

ASX Code: AUQ

#### DIRECTORS

James Phipps  
Non-Executive Chairman

Justin Richard  
CEO

Atmavireshwar Sthapak  
Executive Director

Vikas Jain  
Non-Executive Director

Ian Gregory  
Alternate Director

#### COMPANY SECRETARIES

Elizabeth Hunt, Ian Gregory

#### CAPITAL STRUCTURE (AS AT 31 DECEMBER 2016)

Shares: 592,506,073

Options: 233,804,321

Share Price: \$0.018 (as at 30 Dec)

Market Cap: \$10.7m (as at 30 Dec)

#### CONTACT DETAILS

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ABN: 27 122 892 719

31 January 2017

## Summary

- Maiden Ore Reserve statement issued for the Washihi deposit of Al Hadeetha Copper Gold Project in Oman.
- Al Hadeetha Project shows post tax NPV of AUD \$52m.
- Project Management Company Appointed.
- Project Presentations delivered to Public Authority of Mining and other forums.
- Broader copper opportunities and potential collaboration being considered for Oman.
- Legal proceedings in Saudi advancing towards judgement.

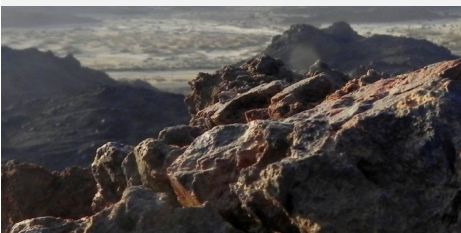
#### For further information, please contact:

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Company Secretary

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# Al Hadeetha Copper-Gold Project (Oman)

## MAIDEN ORE RESERVE STATEMENT

In December, the Company announced a maiden Ore Reserve statement for the Washihi deposit Al Hadeetha Copper-Gold Project (the 'Project') located in the Sultanate of Oman. The Ore Reserve underpins the construction of a 1 Mtpa copper concentration plant at Washihi, with an initial 10-year mine life. A summary of the in-pit inventory, including the reserve, is provided in the table below.

*Table 1 Washihi - In Pit Mineral Inventory*

In Pit Resources	Tonnes	Cu	Au
JORC 2012 Category	Millions	%	g/t
Probable Reserves	9.70	0.88	0.22
Inferred Resource	0.35	0.65	0.22
<b>Total</b>	<b>10.05</b>	<b>0.87</b>	<b>0.22</b>

## UPDATE TO FEASIBILITY STUDY FINDINGS

Following completion of the infill drilling program earlier in the year, and subsequent upgrade to the resource estimate, a new mining schedule was derived. The new mining schedule was incorporated into the financial model and produced a base case project NPV of AUD\$52 million and IRR of 26%<sup>1</sup>.

The High Case has a Project NPV of AUD \$97 million showing that the Project may do much better than predicated if forecast supply deficits and accompanying copper price increases are realised.

## PROJECT MANAGEMENT

Alara have engaged with Progesys as Project Management Consultants for the Project. Project Management services are scheduled to commence post Mining Licence award and will continue through to project commissioning.

Progesys are Canadian based industrial consultants with relevant Middle East experience. Their project resume includes project management, construction and commissioning services for some of the largest mining companies in the world.

<sup>1</sup> Refer Alara's ASX Announcement dated 24 January 2017 for further details on base case parameters and other financial details.

## **PROJECT PRESENTATIONS**

During the quarter, Alara's CEO Mr Justin Richard and Executive Director Mr Atmavireshwar Sthapak, along with Sheikh Khalid Al Busaidi, Chairman of the Company's joint venture partner Al Hadeetha Investments LLC, met with His Excellency, Eng. Hilal Al Busaidi, CEO of the Public Authority for Mining and other mining authority executives to discuss the Project. Feedback at the meeting was very positive and lead to the Project mining licence approval process being expedited.

Project presentations were also delivered in other forums, including a Mining Investment Conference in Muscat last October, and Tanfeedh, a government initiative implemented under the royal blessing of His Majesty Sultan Qaboos. Tanfeedh aims to boost economic diversification in Oman by focusing on five sectors, including mining.

## **MINING SECTOR DEVELOPMENTS**

Alara met with a number of companies who have related interests in Oman's mining sector. These meetings included the exploration of potential collaboration and synergy.

