

Prospectus

Alara Resources Limited

ABN 27 122 892 719

For:

- a renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 7 Existing Shares at an issue price of \$0.02 per New Share to raise \$1,445,757 before issue costs (**Offer**); and
- an offer of Shortfall Securities on terms set out in section 8.7 (**Shortfall Offer**).

Lead Manager and Underwriter - CPS Capital Group Pty Ltd

ASX Code: AUQ

This Prospectus provides important information about the Company. You should read the entire document including the Entitlement and Acceptance Form. If you have any questions about New Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser. An investment in the New Shares offered under this Prospectus is highly speculative.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Important Notice: This Prospectus is dated 8 July 2016 and was lodged with ASIC on that date. Application will be made to ASX for quotation of the New Shares offered under this Prospectus within 7 days of this date.

Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. No securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Nature of this Prospectus: The New Shares offered under this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a 'transaction specific prospectus' to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities (or options to acquire securities) in a class which has been continuously quoted by ASX in the 3 months prior to the date of the prospectus. In general terms 'transaction specific prospectuses' are only required to contain information in relation to the effect of the offer on the company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus contains information only to the extent to which it is reasonable for investors and their professional advisers to expect to find the information in it. It does not include all of the information that would be included in a prospectus for an initial public offer.

Prospectus availability: Eligible Shareholders can obtain a copy of this Prospectus at any time prior to the Closing Date on the Company's website at www.alararesources.com or by contacting the Company. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

The electronic copy of this Prospectus available from the Company's website will not include a personalised Entitlement and Acceptance Form. Eligible Shareholders and others will only be able to accept the Offer, or apply under the Shortfall Offer (as the case may be), by completing the personalised Entitlement and Acceptance Form which accompanies this Prospectus or by making payment using BPAY® (refer to section 7.8 of this Prospectus for further information).

Foreign jurisdictions: The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are residents in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Disclaimer of representations: No person is authorised to provide any information or make any representation in connection with the Offer which is not contained in this Prospectus.

Forward looking statements: This Prospectus contains forward looking statements that, despite being based on the Company's current expectations about future events, are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and the Directors. These known and unknown risks, uncertainties and assumptions, could cause actual results, performance or achievements to materially differ from future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. These risks, uncertainties and assumptions include, but are not limited to, the risks outlined in section 6 of this Prospectus. Forward-looking statements include those containing such words as 'anticipate', 'estimate', 'believe', 'should', 'will', 'may' and similar expressions.

Privacy: Eligible Shareholders should read the privacy information located in section 8.17 of this Prospectus. By submitting an Entitlement and Acceptance Form, you consent to the matters outlined in that section.

Definitions: Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in section 12.

Enquiries: If you have any questions please call the Company Secretary on +61 8 9481 0389 at any time between 9:00am and 5:00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional adviser.

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Corporate Directory

Directors

Mr James Phipps (Non-Executive Chairman)
Mr Justin Richard (Managing Director)
Mr Vikas Jain (Non-Executive Director)
Mr AV Sthapak (Executive Director)
Mr Ian Gregory (Alternate Director)

Company Secretary

Ms Elizabeth Hunt
Mr Ian Gregory

Website

www.alararesources.com

Registered and Principal Office

Level 11, 216 St Georges Tce
Perth WA 6000
Tel: +61 8 9481 0389
Fax: +61 8 9463 6103
Email: cosec@alararesources.com

Share Registry*

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009
Tel: +61 8 9389 8033
Fax: +61 8 9262 3723

Lead Manager and Underwriter

CPS Capital Group Pty Ltd
Level 45, 108 St Georges Terrace
Perth WA 6000

Solicitors to the Offer

Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
West Perth WA 6005

Auditor*

Grant Thornton Audit Pty Ltd
Level 1, 10 Kings Park Road
West Perth WA 6005

*This party is named for informational purposes only and was not involved in the preparation of this Prospectus

1 TIMETABLE

| | |
|---|----------------|
| Prospectus lodged with ASIC and ASX | 8 July 2016 |
| Ex Date - Shares trade ex Entitlement | 13 July 2016 |
| Rights trading commences | 13 July 2016 |
| Record date to determine Entitlement (Record Date) | 14 July 2016 |
| Prospectus with Entitlement and Acceptance Form dispatched | 15 July 2016 |
| Offer opens for receipt of Applications | 15 July 2016 |
| Rights trading ends | 26 July 2016 |
| Closing date for acceptances (Closing Date) | 2 August 2016 |
| Notify ASX of Shortfall | 5 August 2016 |
| Issue of New Securities | 9 August 2016 |
| Deferred settlement trading ends | 9 August 2016 |
| Dispatch of shareholding statements | 9 August 2016 |
| Normal trading of New Securities expected to commence | 10 August 2016 |

The Directors may extend the Closing Date by giving at least 3 Business Days' notice to ASX prior to the Closing Date, subject to such date being no later than 3 months after the date of this Prospectus. As such the date the New Securities are expected to commence trading on ASX may vary.

2 KEY OFFER TERMS AND CAPITAL STRUCTURE

| | |
|---|-------------|
| Shares currently on issue ¹ | 506,015,000 |
| Options currently on issue ^{1 and 2} | 248,007,500 |
| New Shares offered under this Prospectus at \$0.02 per Share (approx.) ¹ | 72,287,857 |
| Maximum amount raised under this Prospectus (before costs) ¹ | \$1,445,757 |

¹ This assumes no further Shares are issued (including by way of exercise of Options) prior to the Record Date.

² See section 5.4 for a list of the Company's Options on issue.

3 CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of Alara, I am pleased to invite you to participate in a 1 for 7 renounceable pro-rata entitlement offer at an issue price of \$0.02 per New Share to raise up to approximately \$1,445,757 (before costs).

The Company's Al Hadeetha Copper-Gold Project contains Oman's single largest JORC Copper deposit and is considered large enough to be developed as a stand-alone project, and with potential for further enhancement once Exploration Targets are fully developed.

At the end of March, the Company announced findings of its Al Hadeetha feasibility study in Oman. The feasibility study followed a series of earlier studies on the Al Hadeetha and Daris projects.

The Company's joint venture partners in Oman and the local community are most keen to see the Al Hadeetha project advanced.

