

ASX/MEDIA RELEASE

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OMAN PROJECT UPDATE

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) provides this update on the Al Hadeetha Copper-Gold Project (previously the Washihi Project).

The Feasibility Study is progressing steadily and completion is expected before the end of Q1 2016.

Work recently completed includes:

Geotechnical Logging, Sampling and Laboratory Test Work

Logging and test work suggest that the final pit walls will be well supported by mainly hard basaltic rocks interbedded with layers of subordinate sedimentary rocks generally 2 to 5 metre thick. This data has been passed on to the mine planning and Whittle optimisation team for pit planning and scheduling.

Pit Planning, Optimisation and Scheduling

Operating costs, block models and other relevant data is ready to be handed over to the mining consultants. The optimisation and scheduling work is expected to be completed by the 4th week of February.

Operating Costs

Recent price rises in the cost of fuel is unlikely to have any significant impact on mining costs.

In January, the retail price of diesel in Oman was raised by 10% to 160 Baisa (US 41.6 cents) per litre. However, the cost of fuel remains very competitive by world standards and will continue to support the Company's low operating cost in Oman.

As noted in the Company's previous update¹, the processing OPEX is expected to remain below USD 7/tonne of material processed. Total OPEX costs are still to be confirmed, but are expected to be < USD 27/ tonne inclusive of smelting and refining charges, or approximately 0.063% copper equivalent at today's price of copper per tonne.

The Capital Costs Estimates

Apart from the tailings dam, the mining village and the power line from the grid, all of the large ticket items have been costed. Total Capex including these items as well as EPCM charges, working capital and contingencies is expected to remain within expectations (i.e. <USD45m).

Some of the work on the tailings dam may be deferred into the future to reduce upfront costs.

The Company remains optimistic on the timely conclusion of the study and, despite the current copper price, the profitability of the Project.

¹ Refer ASX Announcement dated 18 December 2015 "Project Update – Oman"



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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 and Al Hadeetha Copper-Gold Projects in Oman. The Company is transitioning towards establishing itself as an emerging base and precious metals mine development and production company. For more information, please visit: www.alararesources.com.

ASX Code | **AUQ**