Mining Development Oman ('MDO') have announced plans to issue an initial public offering on the Muscat Securities Market. MDO is currently backed by four state-owned investment arms of the Oman government.

*Local media report that MDO "will be a holding company, which will create subsidiary firms for developing different types of metal ores/minerals (including copper). These subsidiary firms will have partners, who have expertise in developing different types of minerals... (MDO) also plans to collaborate with the Omani private sector, whether as a partner, contractor, supplier or promoter of projects.*

*The formation of a major firm for developing the mining sector is part of a major government strategy since mining is expected to drive non-oil income, which is part of the diversification plan of the government ...."<sup>2</sup>*

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<sup>2</sup> Refer Times of Oman, 20 September 2016.

# Khnaiguiyah Zinc-Copper Project (Saudi Arabia)

## **LEGAL PROCEEDINGS<sup>3</sup>**

At a hearing before the Board of Grievances in October, the judge decided that the plaintiff (Manajem) would be given a “final” extension to prepare their reply and re-scheduled the next hearing for 9 January 2017<sup>4</sup>.

## Corporate

### **ANNUAL GENERAL MEETING**

The Company held its Annual General Meeting on 23 November and passed a resolution appointing Bentleys Audit & Corporate (WA) Pty Ltd as the Company’s auditor.

## Summary Outlook

Announcement of the reserve statement in December, followed a positive response from the Public Authority of Mining regarding the Al Hadeetha Copper Gold Project and the accompanying Washihi mining licence application.

The Project featured alongside Alara at several key forums during the quarter, resulting in a heightened public profile and local media attention in Oman, at the same time the government is implementing mechanisms to further support development of the mining sector.

Next quarter, the Company plans to announce an offtake agreement, the Washihi mining licence, appointment of an EPC contractor, and the outcome of the Board of Grievances judgement hearing scheduled for March.

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<sup>3</sup> Refer Alara’s ASX Announcement dated 3 May 2016 for an overview of the Project, including an outline of the rise and fall of the earlier joint venture with United Arabian Mining Company.

<sup>4</sup> Refer Alara’s ASX Announcement dated 12 January 2017 for the latest update.

## Mineral Licences

### Daris Copper-Gold Project

The Daris Copper-Gold prospects are located ~150km west 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	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC, Oman	50%	587km <sup>2</sup>	Nov 2009	Annual Renewal Pending	Daris East 3.2km <sup>2</sup>	Dec 2012	Submitted in April 2013
						Daris 3A-5 1.3km <sup>2</sup>		

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

The Al Hadeetha prospects are located ~80-160km 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.

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 <sup>2</sup>	Jan 2008	Active	2.1km <sup>2</sup>	Dec 2012	In progress
Mullaq	Al Hadeetha Resources LLC, Oman	70%	41km <sup>2</sup>	Oct 2009	Annual Renewal Pending	1km <sup>2</sup>	Jan 2013	Submitted in April 2013
Al Ajal	Al Hadeetha Resources LLC, Oman	70%	25km <sup>2</sup>	Jan 2008	Annual Renewal Pending	1.5km <sup>2</sup>	Jan 2013	Submitted in April 2013

### Khnaiguiyah Zinc-Copper Project

The Khnaiguiyah Zinc-Copper 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 380km<sup>2</sup>. These licences were previously held by Manajem. Given Alara holds the only bankable feasibility study for the Project, Alara is uniquely placed once the mining licence is reissued.

# JORC Statements

## Al Hadeetha Copper-Gold Project (Oman)

### Washihi JORC Mineral Resources

Resource Classification	Tonnes (Mt)	Cu (%)	Au (g/t)
Indicated	12.4	0.89	0.22
Inferred	3.7	0.79	0.23
<b>Grand Total</b>	<b>16.1</b>	<b>0.87</b>	<b>0.22</b>

### Washihi JORC Ore Reserves

Classification	Ore Reserve		
	Tonnes (Mt)	Cu%	Tonnes (Mt)
Probable	9.7	0.88	0.22

## Daris Copper-Gold Project (Oman)

### 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
<b>Sulphides</b>	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
<b>Oxides</b>	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