There is also potential for a regional consolidation strategy that could involve consolidating with other known copper deposits in Oman. The advantages of this approach include:

- sharing capital expenditure across two or more projects improving the returns for all shareholders;
- providing an opportunity to exploit other smaller deposits in Oman which are not viable as standalone projects, but which could become economically viable when incorporated into a 'hub and spoke' mining operation developed around a processing plant at Washihi; and
- opening up other opportunities e.g. railway and other infrastructure options.

Proceeds from the Offer will be applied towards:

- securing a mining licence for the Al Hadeetha Copper-Gold project in Oman by providing bridge finance to meet pre-operating expenses prior to commencement of mine and plant construction at Washihi;
- incorporating the results of the recently completed drilling program (including the high grade copper and gold mineralisation announced previously) into the existing Resource Model for the Company's Al Hadeetha Copper-Gold project;
- continuing the Company's pursuit of other licences/projects, including meeting commitments on Al Ajal, Mullaq and Daris to further increase mining inventory available to feed a concentration plant at Washihi;
- collaborating with our Saudi partners to secure a mining license for the Khnaiguiyah Zinc-Copper Project; and

- legal action before the Board of Grievances in regard to the Khnaiguiyah Zinc-Copper Project and (if necessary) judgement enforcement in Saudi Arabia.

A cost breakdown of the proposed use of funds is set out in section 5.2.

Please carefully read and consider this Prospectus and the personalised Entitlement and Acceptance Form in their entirety before deciding whether to participate in this Offer. Please pay particular attention to the key risk factors outlined in section 6 of this Prospectus, including risks facing a company seeking to develop a copper-gold project in the Middle East.

On behalf of your Board, I invite you to consider this Offer and thank you for your ongoing support for the Company.

Yours faithfully,

James Phipps
Chairman

4 INVESTMENT OVERVIEW AND KEY RISKS

This information is a selective overview only. Prospective investors should read the Prospectus in full before deciding to invest in New Shares.

| Question | Response | Where to find more information | | | | | | | | |
|--|--|--------------------------------|-------------------|--|-----------|---|-----------|--|-----------|-------------|
| What is the Offer? | <p>1 New Share for every 7 Existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.02 per New Share.</p> <p>Application will be made for the New Shares to be quoted on ASX.</p> <p>The Offer will raise \$1,445,757 (before costs).</p> | Section 5.1 | | | | | | | | |
| Am I an Eligible Shareholder? | <p>The Offer is only made to Eligible Shareholders, who are those Shareholders that:</p> <p>(a) are the registered holders of Shares as at 7:00pm (AEST) on the Record Date; and</p> <p>(b) have a registered address in Australia or New Zealand.</p> | Section 8.4 | | | | | | | | |
| How will the proceeds of the Offer be used? | <p>The Company intends to use the funds raised from the Offer broadly as follows:</p> <table border="1"><thead><tr><th>Use of funds</th><th>Full Subscription</th></tr></thead><tbody><tr><td>Incorporating results of recently completed drill program including additional mineralisation¹ intersected at Washihi into the existing resource model and conversion to JORC Reserve (post grant of mining licence)</td><td>\$200,000</td></tr><tr><td>Pre-operating expenses prior to commencement of mine and plant construction</td><td>\$400,000</td></tr><tr><td>Exploration /Development of Al Ajal, Mullaq and Block 7 (Daris) tenements to further increase mining inventory for the Washihi concentration</td><td>\$300,000</td></tr></tbody></table> | Use of funds | Full Subscription | Incorporating results of recently completed drill program including additional mineralisation ¹ intersected at Washihi into the existing resource model and conversion to JORC Reserve (post grant of mining licence) | \$200,000 | Pre-operating expenses prior to commencement of mine and plant construction | \$400,000 | Exploration /Development of Al Ajal, Mullaq and Block 7 (Daris) tenements to further increase mining inventory for the Washihi concentration | \$300,000 | Section 5.2 |
| Use of funds | Full Subscription | | | | | | | | | |
| Incorporating results of recently completed drill program including additional mineralisation ¹ intersected at Washihi into the existing resource model and conversion to JORC Reserve (post grant of mining licence) | \$200,000 | | | | | | | | | |
| Pre-operating expenses prior to commencement of mine and plant construction | \$400,000 | | | | | | | | | |
| Exploration /Development of Al Ajal, Mullaq and Block 7 (Daris) tenements to further increase mining inventory for the Washihi concentration | \$300,000 | | | | | | | | | |

¹ Refer ASX Announcement dated 14 June 2016: "Further information - Mineralisation at Al Hadeetha Project"

| Question | Response | Where to find more information |
|---|---|--------------------------------|
| | Oman and Saudi Licencing, particularly the Washihi and Khnaiguiyah Mining Licences | \$200,000 |
| | General working capital | \$190,757 |
| | Costs of the Offer | \$155,000 |
| | Total | \$1,445,757 |
| What are the key risks of a subscription under the Offer? | <p>An investment in the Company has risks that you should consider before making a decision to invest. These risks include:</p> <ul style="list-style-type: none"> • The ability of the Company to continue as a going concern is dependent on the Company being able to raise additional funds as required to meet ongoing exploration commitments and for working capital. • Mining licence - there is a risk that the mining licences for the Khnaiguiyah and Al Hadeetha projects are not granted. See section 6.2(d) and section 6.2(e). • Legal risk - the Company is currently in dispute with its former Saudi Joint Venture partner. See section 6.2(f). • Title risk - there is a risk that the Company (including its joint venture entities/partners) could lose title to one or more of its licences if licence conditions are not met. See section 6.2(g). • Exploration risks - the Company's Al Hadeetha/Daris projects include measured, indicated and inferred resources and an exploration target², and carries exploration risk. • As a junior explorer with no production or income, the Company is exposed to general market and economic condition risks. | Section 6 |

