelled (refer 'Khnaiguiyah Mining Licence' section above).

Alara and Manajem are currently engaged in legal proceedings with the next hearing scheduled for 8 February 2016.

Meanwhile, Alara has funded and retains ownership of a Definitive Feasibility Study for the Project and has established a new JV Agreement with Bayan Mining Company LLC to deliver mining and mineral exploration projects in Saudi Arabia.

Daris Copper-Gold Project

The Daris Copper-Gold prospects are located ~170km northwest of Muscat (the capital of Oman) and are on or very close to high quality bitumen roads.

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	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC, Oman	50%	587km ²	Nov 2009	Feb 2016	Active	Daris East 3.2km ²	Dec 2012	Accepted in April 2013; in progress
							Daris 3A-5 1.3km ²		

Al Hadeetha (formerly Washihi) Copper-Gold Project

The Al Hadeetha prospects are located ~100km south-southeast of the Daris Project and are on or very close to high quality bitumen roads.

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

² Refer ASX Announcement dated 20 August 2015 : "Alara and Bayan Extend Framework Agreement"

Licence Name	Licence Owner	Alara JV Interest	Exploration Licence			Mining Licence within EL		
			Area	Date of Grant	Status	Area	Date of Application	Status
Washihi	Al Hadeetha Resources LLC, Oman	70%	39km ²	Jan 2008	Active while ML application is in progress	2.1km ²	Dec 2012	Accepted in April 2013; in progress
Mullaq	Al Hadeetha Resources LLC, Oman	70%	41km ²	Oct 2009	Renewal being processed	1km ²	Jan 2013	In progress
Al Ajal	Al Hadeetha Resources LLC, Oman	70%	25km ²	Jan 2008	Renewal being processed	1.5km ²	Jan 2013	In progress

JORC Statements

Al Hadeetha (formerly Washihi) Copper-Gold Project (Oman)

Table 1 - Washihi JORC Mineral Resources³

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 2 - 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.

³ Refer Alara's 16 July 2013 ASX Announcement: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

Competent Person Statement

The information in this announcement on Mineral Resources in relation to the Copper–Gold Projects (Oman) 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 this announcement of the matters based on his information in the form and context in which it appears.

Disclaimer

This report contains “forward-looking statements” and “forward looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral resources, and studies. Often, but not always, forward looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide readers with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alara and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and copper, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns. Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Alara believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Alara does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a [Definitive Feasibility Study](#) (DFS) on its Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an [Advanced Scoping Study](#) on its Daris/Washihi Copper-Gold Projects in Oman and an [Updated Advanced Scoping Study](#) on its Washihi Project. For more information, please visit: www.alararesources.com.

Securities Information

as at 31 December 2015

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	506,015,000	-	506,015,000
\$0.02 (30 April 2017) Listed Options	248,007,500	-	248,007,500
\$0.10 (15 January 2016) Unlisted Options ⁴	-	10,000,000	10,000,000
Total	754,022,500	10,000,000	764,022,500

Summary of Directors' and Employees' Unlisted Options

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ⁵	No. of Options
16 Jan 2014	\$0.10 (15 January 2016) Options	\$0.10	15 Jan 2016	Performance Conditions – Vested	10,000,000

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	946	326,228	0.064%
1,001 - 5,000	317	753,756	0.149%
5,001 - 10,000	167	1,398,591	0.276%
10,001 - 100,000	424	17,670,240	3.492%
100,001 - and over	305	485,866,185	96.018%
Total	2,159	506,015,000	100%

⁴ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 18 November 2013](#) for a General Meeting held on 16 January 2014 and in [ASX Appendix 3B New Issue Announcement lodged on 21 January 2014](#)

⁵ Options which have vested may be exercised at any time thereafter, up to their expiry date

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Vikas Jain	30,000,000	5.93%
2.	Metals Corners Holding Co	29,500,000	5.83%
3.	Mul Chand Malu	25,000,000	4.94%
4.	Vikas Malu	25,000,000	4.94%
5.	Ms Meng Meng	22,284,106	4.40%
6.	Piyush Jain	20,000,000	3.95%
7.	Justin Richard	20,000,000	3.95%
8.	Citicorp Nominees Pty Limited	15,400,255	3.04%
9.	Whitechurch Developments Pty Ltd	14,345,510	2.83%
10.	Baron Nominees Pty Ltd	12,100,000	2.39%
11.	Dr John Henry Addison McMahon	11,087,777	2.19%
12.	Inkese Pty Ltd	11,000,000	2.17%
13.	HSBC Custody Nominees (Australia) Limited	10,592,067	2.09%
14.	Bayan Mining LLC	10,000,000	1.98%
15.	Mr Warren William Brown + Mrs Marilyn Helena Brown	9,300,000	1.84%
16.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery	8,824,780	1.74%
17.	Mr Peter Kelvin Rodwell	8,000,000	1.58%
18.	Mr Michael Arch	5,000,000	0.99%
19.	Thorpe Road Nominees Pty Ltd	4,920,000	0.97%
20.	Mr Anthony Brown	4,881,500	0.96%
Total		297,235,995	58.74%