

ASX/MEDIA RELEASE

Tuesday, 6 September 2016

AL HADEETHA PROJECT UPDATE

Alara Resources Limited (ASX: AUQ) (Alara or Company) is pleased to provide the following project updates.

Advancement towards construction of a 1mtpa copper concentrator and related site infrastructure at the Washihi site continue to progress. Plans to commence construction in Q1 of 2017 remain on foot, with first production scheduled for 2018.

The Company has successfully identified Project financing options in excess of the forecast capex required to construct the project. With US\$9m having already been invested in the project by Alara and its JV partners, indicative bank finance underpinning up to US\$40m more, and alternate financing options including vendor finance and offtakes to fill the US\$10m gap.

The above financing options are of course subject to the issuance of the Washihi Mining Licence by the Public Authority of Mining. The Al Hadeetha Copper Project executive report has been submitted to the Public Authority for Mining and the Company is not aware of any reason why the licence could not be issued in order to meet the proposed production schedule commencing in 2018.

Alara and its JV partners are also discussing strategic partnerships with other players in the Oman mining sector to further advance their position as the Sultanate's next key producer of copper concentrate. The Al Hadeetha Copper Gold Project currently comprises three exploration licences covering 105km² and the Daris Copper Gold project contains another exploration licence covering 587km².

Results from the recent infill drilling program at Washihi have been incorporated into a revised resource model. This parcel of work is now near completion with another update expected at the end of the week.

For further information, please contact:

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi deposit. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: www.alararesources.com

Competent Person Statement

The information in this report that relates to JORC Resources in relation to the Al Hadeetha Copper-Gold Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravi Sharma, who is a Chartered Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sharma approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.