

## ASX/MEDIA RELEASE

Thursday, 30 January 2014

## Oman Project Update

Alara Resources Limited (ASX: AUQ) (“Alara” or “Company”) is pleased to provide an update on developments at its Washihi/Daris Project in Oman. There have been some key recent developments:

- Exploration licenses renewed
- Mining licenses progressing
- Possible technology breakthrough on Washihi deposit –heavy media test work commenced
- Updated Scoping Study on hold pending heavy media test work outcomes (above)
- Options Analysis Study commissioned due to identified new process opportunities
- Strong interest from investor groups in the project

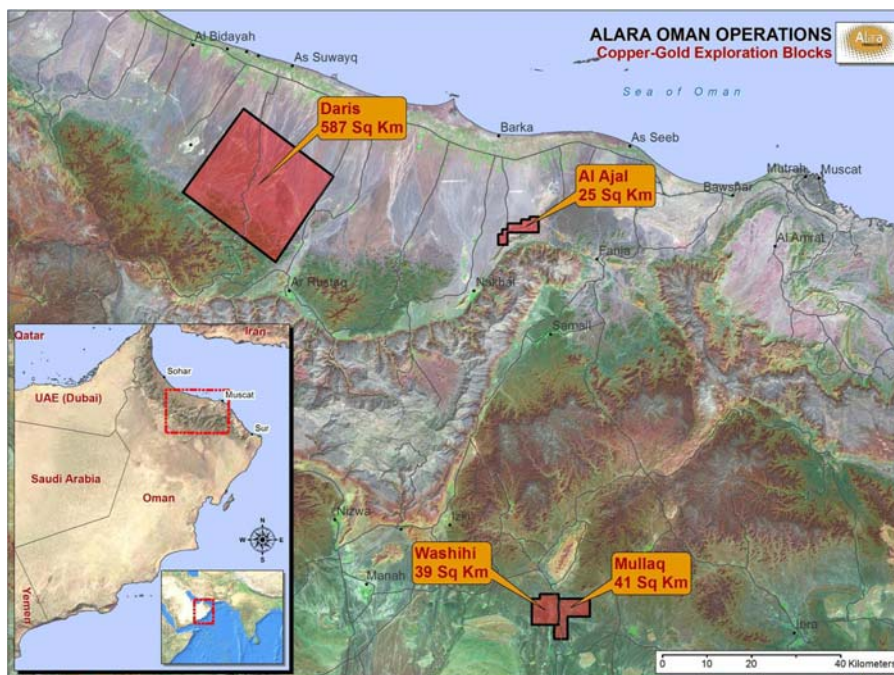
### Update on Licences to Operate

Alara has a joint venture interest in four exploration licenses in Oman extending over 692Km<sup>2</sup> (refer Figure 1). Five mining licence applications covering total 10Km<sup>2</sup> have also been filed.

The Director General of Minerals – Ministry of Commerce and Industry (MoCI) has written to confirm the renewal of the Project’s exploration licences and in turn this notification confirms the ministry is currently processing the mining licence applications. The Ministry has advised that the new exploration licences will be issued once further exploration work is ready to commence.

The Washihi exploration license contains the largest JORC copper resources in Oman.

**Figure 1: Washihi and Daris Project licence area**



## Updated Scoping Study

In the September 2013 Quarterly Report, the Company advised that an update to its prior Scoping Study had commenced in order to incorporate the significant upgrade in the Washihi Mineral Resource announced in July 2013<sup>1</sup> as well as recent positive results from the commissioned metallurgical test-work. As a result of these positive results the updated Scoping Study will consider an increase in operational throughput from 0.5 Mtpa to 1.0 Mtpa. This updated Scoping Study will form the basis for any further technical evaluations or studies going forward.

The Scoping Study is temporarily on hold awaiting the outcome of a possible breakthrough in the ore processing circuit for Washihi ore (see below). The process change is the potential use of heavy media separation that could upgrade the Washihi ore from 0.9% Cu to 1.4-1.8% Cu or higher. Initial test work is underway to confirm this. As this study was at 70% completion when put on hold it is estimated that a further \$12-15k will be required to complete the work. This range in cost is due to the possible addition of a heavy media separation circuit to the flow sheet and thus study program.

## Options Analysis - Washihi and Daris Copper-Gold Projects

In addition to the noted updated scoping study (above) that will evaluate an increased processing rate as the Project's "Base Case", further Project opportunities have come to light in the form of either a) the application of a heavy media separation circuit in order to effectively upgrade the Washihi ore grade and b) additional processing options of various forms of leaching and possible toll treatment of ores off site. As a result of these additional considerations for the Project an Options Analysis Study has been commissioned that will provide an initial assessment of these opportunities. This study will look at the following Project cases:

1. 1.0 Mtpa conventional floatation processing;
2. Heavy media separation process followed by 1.0 Mtpa conventional floatation circuit;
3. Heavy media separation process followed by 0.5 Mtpa conventional floatation circuit;
4. Off-site toll treatment of primary ores;
5. On-site conventional heap leach; and
6. On-site contained/vat leach.