² Refer ASX Announcement dated 13 October 2015: "Rights issue to raise up to \$2.48m"

| Question | Response | Where to find more information |
|---|---|--------------------------------|
| | Please carefully consider these risks and additional risks contained in section 6 and the information contained in other sections of this Prospectus before deciding whether or not to apply for New Shares. | |
| Is the Offer underwritten? | The Offer is fully underwritten by CPS Capital to 72,287,857 New Shares or \$1,445,757. The underwriting is conditional upon certain conditions and terminating events customarily found in underwriting agreements for issuers in the Company's circumstances. | Section 8.5 |
| Is the Offer subject to any Conditions? | The Offer is not subject to any minimum subscription. | Section 8.2 |
| What will be the effect of the Offer on control of the Company? | The effect of the Offer on control of the Company will vary with the level of Entitlements taken up by Eligible Shareholders and the number of Shortfall Securities placed in the Shortfall Offer. Mr Vikas Jain, a Director of the Company, and his associates (Mul Chand Malu, Piyush Jan and Vikas Malu) currently have a voting power of 19.76% in the Company. Mr Jain has agreed to underwrite the offer for \$500,000, and their voting power will increase up to 24.09% in the Company if no Eligible Shareholders take up their Entitlement. | Section 5.5 |
| What are Shortfall Securities? | Any New Shares under the Offer that are not applied for by the Closing Date will become Shortfall Securities. The Shortfall Offer is an offer to issue Shortfall Securities and is a separate offer under this Prospectus. | Section 8.7 |
| How do I apply for New Shares and Shortfall Securities under the Offer? | Applications for New Shares and Shortfall Securities can be made by Eligible Shareholders completing the relevant sections of the personalised Entitlement and Acceptance Form and sending it to the Share Registry together with payment by cheque or BPAY in the amount of Entitlement and Shortfall Securities applied for. | Section 7 |

| Question | Response | Where to find more information |
|---|--|--------------------------------|
| Can I sell my Entitlements? | Yes, the Offer is renounceable meaning Entitlement may be transferred. | Section 8.6 |
| How will the Shortfall Securities be allocated? | The Underwriter has the right to nominate and determine who is to receive the Shortfall Securities, following consultation with, and due consideration of any comments provided by, the Company. | Section 8.7 |
| How can I obtain further advice? | Contact the Company Secretary on +61 8 9481 0389 at any time between 9:00am and 5:00pm (WST time) Monday to Friday until the Closing Date. Alternatively, consult your broker, accountant or other professional advisor. | |

5 PURPOSE AND EFFECT OF THE OFFER

5.1 Introduction

The Company is seeking to raise \$1,445,757 before issue costs by offering Eligible Shareholders 1 New Share for every 7 Existing Shares held as at the Record Date at a price of \$0.02 per New Share.

The Offer is fully underwritten by CPS Capital Group.

5.2 Purpose of the Offer

The Directors intend to apply the proceeds from the Offer as follows:

| Use of funds (approximately) ¹ | Full Subscription |
|--|-------------------|
| Incorporation of additional mineralization intersected at Washihi into the existing resource model and conversion to JORC Reserve (post grant of mining licence) | \$200,000 |
| Pre-operating expenses prior to commencement of mine and plant construction | \$400,000 |
| Exploration /Development of Al Ajal, Mullaq and Daris tenements to further increase mining inventory for the Washihi concentration | \$300,000 |
| Oman and Saudi Licencing, particularly the Washihi and Khnaiguiyah Mining Licences | \$200,000 |
| General working capital ² | \$190,757 |
| Costs of the Offer ³ | \$155,000 |
| Total | \$1,445,757 |

Notes:

- 1 This table is a statement of the proposed application of the funds raised as at the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the Company's decisions. The Company reserves the right to vary the way funds are applied.
- 2 General working capital includes but is not limited to corporate administration and operating costs and may be applied to directors' fees, ASX and share registry fees, legal, tax and audit fees, insurance and travel costs.
- 3 See section 10.5 for further details relating to the estimated expenses of the Offer, including fundraising expenses.

5.3 Statement of financial position

Set out in section 13 is the un-audited Consolidated Statement of Financial Position of the Company and the Consolidated Pro-Forma Statement of Financial Position, as at 31 March 2016 and prepared on the basis of the following assumptions:

- (a) the Offer was effective on 31 March 2016;
- (b) the costs of the Offer are \$155,000; and
- (c) no further Shares are issued (including by way of exercise of Options) other than all Shares offered under this Prospectus.

The pro-forma Statement of Financial Position has been prepared in accordance with draft ASIC Guide to Disclosing Pro Forma Financial Information (issued July 2005).

The pro-forma Statement of Financial Position have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

5.4 Effect of the Offer on the Company's securities

Assuming that no further Shares are issued (including by way of exercise of Options) prior to the Record Date, at the close of the Offer, the capital structure of the Company will be:

| Shares | Full Subscription | |
|--|-------------------|--------|
| | Number | % |
| Existing Fully Paid Shares | 506,015,000 | 87.50 |
| New Shares offered under this Prospectus | 72,287,857 | 12.50 |
| Total Shares | 578,302,857 | 100.00 |

5.5 Effect on control

There will be no effect on control of the Company if all Shareholders take up their Entitlement.

- (a) Underwriter

The Underwriter has agreed to underwrite the Offer for \$1,445,757 or 72,287,857 New Shares. The underwriter has appointed sub-underwriters who are contractually bound to subscribe for Shortfall Securities.

The Underwriter currently has no relevant interest in Shares of the Company and is not a related party of the Company for the purposes of the Corporations Act.

In the event that no Eligible Shareholders take up their rights under the Offer and no Shortfall is placed to sub-underwriters, CPS Capital will have a voting power of up to 12.50% in the Company.

(b) Major Shareholder

As at the date of this Prospectus, Mr Vikas Jain, a Director of the Company, is the largest Shareholder of the Company and, together with his associates (Mul Chand Malu, Piyush Jan and Vikas Malu), currently have voting power of 19.76% in the Company.

Mr Jain has agreed to sub-underwrite the Offer (see 8.5 below), with Mr Jain agreeing with Messrs Justin Richard and AV Sthapak that they would subscribe for \$82,000 and \$18,000.

Section 606 of the Corporations Act provides that a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction in relation to securities, a person's voting power in the company increases:

- (i) from 20% or below to more than 20%; or
- (ii) from a starting point that is above 20% and below 90%.

There are a number of exceptions to the 20% prohibition, including the underwriting exception. That is, an acquisition by an underwriter or sub-underwriter under a prospectus which discloses the effect that the acquisition will have on the person's voting power in the company.

