

30 October 2015

ASX Code: AUQ

DIRECTORS

James Phipps
Non-Executive Chairman

Justin Richard
Managing Director

Shanker Madan
Technical Director

Ian Gregory
Alternate Director

COMPANY SECRETARIES

Victor Ho, Ian Gregory

CAPITAL STRUCTURE (30/6/2015)

Shares: 248,007,500

Options: 10,400,000

Share Price: \$0.024

Market Cap: \$5.95m

WASHIHI (OMAN) *

Copper-Gold Resource

6.84Mt Indicated @ 0.90% Cu & 0.17g/t Au

7.27Mt Inferred @ 0.71% Cu & 0.20g/t Au

DARIS (OMAN) *

Copper-Gold Resource

Sulphides: 240,024t Measured & Indicated

@ 2.37% Cu & 0.43g/t Au

KHNAIGUIYAH (SAUDI ARABIA) *

Proved Zinc-Copper Reserves:
17.7 Mt @ 3.4% Zn and 0.29% Cu

Probable Zinc-Copper Reserves:
8.35 Mt @ 3.1% Zn and 0.13% Cu

Measured & Indicated Resources:

Zinc-Copper Resource:

25.32 Mt @ 4.03% Zn & 0.17% Cu

Copper Resource:

8.53Mt @ 0.64%Cu

CONTACT DETAILS

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ABN: 27 122 892 719

**Refer JORC Statements on page 8 and 9*

Summary

- In July, Alara announced a new Joint Venture partner in Saudi Arabia (Bayan Mining Company LLC). This JV provides opportunities for Alara to pursue mining projects in Saudi Arabia despite the impasse currently faced on the Khnaiguiyah Zinc-Copper project.
- In August, Alara announced commencement of a Feasibility Study in Oman. This study is progressing as scheduled.
- In September, Alara announced the appointment of Mr Atmavireshwar Sthapak to Alara's board of directors. Mr Sthapak is an experienced geologist and has worked the past four years as Alara's exploration manager and study manager.

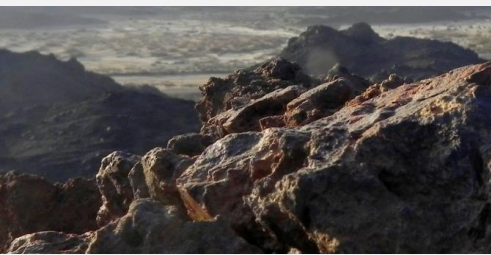
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Company Secretary

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New JV Partner in Saudi Arabia

In July, Alara announced that it had entered into a Joint Venture framework agreement with Bayan Mining Company LLC ('Bayan') in Saudi Arabia.

In August, Alara announced it had extended the agreement to include the Khnaiguiyah area. This development addressed, among other things, the potential cancellation of the Khnaiguiyah mining licence and/or inability of Khnaiguiyah Mining Company LLC ('KMC') to obtain access to areas surrounding the Khnaiguiyah Mining Licence.

Under this new agreement, Alara is to provide onshore and offshore technical and management services and be responsible for day to day management of the project/s. These services are the subject of separate services agreements which are now being finalised.

In connection with the JV agreement, and in light of the fact that Alara is not planning to issue any further shares prior to the AGM (except as set out in the prospectus¹), Alara has issued 10 million ordinary shares to Bayan. Further shares may be issued, pursuant to the JV agreement and subject to the issuance of exploration and/or mining licences².

Saudi Mining and Minerals Conference

The inaugural Saudi Mining and Minerals Conference was held in Riyadh 27-29 October 2015. The Petroleum and Minerals Minister, Ali Al-Naimi, announced the ministry aims to triple the mining sector's GDP contribution to SR260 billion (AUD 97 billion) by 2030³ and prepare an attractive climate for the foreign investors looking to invest in copper, zinc and precious metals.

These plans bode well for Alara and other companies set to participate in the development of the Kingdom's mining sector.

Feasibility Study Progress

The Company refers to its previous update⁴ noting:

Mining and Tailings Dam

A 1Mtpa staged development, as per the Advanced Options Study completed in 2014⁵, has been adopted for initial mine planning purposes on the 800,000tpa feasibility study. Subject to changes arising from geotechnical assessment still being carried out, this offers three stages of mine development, with a total of 9.37 million tonnes in pit resources and aims to deliver 11 years of production.

There is a pre-strip component of 2.73 million tonnes overburden, including considerable soft soil and colluvium before mineralised material becomes accessible. Almost all of this material will be used in building the tailings dam, with a footprint of 850m x850m. No additional material will have to be found to build the tailings dam.

Average waste to ore ratio for the in pit resources of 9.37 million tonnes at diluted 0.88% copper and 0.19g/t gold is estimated to be 4.86:1. The three stage pit plan offers considerable flexibility to mine higher grade resources at average waste to ore ratio of 6.1:1 in the first seven to eight years. It also offers flexibility for processing some lower grade material by heap leaching after ~four years.

Average grade in the first 4.2 years is likely to be marginally higher than the total average.

Bids for contract mining are being solicited. The low cost of diesel and highly competitive wage structure applicable in Oman are likely to assist in maintaining a low cost mining regime.

¹ Refer ASX Announcements dated 13th and 15th October 2015.

² Refer ASX Announcements dated 21 July 2015: "Alara Announces New JV Partner in Saudi Arabia" and 20 August 2015: "Alara and Bayan Extend Framework Agreement" for further details.

