

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 30 SEPTEMBER 2016)

Shares: 592,506,073

Options: 233,804,321

Share Price: \$0.024 (as at 30 Sep 16)

Market Cap: \$14.2m

31 October 2016

## Summary

- Upgraded mineral resource estimate completed, resulting in significant increase to the Washihi Copper Gold deposit.
- Indicated Copper Gold Mineral Resource at Washihi increased by 81% from 6.84MT@ 0.90%Cu and 0.17g/t Au to 12.39MT@ 0.89%Cu and 0.22g/t Au, total inventory increased by 14%.
- New shallow gold mineralisation in Gossan was defined outside the existing Washihi copper gold resource, adding a further Inferred Resource of 0.31MT@0.51g/t Au.
- Washihi Resource remains open, with potential to expand both along depth and strike.
- Project finance is on track.
- Collaboration with key industry players ongoing.
- Legal proceedings in Saudi continuing

### CONTACT DETAILS

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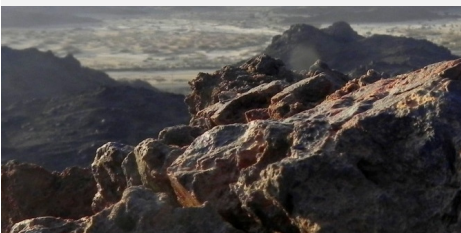
### For further information, please contact:

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Managing Director

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Company Secretary

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## Al Hadeetha Copper-Gold Project (Oman)

### Washihi JORC Resource upgrade

Following completion of the infill drill program and announcement of results in July<sup>1</sup>, the Company updated the Washihi resource model, resulting in a significant increase to the Indicated Resource from 6.84MT @ 0.9%Cu and 0.17g/t Au to 12.39MT @ 0.89%Cu and 0.22g/t Au (using 0.25% Cu cut-off). This represented an 81% increase on the previous indicated resource estimate.

Updated JORC Resource statement at Washihi now stands at:

**Indicated Resource of 12.39MT @ 0.89%Cu & 0.22g/t Au**

**Inferred Resource of 3.71MT @ 0.79%Cu & 0.23g/t Au**

The JORC resource statement for Gold in Gossan hill (outside main Cu ore body) stands at:

**Inferred Resource of 0.31MT @ 0.51g/t Au**

The cutoff grade sensitivity Tables A and B below show tonnes and grade at various cut off's.

Figures 1 and 2 depict the location of the Washihi resources and a cross section.

Table A: Washihi Copper-Gold Mineral Resource, September 2016							Table B: Gossan Hill Mineralization-Gold			
	Indicated			Inferred			Inferred			
Cut off Cu %	Million Tonnes	Cu %	Au g/t	Million Tonnes	Cu %	Au g/t	Cut off Au g/t	Kilo Tonnes (kt)	Au (g/t)	Ounces (k OZ)
0.2	12.40	0.89	0.22	3.74	0.78	0.23	0.05	439.00	0.41	5.74
<b>0.25</b>	<b>12.39</b>	<b>0.89</b>	<b>0.22</b>	<b>3.71</b>	<b>0.79</b>	<b>0.23</b>	0.10	420.31	0.42	5.69
0.3	12.37	0.89	0.22	3.68	0.79	0.23	0.15	405.58	0.43	5.63
0.4	12.16	0.90	0.22	3.54	0.81	0.24	0.20	346.93	0.48	5.31
0.5	11.39	0.93	0.23	2.98	0.88	0.25	<b>0.25</b>	<b>307.60</b>	<b>0.51</b>	<b>5.03</b>
							0.30	274.40	0.54	4.73
							0.35	257.40	0.55	4.55
							0.40	220.48	0.58	4.09
							0.45	197.79	0.60	3.79
							0.50	147.82	0.64	3.02

<sup>1</sup> See Alara's ASX Announcement dated 28 July 2016.

Notes: Mineral Resources are not Mineral Reserves. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves. Mineral Resources are reported in accordance with the JORC 2012. Resource for Cu-Au is stated @ 0.25 % Cu cut-off grade; the mineral resource for gold in the Gossan hill (outside main ore body) has been stated @ .25 g/t Au. Refer Alara’s ASX Announcement dated 19 September 2016 for operating cost used in cut-off grade calculation. Mineral resource tonnages have been rounded to reflect the accuracy of the estimate. 1 ounce of Au = 31.1035 grams.