In the event that no Eligible Shareholders take up their Entitlement and Mr Jain subscribes for his full sub-underwriting commitment, his (and his associates') voting power in the Company will increase up to 24.09% in the Company. The Underwriter will not place any shortfall to Mr Jain and his associates in excess of his sub-underwriting commitment.

(c) Others

As at the date of this Prospectus, no other Eligible Shareholder will, by reason of taking up their Entitlement under the Offer, increase their relevant interest in Shares to more than 20% of the Company's then issued Shares. However and to comply with ASX Listing Rule 7.7.1(c), the Company, will appoint CPS Capital as nominee to arrange for the sale of Ineligible Shareholders' Entitlements and to account to them for the net proceeds of the sale.

(d) Dilution

Shareholders who do not participate in the Offer will have their holdings diluted. Following is a table which sets out the dilutionary effect, assuming Full Subscription is raised and no further Shares are issued or Options exercised:

| Holder | Holding at Record Date | Entitlement | Holding following the Offer if no Entitlement taken up |
|--------|------------------------|-------------|--|
|--------|------------------------|-------------|--|

| | Number | % | Number | Number | % |
|---|------------|------|-----------|------------|------|
| 1 | 40,000,000 | 7.90 | 5,714,286 | 40,000,000 | 6.92 |
| 2 | 20,000,000 | 3.95 | 2,857,143 | 20,000,000 | 3.46 |
| 3 | 10,000,000 | 1.98 | 1,428,571 | 10,000,000 | 1.73 |
| 4 | 5,000,000 | 0.99 | 714,286 | 5,000,000 | 0.86 |

6 RISK FACTORS

The New Shares offered under this Prospectus are considered speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below and together with information contained elsewhere in this Prospectus and to consult with their professional advisers before deciding whether to apply for the New Shares pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business and circumstances. In addition, there are general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the New Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Risk specific to the Offer

(a) Dilution

Shareholders who do not take up their Entitlement will have their holding in the Company diluted. Details of dilution are set out in section 5.5(d) above.

(b) Control

The Directors have taken reasonable steps to ensure a reasonable distribution of voting power under the Offer, including the appointment of CPS Capital as Lead Manager and Underwriter. However, assuming some Shareholders take up their Entitlement and others do not, there is a risk that voting power may be consolidated among fewer Shareholders and the interests of these Shareholders may not align with other Shareholders' interests.

6.2 Company and industry specific risks

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

(a) Feasibility Study for Al Hadeetha Project

On 1 April 2016 the Company announced preliminary findings of its feasibility study for the Al Hadeetha Copper-Gold project. The findings are based upon certain assumptions for which the Company has a reasonable basis, including an analysis of the following modifying factors in relation to the Al Hadeetha project: environmental, mining, geological, metallurgical, geotechnical, resource modelling, plant design, operating costs, capital expenditure, sales/marketing, hydrology, power, tailings disposal, site infrastructure and project implementation.

However there is a risk that these assumptions may not occur.

(b) Future capital needs and additional funding

The funds raised by the Offer will primarily be used as set out in section 5.2 above. There is a risk that these funds will not be sufficient to complete the proposed work and/or that the Company may seek to raise further funds for future operational activities.

While the Company has received indicative terms for debt financing of the Al Hadeetha and Khnaiguiyah Projects, and has major Shareholders that are willing to provide further financial support to help advance these Projects into production, there is a risk that project finance for the Al Hadeetha Project will not be finalised.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including prospectivity of projects (existing and future), the results of exploration, subsequent feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern in the years ahead.

(c) Going Concern

The Company's financial statements for the period ending 31 December 2015 have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is principally dependent upon the Company bringing one or more of its mining projects into production and/or raising additional capital for its operations and commitments. The Directors consider the basis of going concern to be appropriate for the following reasons:

- (i) The current cash and liquid investments of the Company relative to its fixed and discretionary commitments;
- (ii) The contingent nature of certain project expenditure commitments of the Company;
- (iii) The ability of the Company to terminate/suspend certain agreements without any further on-going obligation beyond what has accrued up to the date of termination/suspension;
- (iv) The existing prospects for the Company to raise funds from the capital markets, including under the Offer and indicative terms received by the Company for debt finance; and
- (v) The fact that future exploration and evaluation expenditure are generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the progress of works undertaken to date and the prospects for the same) pursuant to relevant joint venture agreements and may be slowed or suspended as part of the management of the Company's working capital and other forecasted commitments.

There is a risk that, if the Company did not undertake and/or implement appropriate measures referred to above, the Company may not continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and for the amounts stated in the financial statements.

(d) Mining licence - Khnaiguiyah Zinc-Copper Project

As previously reported³, the Saudi Ministry of Petroleum and Mineral Resources (**MPMR**) has cancelled the mining licence for the Khnaiguiyah Zinc-Copper Project held by the United Arabian Mining Company LLC (**Manajem**), thus opening the door for the licence to be re-issued in due course.

The Company prepared for this contingency and on 20 August 2015, the Company, through its wholly owned subsidiary Saudi Investments Pty Ltd and Bayan Mining LLC (**Bayan**) (its JV partner) agreed to extend their JV agreement to include the Khnaiguiyah area. The Company took this action to address the potential cancellation of the Khnaiguiyah mining licence, which was at that time reasonably foreseeable.

The Company now seeks to utilise the Definitive Feasibility Study (which it funded) in concert with a new licence holder to help ensure the Khnaiguiyah Zinc-Copper project is advanced to production as soon as possible.

³ Refer ASX announcement dated 23 December 2015: Project Update: Potential Breakthrough on Khnaiguiyah Project.

The Company and Bayan have agreed, subject to all necessary licensing requirements being satisfied, to jointly develop and exploit mining opportunities at Khnaiguiyah.

Manajem have initiated a claim before the Board of Grievances (an independent administrative judicial committee which handles commercial disputes) against MPMR, claiming wrongful termination of the licence by MPMR. Legal advice indicates it would be highly unusual for a Saudi Court to impose an injunction or order of specific performance against the MPMR, as typically the remedy (if any) would be damages.

For the avoidance of confusion, Manajem's claim against the MPMR for wrongful termination is separate from the legal proceedings between Manajem and the Company.

The Company has been advised that Bayan are currently pursuing the mining licence through the appropriate channels.

