

ASX/MEDIA RELEASE

Friday, 11 August 2017

COMPANY UPDATE

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) provides this update on recent developments relating to the Al Hadeetha Copper-Gold Project in Oman (the '**Project**') and other Company related matters.

OMAN

Acting on direction from the Ministry of Environment and Climate Affairs ('MECA'), the Company has engaged with MECA registered environmental consultants to specifically address water management and targeted ecological issues relating to the Project. The consultancy firm (previously registered and approved by MECA) that completed the environmental report in 2013 is no longer active in the provision of environmental management services, therefore this new engagement. The current work phase is expected to take six to eight weeks and is pre-requisite to the mining licence approval for the Project.

As per signed minutes of meeting, the Company is preparing draft documentation to establish a Public Private Partnership ('PPP') for construction and maintenance of a STP supplying water to the Project and local community.

Under the PPP proposal, a 25km pipeline from the town of Al Mudhaibi will deliver 2,500 cubic metres of treated water per day to the site. When compared with the previously identified water source 75km away from the Project site (Nizwa), the Al Mudhaibi pipeline route covers relatively flat, barren terrain with manageable relief. Significant environmental / community benefits will also derive from a fivefold increase over the existing town water treatment capacity.

SAUDI ARABIA

Earlier this month, the Company's legal representative attended a hearing before the Board of Grievances in Riyadh¹ and confirmed Alara did not wish to reply to Manajem's latest brief (n.b. the brief referred to matters dealt with in Alara's earlier submissions). After confirming Manajem *had nothing further to add*, the judge decided to submit the case for consideration. The next hearing is scheduled for late October. While the date of the next hearing suggests the judge has allowed enough time to consider the facts before issuing judgment, the possibility of further inquiries cannot be eliminated.

¹ For further background, refer Alara's ASX announcements dated 3 May 2016 and 13 November 2014.

