

ASX/MEDIA RELEASE

Monday, 12 October 2015

FEASIBILITY STUDY UPDATE (OMAN)

Perth: In response to recent shareholder enquiries, Alara Resources Limited (ASX: AUQ) (**Alara or Company**) provides the following update:

Feasibility Study Report

Further to Alara's announcement regarding commencement of a feasibility study in Oman¹, the Company is pleased to report that the study is progressing on time and within budget. Progress to date indicates:

Mining and Tailings Dam: Staged development, as considered in the Options Study² and Advanced Scoping Study³, has been adopted for mine planning of the 800,000 tonnes per annum feasibility study.

While further geotechnical assessment is being carried out, current pit plan indicates three stage mine development, with a total of 9.37 million tonnes in pit resources and aims to deliver 11 years of production. This three stage pit plan also offers flexibility to mine higher grades in the first 7 to 8 years.

The pre-strip includes considerable soft soil and colluviums. It is proposed the pre-strip material be used to build the 650m x 650m tailings dam. Tailings dam to have total foot print of 850m x 850m. No additional material, other than the pre-strip material will be needed to build the tailings dam. This will save on earth work costs.

The low cost of diesel and competitive wage structure in Oman are expected to help maintain a low cost mining regime.

Processing: Process design criteria has been largely confirmed. Assessment of civil, structural and electrical work is expected to be completed by the end of October.

Infrastructure: Process water and power requirements have been determined and circulated for design and pricing. Initial indications are that the water pipe line can be built at below scoping estimates.

Other infrastructure requirements, including housing, workshops and mobile equipment, along with staffing levels are now being determined.

– ENDS –

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¹ Refer ASX Market Announcement date 26 August 2015.

² Refer ASX Market Announcement dated 12 June 2014 : Oman Project – Positive Options Analysis Study Outcomes.

³ Refer ASX Market Announcement dated 14 October 2014: Oman Project Update – Positive Advanced Scoping Study Outcomes.

Competent Person Statement

The information in this announcement on Mineral Resources in relation to the Washihi Copper–Gold Project (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.