The Company believes it is in a strong position given it owns the only Bankable Feasibility Study for the project. However, there is a risk that the Khnaiguiyah mining licence is not re-issued to Bayan or to anyone.

(e) Mining Licence - Al Hadeetha Copper-Gold Project

The mining licence application for the Washihi deposit in Oman has also progressed with approval from several government departments confirmed.

Despite this progress, there is the risk that these mining licences will not be granted and/or the remaining steps prior to the mining licences being granted may take longer than expected which may adversely impact on the assets, operations and financial performance of the Company and its securities.

(f) Legal proceedings between Manajem and the Company

Manajem has filed a claim against Alara Saudi Operations Pty Ltd (a wholly owned subsidiary of the Company) before the Board of Grievances. Manajem has claimed alleged breaches by the Company:

- (i) under the JV shareholders agreement; and
- (ii) of Saudi Arabian law.

The relief being sought by Manajem includes orders in relation to the termination of all agreements with the Company, the winding up of the JV company and direct and indirect economic damages (notwithstanding the fact that indirect damages are deemed to be uncertain and therefore are not compliant with Shari'ah Law principles).

The Company has filed a defence and counterclaims against Manajem based on specific breaches of the JV shareholders agreement by Manajem. Broadly, the Company seeks the return of US\$3,226,000 paid to Manajem for their cooperation in the transfer of the Khnaiguiyah mining licence to the

Khnaiguiyah Mining Company (KMC). Manajem refused to cooperate in the transfer of the mining licence to KMC and this default eventually resulted in a complete stalling of the joint venture as KMC was unable to move the project forward without Manajem's cooperation or the mining licence. The next court date is scheduled for 26 July 2016.

To date, Manajem has failed to:

- (i) provide any particulars to support their claims (i.e. they have neither specified a cause of action nor provided substantiating documentary evidence as required by Shari'ah Law and the policy and practice of the Saudi Arabian Commercial Courts)
- (ii) respond specifically to the Company's counterclaims.

Given the nature and level of claimed damages and the lack of substantiating evidence or documentation, the Company believes (on the basis of discussions with local legal counsel) that there is little to no reasonable basis in law or fact for Manajem to assert the alleged claim. Whilst the Company believes it has a valid counterclaim requiring Manajem to repay the US\$3,266,000, there is a risk that the Board of Grievances dismisses the Company's counterclaim, or that any judgement may not be recoverable. There is a risk the proceedings could impact adversely on the assets, operations and financial performance of the Company and its securities.

(g) Exploration Licences

The Al Hadeetha Copper Gold Project (including Washihi, Al Ajal and Mullaq exploration licences) and the Daris Copper Gold Project (including Block 7 exploration licence) are governed by mining legislation of the Sultanate of Oman. Each tenement is for a specific term and carries with it annual reporting commitments as well as other conditions requiring compliance. There is a risk that the Company (including its joint venture entities) could lose title to one or more of its licences if licence conditions are not met.

The Company has entered into a shareholders agreement with Daris Resources LLC, the Company's JV partner in the Daris Project in Oman. The Company has a valid and legally enforceable contractual right to commercially exploit the Daris Project held by Daris Resources LLC (in which the Company has a 50% shareholding interest) and does not hold the legal title to the mineral exploration licence (which is held by the other 50% shareholder of Daris Resources LLC). The financial statements have been prepared on this basis. Should these legal rights be lost for any reason, the carrying value of Other Non-Current Assets attributable to the Daris Project would be impaired.

(h) Exploration Risks

No assurance can be given that further studies and exploration will be successful or that a commercial mining operation will eventuate.

The ultimate success and financial viability of the Company depends on the design and construction of efficient mining and processing facilities, and competent operational and managerial performance.

There is no assurance that exploration and/or development of current projects, or any projects that may be acquired by the Company in the future, will result in these projects being profitably exploited.

(i) Feasibility and Exploration Costs

The feasibility and exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties (including foreign exchange variations) and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(j) Copper, gold, zinc and other commodity prices

As an explorer for gold, copper, zinc and potentially other minerals, any earnings of the Company are expected to be closely related to the price of these commodities.

Commodities prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for commodities, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

(k) Resource estimates

The Company has previously announced resource estimates and exploration targets. These are expressions of judgement based on knowledge, experience and industry practice (refer to the JORC Code for further information on resource estimation). Estimates that were valid when originally made may alter significantly when new information or techniques become available.

In addition, by their very nature, resource estimates are imprecise and depend on interpretations which may prove to be inaccurate, and whilst the Company will employ industry-standard techniques including compliance with the JORC Code to reduce the resource estimation risk, there is no assurance that this approach will alter the risk. As further information becomes available, resource estimates may change. This may result in alterations to

mining and development plans which may in turn adversely affect the Company.

(l) Environmental Risks

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceed. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. As advised above, the environmental license associated with the Khnaiguiyah Zinc-Copper project has expired. As a result, this may delay anticipated mining activities and increase compliance costs.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Delays in obtaining necessary approvals can result in delay to anticipated exploration programmes or mining activities.

(m) Joint venture, acquisitions or other strategic investments

The Company is currently a joint venture partner in multiple projects in Saudi Arabia and Oman. The Company may in the future become a party to other joint venture agreements governing the exploration and development of its projects. There is a risk that one of the Company's joint venture partners may default in their joint venture obligations or not act in the best interests of the joint venture. Please see section 6.2(c) above in relation to the Khnaiguiyah Project. This may have an adverse effect on the interests and prospects of the Company.

The Company may enter into strategic investments in complementary businesses, or enter into strategic alliances or partnerships with third parties in order to enhance its business. Such arrangements involve a wide range of risks.

(n) Legal risk

The Company has interests in Saudi Arabia and Oman. These countries have different legal systems to Australia and are founded in Shari'ah law. This law is not static, as legal scholars continue to interpret and develop the Shari'ah to meet the demands of modern life.

(o) Uninsured loss and liability

Exploration for and development of minerals involves hazards and risks that could result in the Company incurring losses and liabilities to third parties. There is a risk that the Company may not be insured against all potential losses or liabilities that could arise from its activities. If the Company incurs losses or liabilities that are not covered by its insurance policies, the funds available for exploration could be reduced and create risk for the value of the Company's assets.