These options have the potential to offer alternative development approaches to the combined Washihi and Daris project areas and in turn improve the overall project economics. The necessary processing data and information is currently available for these assessments with the exception of the heavy media separation (HMS) applicability. This HMS test work is currently underway and will be applied to the study if and as warranted.

The Option Analysis will compare the options and specifically evaluate each on their:

- Risk Profile;
- Timing to execute the option to cash flow stage;
- Value (NPV, IRR, Payback and other commercial matters);
- "Do-ability" or probability of success;
- Capex and/or up-front funding;
- Option fit for Alara (cost, timing, complexity etc); and
- Outline of the next steps for each option in order to take it forward.

## Oman Asset Divestment

With regards to progress of divestment work, since April 2013, a total of nineteen suitors have expressed interest in the Alara Oman assets. Investment interests have come from both local and international groups.

Seven confidentiality agreements have been executed in order to commence due diligence studies and two firm commercial offers have been received. Alara intends to continue discussions with these parties post completion of the current studies/technical work.

<sup>1</sup> Refer Alara's ASX market announcement dated 16 July 2013: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

## Alara's Oman Projects

### Washihi (Washihi-Mullaq-AI Ajal) Copper-Gold Project

Alara holds 70% (with a right to 75%) of the shares in the joint venture company, Al Hadeetha Resources LLC ("JV Company"). The JV Company holds the licences over the Washihi area of 39Km<sup>2</sup>, the Mullaq area of 41Km<sup>2</sup>, and the Al Ajal area of 25 Km<sup>2</sup>.

Two exploration licences Washihi and Mullaq are located approximately 100Km south-southeast of the Daris Project. One exploration licence, Al Ajal, is located approximately 40Km east of the Daris Project.

The JV Company has made applications for mining licences over Washihi area of 3Km<sup>2</sup>, Mullaq area of 3Km<sup>2</sup> and Al Ajal area of 1.5Km<sup>2</sup>.

The Washihi Project has a JORC Indicated Resource of 6.84Mt at 0.90% Cu and 0.17g/t Au and a JORC Inferred Resource of 7.27Mt at 0.71% Cu and 0.20g/t Au (refer Table 1 below).

### Daris Copper-Gold Project

Alara holds 50% (with right to 70%) of the shares in the joint venture company, Daris Resources LLC. The joint venture company Daris Resources LLC holds the licence over the area of 587 Km<sup>2</sup>.

The exploration licence is located approximately 150Km west of Muscat (capital city). The joint venture entity Daris Resources LLC has made applications for two mining licences over the Daris east area of 3.2Km<sup>2</sup> and Daris 3A-5 area of 1.3Km<sup>2</sup>.

The Daris Project has a JORC Measured and Indicated Resource of 240,024t sulphides at 2.37% Cu and 183,365t oxides at 0.72% Cu (refer Table 2 below).

## JORC Resource Statements<sup>2</sup>

**Table 1: Washihi Project Indicated and Inferred Resources<sup>3</sup>**

Cu % Cut off	Indicated Resource			Inferred Resource		
	Tonnes	Copper (Cu)	Gold (Au)	Tonnes	Copper (Cu)	Gold (Au)
	(Million)	%	g/t	(Million)	%	g/t
0	7.16	0.87	0.17	7.77	0.67	0.2
0.25	6.84	0.9	0.17	7.27	0.71	0.2
0.5	5.66	1.01	0.18	5	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1	2.39	1.37	0.2	1.24	1.31	0.27

\* Based on JORC Code, 2004 edition

**Table 2: Daris Project Measured and Indicated and Inferred Resources**

Ore type	Cut-off grade Cu%	Measured		Indicated		Measured and Indicated		Inferred	
		Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%
Sulphides	0.5	129155	2.48	110870	2.24	240024	2.37	30566	2.25
Oxides	0.5	96526	0.77	86839	0.66	183365	0.72	1712	0.61

\* Based on JORC Code, 2004 edition

– ENDS –

<sup>2</sup> This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported

<sup>3</sup> Refer Alara's ASX market announcement dated 16 July 2013: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

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**About Alara Resources**

The information in this report that relates to Mineral Resources in relation to the Washihi Copper-Gold Project (Oman) and the Daris Copper-Gold Project (Oman) and other Exploration Results is based on information compiled 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

For more information, please visit: [www.alararesources.com](http://www.alararesources.com).

**JORC Code Competent Persons Statement****Washihi Copper-Gold Project and Daris Copper-Gold Project - Oman**

The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia), Mineral Resources in relation to the Washihi Copper-Gold Project (Oman) and the Daris Copper-Gold Project (Oman) and other Exploration Results is based on information compiled 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.