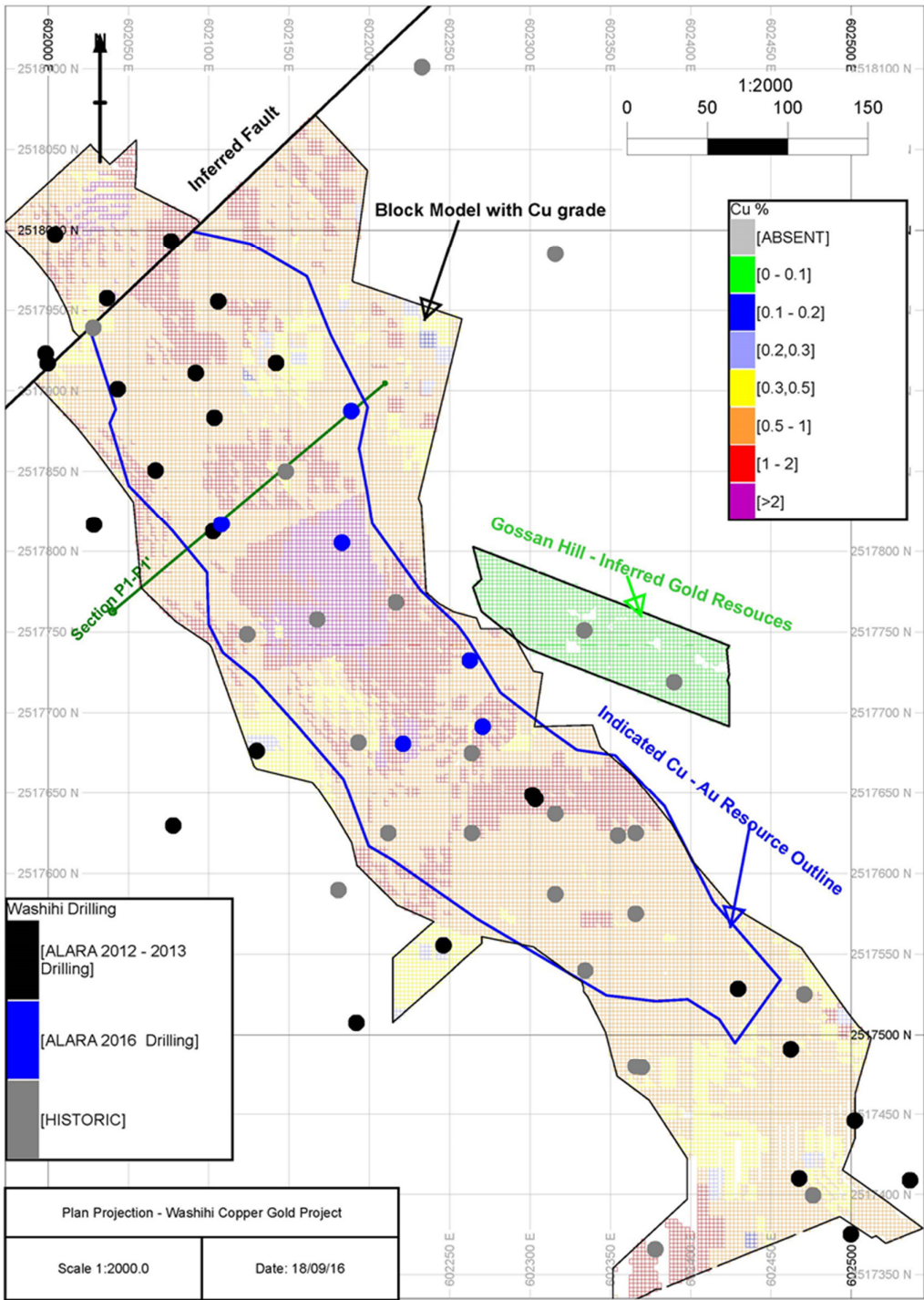
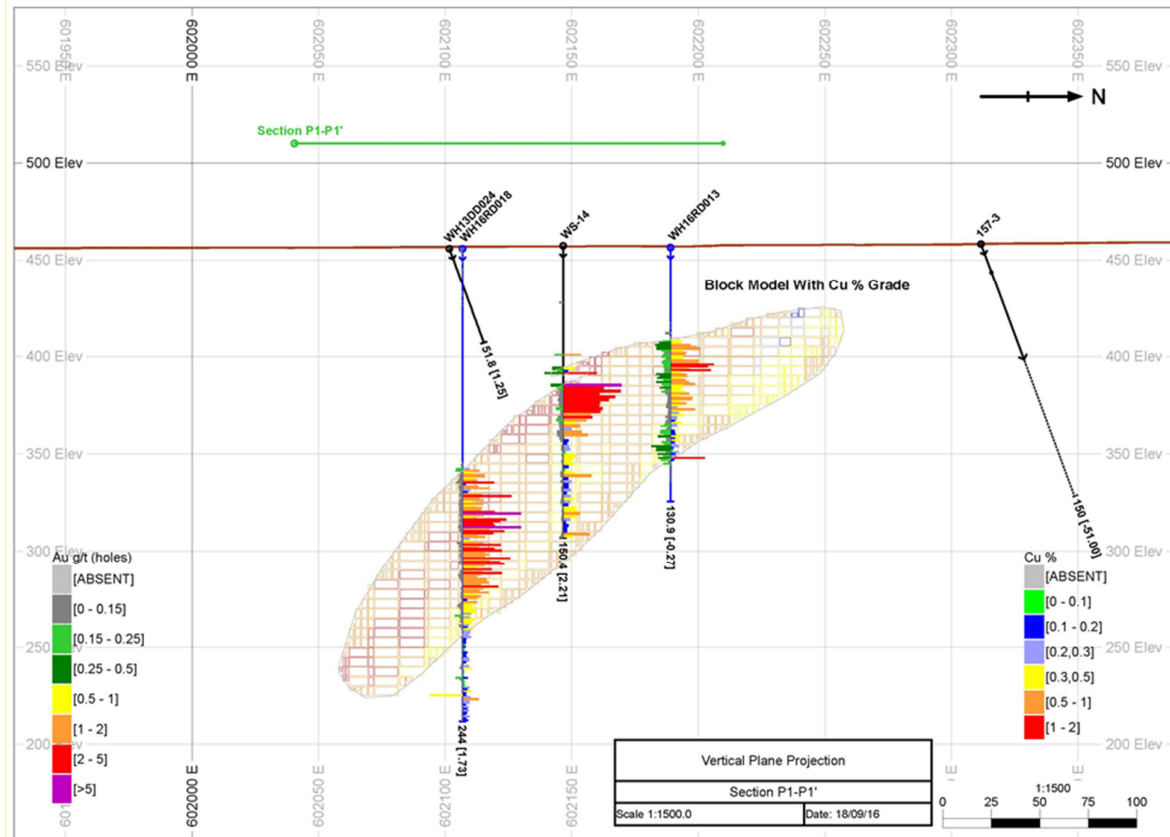