(p) Key People

The responsibility of overseeing the Company's operations and strategic management depends substantially on its Directors and key personnel. There can be no assurance that there will not be a detrimental impact on the Company if one or more of these persons cease their employment or involvement with the Company.

6.3 General investment risks

The risks outlined below are some of the general risks that may affect an investment in the Company.

(a) Securities investments and share market conditions

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance. Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

(b) Liquidity risk

The market for the Company's Shares may be illiquid. As a consequence investors may be unable to readily exit or realise their investment.

(c) Economic risk

Changes in Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings. The Company's possible revenues and price of its securities can be affected by these factors which are beyond the control of the Company and its Directors.

7 ACTIONS REQUIRED BY ELIGIBLE SHAREHOLDERS

7.1 What you may do

As an Eligible Shareholder, you may:

- (a) subscribe for all or part of your Entitlement (see section 7.2);
- (b) subscribe for all of your Entitlement and apply for Shortfall Securities (see section 7.3);
- (c) sell all of your Entitlement on ASX (see section 7.4);
- (d) take up part of your Entitlement and sell the balance on ASX (see section 7.5);
- (e) deal with part or all of your Entitlement other than on ASX (see section 7.6);
or
- (f) allow all or part of your Entitlement to lapse (see section 7.7).

7.2 Subscribe for all or part of your Entitlement

Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the New Shares offered by this Prospectus before deciding to apply for New Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus.

If you wish to subscribe for all or part of your Entitlement, complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. The Entitlement and Acceptance Form sets out the number of New Shares you are entitled to subscribe for.

7.3 Subscribe for all of your Entitlement and apply for Shortfall Securities

Eligible Shareholders who take up their Entitlement in full may, in addition to their Entitlement, apply for Shortfall Securities regardless of the size of their present holding by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. See section 8.7 for details of the manner in which Shortfall Securities will be allocated.

Surplus application moneys will be returned to Applicants as soon as practicable following the close of the Offer.

7.4 If you wish to sell all of your Entitlement

Complete the section marked “Instructions to Stockbroker” on the Entitlement and Acceptance Form, which accompanies this Prospectus, in accordance with the instructions contained on the form and lodge it with your stockbroker as soon as possible.

Rights trading will commence on ASX on 13 July 2016. Sale of your Rights must be completed by 26 July 2016 when Rights trading is expected to cease.

7.5 If you wish to take up part of your Entitlement and sell the balance

Please complete the Entitlement and Acceptance Form, which accompanies this Prospectus, by inserting the number of New Shares for which you wish to accept (being less than as specified on the Application Form) and complete the section marked “Instructions to Stockbroker” on the back of the form in respect of that part of your Entitlement you wish to sell.

Forward the form to your stockbroker together with your cheque for the total amount payable in respect of the New Shares accepted. Your stockbroker will need to ensure that the completed Application Form reaches the Company’s share registry, by 5:00pm WST on 2 August 2016. Cash will not be accepted and no receipts will be issued.

Rights trading will commence on ASX on 13 July 2016. Sale of your Rights must be completed by 26 July 2016 when Rights trading is expected to cease.

7.6 If you wish to transfer your Entitlement other than on ASX

If you are a Shareholder and hold Existing Shares on the issuer sponsored sub-register, forward a completed renunciation form (obtainable through your stockbroker or the Company’s share registry) together with your Entitlement and Acceptance Form completed by the transferee together with a cheque for the appropriate Application monies to reach the Company’s share registry, by 5:00pm WST on 2 August 2016.

If you are a Shareholder and hold Existing Shares registered on CHESS, you should contact your sponsoring broker.

Cash will not be accepted and no receipts will be issued.

7.7 Allow all or part of your Entitlement to lapse

If you are an Eligible Shareholder and do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

If you take no action, your Entitlement will lapse. You will receive no benefit or New Shares and your Entitlement will become Shortfall Securities.

If you wish to apply for New Shares, you must take action to accept your Entitlement in accordance with the instructions above and on the accompanying personalised Entitlement and Acceptance Form.

The number of Existing Shares you hold as at the Record Date and the rights attached to those Existing Shares will not be affected if you choose not to accept any of your Entitlement.

7.8 Payment methods

BPAY

If you are paying by BPAY, refer to your personalised instructions on your Entitlement and Acceptance Form. Shareholders who wish to pay by BPAY must ensure that payment is received by no later than 5:00pm AEST on the Closing Date.

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. It is your responsibility to ensure that funds submitted through BPAY are received by 5:00pm AEST on the Closing Date.

If you have more than one shareholding and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the Customer Reference Number specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. Do not use the same Customer Reference Number for more than one of your shareholdings. This can result in your application monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

The Company will not be responsible for any postal or delivery delays or delay in the receipt of the BPAY payment.

Cheque, bank draft or money order

Alternatively, if you are paying by cheque, bank draft or money order, the completed Entitlement and Acceptance Form must be accompanied by a cheque, bank draft or money order made payable to 'Alara Resources Limited' and crossed 'Not Negotiable' for the appropriate application money in Australian dollars calculated at \$0.02 per New Share accepted. Your cheque, bank draft or money order must be paid in Australian currency and be drawn on an Australian branch of an Australian financial institution. The Company will present the cheque or bank draft on the day of receipt of the Entitlement and Acceptance Form. You must ensure that your cheque account has sufficient funds to cover your payment, as your cheque will be presented for payment on receipt. If your bank dishonours your cheque your application will be rejected. Dishonoured cheques will not be represented.

If the amount of your cheque(s), bank draft(s) or money order(s) for application money (or the amount for which those cheque(s) or bank draft(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared application money will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

The Entitlement and Acceptance Form must be received by the Company at either of the following addresses by no later than 5:00pm (AEST) on the Closing Date:

| Mailing Address: | Hand Delivery: |
|---|--|
| Advanced Share Registry Services PO Box 1156 NEDLANDS WA 6909 | Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009 |

7.9 Entitlement and Acceptance Form is binding

Receipt of a completed and lodged Entitlement and Acceptance Form together with a cheque for the application monies, or by making a payment in respect of an Application by BPAY, constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, or by making a payment in respect of an Application by BPAY, you will be deemed to have represented that you are an Eligible Shareholder. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- (a) agree to be bound by the terms of the Offer;
- (b) declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- (c) declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- (d) authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Company's share registry upon using the contact details set out in the Entitlement and Acceptance Form;
- (e) declare that you are the current registered holder of Shares and are an Australian or New Zealand resident, and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- (f) acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- (g) acknowledge that the New Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and New Zealand and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption

from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

The Entitlement and Acceptance Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon the issue of the New Shares.

