

ASX/MEDIA RELEASE

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OMAN WASHIHI PROJECT PLAN DEFINED MOU WITH MAWARID MINING

Perth: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to announce that the Washihi deposit Joint Venture entity Al Hadeetha Resources LLC has recently entered into an MOU with Mawarid Mining LLC (**Mawarid**) in relation to the Washihi Copper-Gold Project in Oman (**Project**).

Mawarid owns and operates the Lasail Copper Concentrator Plant located ~35km inland from the bulk shipping port of Sohar in the north east of Oman. The Washihi deposit (**Project**) is the key asset of the Al Hadeetha Resources LLC (**Al Hadeetha**) incorporated joint venture¹ between Alara (70%) and local partner, Al Hadeetha Investments LLC (30%).

Under the Memorandum of Understanding (**MOU**) between Mawarid and Al Hadeetha, the parties have agreed to work collaboratively to define and optimise the Washihi copper/gold ore processing approach, terms and conditions in order to process a nominal 1Mtpa of copper/gold ore to be sourced from the Washihi deposit.

Mawarid's Lasail Plant operates at throughput rates of between 0.8 – 1.2 kt/annum and is Oman's only copper concentrator. In the third quarter of 2015 it is expected that the concentrator feed supply will cease and thus free up capacity for the toll treatment of the Washihi ore.

In turn, the Washihi deposit is Oman's largest JORC Code compliant copper resource² and in initial test work has proven amenable for Heavy Media Separation (HMS) ore upgrading that results in a mill feed of 1.8-2.2% Cu and +0.35 g/t Au.³ The HMS process also very significantly reduces the silica content of the Washihi resultant mill feed thus reducing the process plant grind index (reducing power consumption and plant liner wear) which in turn materially increases the overall tonnage that the processing plant can treat while reducing processing costs.

Alara has completed the initial evaluation of mining the Washihi deposit and toll treating the upgraded ore from site at the Mawarid Lasail Plant with highly positive results. This approach to developing the Washihi Project into a producing site is advantageous for both parties as it:

- Greatly reduces the Washihi capex required given the existence of the processing plant
- Greatly reduces the time to production for the same reason
- Simplifies the Washihi site construction and required infrastructure
- Reduces the Washihi site footprint due to the minimal site based operations (now limited to mining, primary crushing only and HMS)
- Provides a suitable process plant feed source for the Lasail concentrator

¹ Refer to Alara's 8 December 2011 ASX Announcement: [Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman](#)

² Refer to Alara's 16 July 2013 ASX Announcement: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

³ Refer to Alara's 18 February 2014 ASX Announcement: [Oman Project HMS Breakthrough – Ore Upgrade Heavy Media Separation Tests Successful](#)

The preliminary evaluation will now be taken through a focused and limited Feasibility Study (FS) in order to bring the HMS work (identified in the [Advanced Scoping Study](#)⁴) to the feasibility study level and to further refine the geotechnical parameters of the deposit in order to optimise the mine design and development. The cost and time to complete this FS is being defined by a final competitive tender process for the work. This tender will close by the end of the month. It is anticipated that both the time and funding required to complete this work will be minimised due to the simpler plant and support infrastructure now required at Washihi. This infrastructure will comprise mining, primary crushing (to 3-5 mm product size) and the HMS processing prior to ore transport to the Lasail concentrator (375km).

The FS itself is estimated to take approximately six to eight months once the study work is awarded. The time to fully permit the Washihi site is not known at this time but the application for a Mining Licence (ML) (being the key permit required) was filed in the last quarter 2014 and its grant is not expected to be problematic given both the community support for the project and the relatively minor site impact of the limited site infrastructure. The major reduction to the site footprint are the absence of a process plant and tailings site, materially reduced office and camp requirements and greatly reduced power and water infrastructure. There is currently documented community support for the project as this is a key stage of the ML approval.

The Al Hadeetha Joint Venture will be responsible for the FS. Under the MOU, Mawarid has committed up to US\$0.5m towards the examination of the toll treatment elements of the FS programme with this expenditure being under Mawarid's control while the work will be coordinated by the FS Steering Committee. This commitment is focused at ensuring both parties reach a detailed understanding and optimisation of the integrated production plan between the Washihi deposit and the Lasail Processing Plant. The period of this defined toll treatment period is five years with an extension to this period if agreed by the parties. There is also agreement between the parties to include the Al Hadeetha/Mawarid collaboration into a broader Oman consolidated copper strategy and plan if and when this proves to be the most effective way forward in the country.

The MOU will also progress to a formal Toll Treatment Agreement through the FS completion programme.

Philip Hopkins, Alara's Managing Director said:

"This is an exciting development for the Washihi Joint Venture partners and Mawarid alike as the collaborative effort between the parties will benefit both groups and comes at a time when both can optimise this approach. The timing of this mining and toll treatment approach is ideal as the Mawarid copper processing plant will be able to take full Washihi feed sources, and in turn optimise for this production stream. Early discussions between the parties have been extremely positive and productive and it is anticipated that this cooperation and collaboration will extend past the Washihi Project itself."

Daris Project Update:

Although not covered under this Al Hadeetha/Mawarid MOU, the parties are also concurrently evaluating the possible toll treatment of the Daris Project ore in the Mawarid Lasail Plant. This matter will be announced under separate cover when this evaluation is complete later this quarter.

– ENDS –

For further information, please contact:

Philip Hopkins
CEO/Managing Director

T | +61 8 6323 5900
E | md@alararesources.com

⁴ Refer to Alara's 14 October 2014 ASX Announcement: [Oman Project Update : Positive Advanced Scoping Study Outcomes](#)

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 flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and an [Advanced Scoping Study](#) on its Daris/Washihi Copper-Gold Project in Oman. The Company is now transitioning towards establishing itself as an emerging base and precious metals mine development and production company. For more information, please visit: www.alararesources.com.

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