Figure 1: Datamine block model showing indicated and inferred resource boundaries and drill hole locations.



**Figure 2: Cross sections P-1 of the Washihi orebody**

**Mining Plan Update**

Based on the revised Washihi JORC Resource Model, which includes an additional 5.55Mt of indicated resource referred to above, a review of Mining Study has commenced. The work scope includes following activities:

- Pit re-optimization
- Review of Mine Design
- New Pit Schedule
- Revision of March 2016 Report, and
- JORC Reserve Statement

This additional Mining Study work is scheduled for completion in November 2016

### **Washihi Mining Licence Application**

The Washihi mining licence application was discussed with various officials from the Public Authority for Mining (“PAM”) during the quarter. The CEO of PAM is aware of the application and confirmed the Mining Investment team were reviewing the application. Department heads have advised the review should be completed soon. Participation in ‘Tanfeedh’ (a government initiative focused on the advancement of key industry sectors, including mining) led to some meetings with the Mining Authority being temporarily postponed, but with Tanfeedh forums concluded until January, no further delays are anticipated.

### **Project Finance**

Total project cost, including retrospective costs, has been estimated at AUD\$78.6m<sup>2</sup>. Forecast capital expenditure to complete construction of project is AUD\$66.6m, including contingency and working capital.

The Company has received renewed expressions of interest, including indicative terms for debt finance of up to AUD\$53m. In addition, vendor finance and offtake agreements (including pre-production payments) have been offered to fund the remaining balance.

While the Company is also open to considering equity finance at the project level, it is not relying on this to fund the project, and is more interested in the strategic benefits<sup>3</sup> that an additional equity partner (at the project level) could bring to the project.

## **Daris Copper-Gold Project (Oman)**

The Daris project includes two high grade deposits. Alara’s JV partner now owns a diamond core drill rig that will be utilised for further exploration within the 587 square kilometre licence area. Further exploration and development will occur following feedback from the mining authority regarding mining licence applications.

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<sup>2</sup> Dollar amounts shown are based on US dollars and have been converted into Australian dollars using the exchange rate of 1 AUD = 0.75 USD.

<sup>3</sup> Including strengthening key relationships within Oman and potential synergies as noted in the Company’s previous quarterly report. Meetings between key industry participants are ongoing, but Alara has not entered any binding agreements in this regard during the quarter.