If the Entitlement and Acceptance Form is not completed correctly or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as a valid application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the application monies received by the Company.

8 DETAILS OF THE OFFER

8.1 Shares offered for subscription

By this Prospectus the Company makes a renounceable pro rata offer to Eligible Shareholders of 1 New Share for every 7 Existing Shares held as at the Record Date at a price of \$0.02 per New Share to raise \$1,445,757 before issue costs. Fractional entitlements will be rounded up to the nearest whole number.

The Offer is only open to Eligible Shareholders. The Company reserves the right to reject any application that it believes comes from a person who is not an Eligible Shareholder.

Details of how to apply for New Shares are set out at section 7.

All New Shares offered under this Prospectus will rank equally with Existing Shares. The rights and liabilities of the New Shares are summarised in section 9.

8.2 Minimum subscription

The Offer is not subject to a minimum subscription.

8.3 Acceptances

This Offer may be accepted in whole or in part prior to the Closing Date subject to the rights of the Company to extend the Offer period.

Instructions for accepting your Entitlement are set out in section 7 and on the Entitlement and Acceptance Form which accompanies this Prospectus.

8.4 Entitlement to Offer

The Offer is made to Eligible Shareholders, who are those Shareholders that:

- (a) are the registered holder of Shares as at 7:00pm (AEST) on the Record Date; and
- (b) have a registered address in Australia or New Zealand.

8.5 Lead Manager and Underwriting

CPS Capital Group Pty Ltd is acting as Lead Manager and will fully underwrite the Offer, being the issue of 72,287,857 Shortfall Securities or \$1,445,757 (**Underwritten Amount**).

Mr Vikas Jain, a Director of the Company, has agreed (along with his associates and other directors of the Company) to sub-underwrite the Offer for \$500,000.

Mr Justin Richard and Mr Atmavireshwar Sthapak have agreed with Mr Jain to sub-underwrite \$82,000 and \$18,000 respectively of the \$500,000 sub-underwritten by Mr Jain.

The financial benefits given for sub-underwriting are customarily found in sub underwriting agreements conducted at arm's length, so that shareholder approval is not required under Chapter 2E of the Corporations Act for the sub-underwriting.

CPS Capital will be paid a fee for managing and underwriting the Offer, details of which are set out in sections 10.3. All sub-underwriting fees will be paid by CPS Capital.

The Company may also be required to reimburse the Underwriter for costs incurred in relation to the Offer.

The underwriting of the Offer is conditional upon satisfaction or waiver by the Underwriter of the certain conditions ordinarily found in an agreement of this type, including that:

- (a) the Company has (subject to certain limitations, including where the loss arises through the Underwriter performing its underwriting obligation) agreed to indemnify the Underwriter, its directors, officers, employees and agents against losses suffered or incurred in connection with the Offer;
- (b) the Company and the Underwriter have given representations, warranties and undertakings in connection with (among other things) the conduct of the Offer;
- (c) the Underwriter may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from their obligations under it on the occurrence of certain events, including (but not limited to) where any of the following events has a material adverse effect or could give rise to a liability of the Underwriter under the Corporations Act or otherwise:
 - (i) any of the S&P ASX 200 Index is at any time after the date of the Underwriting Agreement 7% or more below its respective level as at the close of business on the Business Day prior to the date of the Underwriting Agreement;
 - (ii) the closing price of Shares as quoted by the ASX prior to the allotment of New Shares is less than the issue price;
 - (iii) an event occurs which gives rise to a material adverse effect or any adverse change or any development including a likely material adverse effect after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of any relevant company including, without limitation, if any forecast in the Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;

- (iv) any of the material contracts or contracts described in this Prospectus (other than the Underwriting Agreement) or disclosed to ASX are terminated or substantially modified;
- (v) there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of the Underwriting Agreement involving one or more of Australia, New Zealand, Indonesia, Japan, Russia, the United Kingdom, the United States of America, India, Pakistan or the Peoples Republic of China, Israel or any member of the European Union, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or
- (vi) a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or other international financial markets.

8.6 Rights trading

The Rights to Shares are renounceable, which enables Shareholders who do not wish to take up some or all of their Entitlement to sell or otherwise transfer all or part of their Entitlement. Trading of Rights on the ASX is expected to commence on 13 July 2016 and end on 26 July 2016.

8.7 Shortfall

Any New Shares not applied for under the Offer will become Shortfall Securities. The Directors reserve the right to issue any Shortfall Securities within 3 months after the Closing Date (**Shortfall Offer**).

The Shortfall Offer is, to the extent it is made in Australia, made under this Prospectus. To the extent the Shortfall Offer is made outside Australia, the Shortfall Offer is made without disclosure, a prospectus, lodgement, filing or registration, or other requirements of any applicable securities law, and only in circumstances where it is lawful to do so (such as to institutional or sophisticated investors).

Eligible Shareholders may apply for Shortfall Securities by completing the accompanying Entitlement and Acceptance Form in accordance with the instructions set out on that form. Other investors who are not Eligible Shareholders may apply for Shortfall Securities by completing the Shortfall Application Form attached to this Prospectus. Persons outside Australia doing so represent to the Company that they can apply for Shortfall Securities in circumstances which do not require the offer for Shortfall Securities or this Prospectus to be registered.

It is possible that there may be no Shortfall Securities available for issue.

The Underwriter has the right to nominate and determine who is to receive the Shortfall Securities, following consultation with, and due consideration of any comments provided by, the Company.

Subject to the above, the Directors reserve the right at their absolute discretion to reject any application for Shortfall Securities or to issue a lesser number of Shortfall Securities than that applied for and it is an express term of the Shortfall Offer that applicants for Shortfall Securities will be bound to accept a lesser number of Shortfall Securities allocated to them than applied for. If a lesser number is allocated, excess application money will be refunded without interest as soon as practicable after the Closing Date.

8.8 Offer outside Australia and New Zealand

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia and New Zealand.