### **Competent Person Statement**

*The information in this announcement that relates to the feasibility study of the Al Hadeetha Copper-Gold project is based on information compiled by Mr Shanker Madan, who is a Member of the Australasian Institute of Mining and Metallurgy, and consultant to Alara Resources. Mr Madan 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 Madan consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*

*The information in this announcement that relates to JORC Resources of 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, and a consultant to Alara Resources. 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.*

*The information in this announcement that relates to Ore Reserve of the Al Hadeetha Project was compiled by Mr Harry Warriess, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Warriess 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 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' In assessing the appropriateness of the Ore Reserve estimate, Mr Warriess 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 Al Hadeetha Project Feasibility Study. These reports are understood to be compiled by persons considered by Alara to be competent in the field on which they have reported. Mr Warriess consents to the inclusion in the report of the 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 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](http://www.alararesources.com).

# Securities Information

as at 31 December 2016

## Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	592,506,073	-	592,506,073
\$.02 (30 April 2017) Listed Options	233,804,321	-	233,804,321
<b>Total</b>	<b>826,310,394</b>	<b>-</b>	<b>826,310,394</b>

## Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	912	311,403	0.053%
1,001 - 5,000	300	702,120	0.119%
5,001 - 10,000	155	1,289,692	0.218%
10,001 - 100,000	406	16,473,795	2.780%
100,001 - and over	313	573,729,063	96.831%
<b>Total</b>	<b>2,086</b>	<b>592,506,073</b>	<b>100%</b>

## Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Ms Meng Meng	38,521,027	6.501%
2.	Vikas Jain	34,285,230	5.786%
3.	Metals Corners Holding Co	30,500,000	5.148%
4.	Citicorp Nominees Pty Limited	29,051,045	4.903%
5.	Vikas Malu	28,571,025	4.822%
6.	Mul Chand Malu	28,571,025	4.822%
7.	Justin Richard	26,107,143	4.406%
8.	Piyush Jain	22,856,820	3.858%
9.	Whitechurch Developments Pty Ltd	20,575,550	3.473%
10.	HSBC Custody Nominees (Australia) Limited	16,514,760	2.787%
11.	Mr Warren William Brown + Mrs Marilyn Helena Brown	10,628,572	1.794%
12.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery	10,085,464	1.702%
13.	Mr Peter Kelvin Rodwell	9,142,858	1.543%
14.	Inkese Pty Ltd	9,000,000	1.519%
15.	Mr Tyrone James Giese	7,364,252	1.243%
16.	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	7,170,444	1.210%
17.	Ferguson Superannuation Pty Ltd <Ferguson Superfund A/C>	7,000,000	1.181%
18.	Baron Nominees Pty Ltd	6,860,397	1.158%
19.	Dr John Henry Addison McMahon	5,668,083	0.957%
20.	Thorpe Road Nominees Pty Ltd <Ian Tregonning Family 2 A/C>	5,622,858	0.949%
<b>Total</b>		<b>354,096,553</b>	<b>59.76%</b>



## 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, 01/05/13, 01/09/16

**Name of entity**

Alara Resources Limited

**ABN**

27 122 892 719

**Quarter ended ("current quarter")**

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(95)	(268)
(b) development	-	-
(c) production	-	-
(d) staff costs	(92)	(177)
(e) administration and corporate costs	(151)	(573)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	21
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	301
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(321)</b>	<b>(696)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>(1)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,446
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	284
3.4	Transaction costs related to issues of shares, convertible notes or options	(18)	(145)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(18)</b>	<b>1,585</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,592	1,366
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(321)	(696)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18)	1,585
4.5	Effect of movement in exchange rates on cash held	(3)	(4)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,250</b>	<b>2,250</b>

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>5. Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1 Bank balances	613	470
5.2 Call deposits	1,637	2,122
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,250</b>	<b>2,592</b>

<b>6. Payments to directors of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1 Aggregate amount of payments to these parties included in item 1.2	154
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' salaries, fees and entitlements

<b>7. Payments to related entities of the entity and their associates</b>	<b>Current quarter \$A'000</b>
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	218
9.2 Development	-
9.3 Production	-
9.4 Staff costs	103
9.5 Administration and corporate costs	187
9.6 Other	-
<b>9.7 Total estimated cash outflows</b>	<b>508</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Justin Richard  
Managing Director

Date: 31 January 2017

Print name: Justin Richard

**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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.