## Khnaiguiyah Zinc-Copper Project (Saudi Arabia)

### Legal Proceedings<sup>4</sup>

On 26 July 2016, Alara submitted a further evidence brief to the board of grievances. At that hearing, the counterparty ('Manajem') requested more time to respond and a further hearing was scheduled for 18 October 2016. At the 18 October hearing, Manajem again sought more time to respond and the judge gave a 'final' extension. The next hearing is scheduled for 9 January 2017.

### Khnaiguiyah Mining Licence

As reported on 23 December 2015, the cancellation of the Khnaiguiyah Mining Licence (which was held by Manajem) opened the door to mining applications from other companies. In anticipation of this event, Alara entered into an agreement with Bayan Mining Company, under which Alara and Bayan would team to secure a licensed interest in the Project and other projects in the Kingdom.

Bayan, Alara and their associates remain active and committed to pursuing the Khnaiguiyah zinc copper Project.

Meanwhile, the Arab News recently reported:

*"The Ministry of Energy, Industry and Mineral Resources in Saudi Arabia has announced its willingness to launch more investment licenses in the mining sector.... the ministry received new instructions on easing procedures to urge foreign investors' involvement in the sector (and) has presented a new ongoing project that targets re-planning mining chances..."*

*The sector also grants licenses in zinc, phosphate and other minerals. The ministry is implementing a strategy that enhances investment opportunities in the mining sector, provides an appealing investment environment, develops skills of Saudi labor force, protects promising mining zones and improves technical information and data related to mining investments."*

## Corporate

### Rights Issue

In August, 72,287,894 shares were offered to eligible shareholders under the Rights Issue at an issue price of \$0.02 per share. CPS Capital Group acted as Lead Manager and Underwriter to the Rights Issue. Many shareholders, including company directors and most of the top 20 shareholders participated in the rights issue which closed oversubscribed. The Company is not planning to any further rights issue.

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<sup>4</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.

### **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 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 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 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 30 September 2016

## Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	592,506,073	-	592,506,073
\$0.02 (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	913	311,721	0.053%
1,001 - 5,000	302	709,323	0.120%
5,001 - 10,000	154	1,283,700	0.217%
10,001 - 100,000	410	16,379,860	2.765%
100,001 - and over	319	573,821,469	96.847%
<b>Total</b>	<b>2,098</b>	<b>592,506,073</b>	<b>100%</b>

## Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Meng Meng	38,121,027	6.434%
2.	Vikas Jain	34,285,230	5.786%
3.	Metals Corners Holding Co	30,500,000	5.148%
4.	Citicorp Nominees Pty Limited	28,754,043	4.853%
5.	Mul Chand Malu	28,571,025	4.822%
6.	Vikas 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	16,000,118	2.700%
11.	Inkese Pty Ltd	12,000,000	2.025%
12.	Warren William Brown + Marilyn Helena Brown	10,628,572	1.794%
13.	Brian Joseph Flannery + Peggy Ann Flannery	10,085,464	1.702%
14.	Peter Kelvin Rodwell	9,142,858	1.543%
15.	John Henry Addison McMahon	7,668,083	1.294%
16.	Tyrone James Giese	7,364,252	1.243%
17.	ABN Amro Clearing Nominees Pty Ltd <Custodian A/C>	7,043,416	1.198%
18.	Baron Nominees Pty Ltd	6,860,397	1.158%
19.	Mahe Investments Pty Ltd	5,747,200	0.970%
20.	Thorpe Road Nominees Pty Ltd	5,622,858	0.949%
<b>Total</b>		<b>356,505,081</b>	<b>60.178%</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")**

30 September 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(173)	(173)
(b) development	-	-
(c) production	-	-
(d) staff costs	(85)	(85)
(e) administration and corporate costs	(422)	(422)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	301	301
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(375)</b>	<b>(375)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(1)	(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 (3 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>(1)</b>	<b>(1)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	1,446	1,446
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	284	284
3.4	Transaction costs related to issues of shares, convertible notes or options	(127)	(127)
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>1,603</b>	<b>1,603</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	1,366	1,366
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(375)	(375)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(1)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,603	1,603
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,592</b>	<b>2,592</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	470	750
5.2 Call deposits	2,122	616
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>2,592</b>	<b>1,366</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	162
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 (part of which have been classified as payments for exploration and evaluation expenditure)

<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 <sup>1</sup>	162
9.2 Development	-
9.3 Production	-
9.4 Staff costs	78
9.5 Administration and corporate costs	141
9.6 Other (AGM costs)	20
<b>9.7 Total estimated cash outflows</b>	<b>401</b>

<sup>1</sup> includes capitalised salaries relating to the projects.

<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 October 2016

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.