³ Available at: <http://www.arabnews.com/economy/news/826806>

⁴ Refer ASX Announcement dated 12 October 2015: "Feasibility Study Update (Oman)"

⁵ Refer ASX Market Announcement dated 14 October 2014: Oman Project Update – Positive Advanced Scoping Study Outcomes.

Processing

Process design criteria have been largely confirmed. A flow sheet with details of equipment and sizing has been determined for accurate costing of such equipment.

Assessment of civil, structural and electrical work is in progress.

Some additional test work requested by design engineers on the Central and South Zones (within the Washihi deposit) is in progress.

Infrastructure

Process water and power requirements have been determined and circulated for design and pricing. Applications for approvals to use water from a large waste treatment facility and electricity from the local grid are being lodged with the government with the assistance from local JV partner.

Location of related infrastructure including tailings dam, housing, workshops, and offices are being finalised with the assistance of technical experts. Costs for completing such infrastructure are being calculated.

Staffing levels have been finalised.

Board Appointment

In September, Alara announced the appointment of Mr Atmavireshwar Sthapak as a member of the Alara board.

Mr Sthapak is a geologist specializing in mineral resource exploration and evaluation. He joined Alara in 2011, making valuable contributions to the Company as an Exploration Manager and a Study Manager; including discovery of large VMS copper mineralisation extensions at the Washihi project in Oman.

Prior to Alara, Mr Sthapak worked 10 years with ACC / ACC-CRA Ltd, and 10 years with Rio Tinto (Australasia) where he was awarded a Rio Tinto Discovery Award in 2009. He has worked on world class deposits, including Mt. Isa copper deposits in Australia, and copper, gold and diamond mines on four continents.

Legal Proceedings

The Company refers to its previous announcements⁶ regarding the dispute with United Arabian Mining Company LLC ('Manajem').

Alara maintains that the claims made against its subsidiary Alara Saudi Operations Pty Ltd are without merit.

At the last court hearing on 8 September 2015, Manajem sought more time to prepare a response. The next hearing is scheduled for 17 November 2015.

Corporate Transaction

The September Company Update⁷ noted that various options had been and were being considered in respect to a potential corporate transaction⁸, but details of the parties' ongoing discussion remains subject to mutual confidentiality obligations.

The Company confirms that while advancing the joint venture projects in Oman towards production⁹, and actively preparing for a resolution of the impasse in Saudi Arabia, it is not eliminating other options, rather enhancing them for the benefit of all stakeholders.

⁶ Most recently ASX Announcement dated 17 September 2015: Company Update

⁷ Refer ASX Announcement dated 17 September 2015: Company Update

⁸ Refer ASX Announcement date 16 June 2015.

⁹ Refer to the ASX release dated 15 October 2015: Prospectus.

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.

Securities Information

as at 30 September 2015

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	248,007,500	-	248,007,500
\$0.10 (15 January 2016) Unlisted Options ¹⁰	-	10,000,000	10,000,000
Total	248,007,500	10,000,000	258,007,500

Summary of Directors' and Employees' Unlisted Options

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ¹¹	No. of Options
16 Jan 2014	\$0.10 (15 January 2016) Options	\$0.10	15 Jan 2016	Performance Conditions - Vested	10,000,000

¹⁰ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 18 November 2013](#) for a General Meeting held on 16 January 2014 and in [ASX Appendix 3B New Issue Announcement lodged on 21 January 2014](#)

¹¹ Options which have vested may be exercised at any time thereafter, up to their expiry date

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	980	339,493	0.137%
1,001 - 5,000	308	744,773	0.300%
5,001 - 10,000	177	1,502,128	0.606%
10,001 - 100,000	441	18,873,342	7.610%
100,001 - and over	246	226,547,764	91.347%
Total	2,152	248,007,500	100%

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	WHITECHURCH DEVELOPMENTS PTY LTD	14,345,510	5.78%
2.	BARON NOMINEES PTY LTD	12,100,000	4.88%
3.	INKESE PTY LTD	11,500,000	4.64%
4.	MS MENG MENG	10,784,106	4.35%
5.	CITICORP NOMINEES PTY LTD	10,397,755	4.19%
6.	MR FRANK WENG THONG CHEW	8,000,000	3.23%
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,749,527	3.12%
8.	DR JOHN HENRY ADDISON MCMAHON	5,300,000	2.14%
9.	MR WARREN WILLIAM BROWN & MRS MARILYN HELENA BROWN	4,650,000	1.87%
10.	MR BRIAN JOSEPH FLANNERY & MRS PEGGY ANN FLANNERY	4,412,390	1.78%
11.	MR MICHAEL ARCH	4,370,405	1.76%
12.	MR PETER KELVIN RODWELL	4,000,000	1.61%
13.	MR IAN EDWARD TREGONING & MRS LISA ANTONIETTA TREGONING	3,910,000	1.58%
14.	MR FIRAS SWEITI	3,200,000	1.29%
15.	JDW INVESTMENTS AUSTRALIA PTY LTD	2,800,000	1.13%
16.	MR JASON PAUL ATKINSON	2,500,000	1.01%
17.	MR CRAIG GRAEME CHAPMAN	2,399,114	0.97%
18.	DR PAUL CHARLES BURNETT	2,000,000	0.81%
19.	HOUVAN PTY LTD	2,000,000	0.81%
20.	MR ANTHONY BROWN	2,000,000	0.81%
Total		118,418,007	47.75%