8.9 Treatment of Ineligible Shareholders

Given the small number of Ineligible Shareholders and the cost of complying with applicable regulations in those jurisdictions, the Company has decided that it would be unreasonable to extend the Offer to Ineligible Shareholders. The Prospectus will not be sent to those Shareholders.

(a) New Zealand

The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares. This Prospectus has not been registered, filed or approved by any New Zealand regulatory authority. This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

(b) Elsewhere

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue the Prospectus or make the Offer. No action has been taken to register or qualify the New Shares or the Offer or otherwise to permit an offering of the New Shares in any jurisdiction other than as set out in this section.

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or

benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).

8.10 Appointment of nominee

As the Offer is renounceable and for the purposes of Listing Rule 7.7.1(c), the Company, will appoint CPS Capital as nominee to arrange for the sale of the entitlements that would have been given to Ineligible Shareholders and to account to them for the net proceeds of the sale.

The proceeds of sale (in Australian dollars) will be distributed to the Non-Eligible Foreign Shareholders for whose benefits the Rights have been sold in proportion to their shareholdings as at the Record Date (after deducting the costs of the sale).

8.11 Beneficial holders, nominees, trustees and custodians

Nominees and custodians that hold Shares should note that the Offer is available only to Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

8.12 Issue of New Shares and application money

New Shares will be issued only after ASX has granted permission for the New Shares to be quoted. It is expected that New Shares will be issued on 9 August 2016 and normal trading of the New Shares on ASX is expected to commence on 10 August 2016.

All application monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the New Shares are issued or application monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

8.13 Quotation

The Company will apply to ASX within 7 days after the date of this Prospectus for quotation of the New Shares offered by this Prospectus on ASX. If ASX does not grant permission for the quotation of the New Shares offered under this Prospectus within 3 months after the date of this Prospectus, or such longer period as modified by ASIC, none of the New Shares offered by this Prospectus will be issued. In these

circumstances, all Applications will be dealt with in accordance with the Corporations Act including the return of all application monies without interest.

A decision by ASX to grant official quotation of the New Shares is not to be taken in any way as an indication of ASX's view as to the merits of the Company or of the New Shares.

Quotation, if granted, of the New Shares offered by this Prospectus will commence as soon as practicable after statements of holdings of the New Shares are dispatched.

8.14 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares, which are on the same terms and conditions as the New Shares being offered under this Prospectus, during the 3 months immediately preceding the lodgement of this Prospectus with the ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

| | 3 month high | 3 month low | Last market sale price |
|-------|--|--|------------------------|
| Price | \$0.034 on 9 May 2016 and 11 May 2016 | \$0.015 on 20-22 April 2016 and 12 April 2016 | \$0.023 on 7 July 2016 |

8.15 CHESS

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASPL), a wholly owned subsidiary of ASX.

Under CHESS, the Company does not issue certificates to investors. Instead, security holders will receive a statement of their holdings in the Company, including New Shares issued under this Prospectus. If an investor is broker sponsored, ASPL will send a CHESS statement.

The CHESS statement will set out the number of New Shares issued under this Prospectus, provide details of your holder identification number and give the participation identification number of the sponsor.

If you are registered on the issuer sponsored sub register, your statement will be dispatched by the Company's share registrar and will contain the number of New Shares issued to you under this Prospectus and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

8.16 Taxation and duty implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Offer or Shareholders applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Offer. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

No brokerage or stamp duty is payable by Applicants in respect of Applications for New Shares under this Prospectus.

8.17 Privacy

The Company collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's security holding in the Company.

By submitting an Entitlement and Acceptance Form, each Applicant agrees that the Company may use the information provided by an Applicant on the Entitlement and Acceptance Form for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Company's related body corporates, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory authorities.

The Corporations Act requires the Company to include information about the Shareholder (including name, address and details of the Shares held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate distribution payments and corporate communications (including the Company's financial results, annual reports and other information that the Company may wish to communicate to its security holders) and compliance by the Company with legal and regulatory requirements.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process your Application. An Applicant has the right to gain access to the information that the Company holds about that person subject to certain exceptions under law. A fee may be charged for access. Such requests must be made in writing to the Company's registered office.

8.18 Enquiries

Any queries regarding the Offer should be directed to Ms Elizabeth Hunt, Company Secretary on +61 8 9481 0389.

Any queries regarding the Entitlement and Acceptance Form should be directed to the Share Registry on +61 8 9389 8033 from 9:00am to 5:00pm (WST), Monday to Friday.

You can also contact your stockbroker or professional adviser with any queries in relation to the Offer.

9 RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

9.1 New Shares

Full details of the rights and liabilities attaching to the New Shares are:

- detailed in the Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

(a) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of members every member has one vote on a show of hands and one vote per Share on a poll. Voting may be in person or by proxy, attorney or representative.

(b) Dividends

Subject to the rights of holders of shares issued with any special rights (at present there are none), the profits of the Company which the Board may from time to time determine to distribute by way of dividend are divisible to each share of a class on which the Board resolves to pay a dividend in proportion to the amount for the time being paid on a share bears to the total issue price of the share. All of the Company's Existing Shares and New Shares offered under the Prospectus are fully paid ordinary shares.

(c) Future issues of securities

Subject to the Corporations Act and the Listing Rules, the Directors may issue, grant options over, or otherwise dispose of unissued shares in the Company at the times and on the terms that the Directors think proper and a share may be issued with preferential or special rights.

(d) Transfer of Shares

A shareholder may transfer Shares by a market transfer in accordance with any computerised or electronic system established or recognised by ASX for the purpose of facilitating transfers in Shares or by an instrument in writing in a form approved by ASX or the Board.

(e) Meetings and notices

Each shareholder is entitled to receive notice of, and to attend, general meetings for the Company and to receive all notices, accounts and other

documents required to be sent to Shareholders under the Constitution, the Corporations Act or the Listing Rules. Shareholders may requisition meetings in accordance with the Corporations Act.

(f) Election of Directors

There must be a minimum of 3 but not exceeding 9 Directors. At every annual general meeting one third of the Directors (rounded up to the nearest whole number not exceeding one third) must retire from office. The director or directors to retire at an annual general meeting are those who have been longest in office since their election. The Company may fill the vacated office by reelecting the retiring director or electing some other qualified person. These retirement rules do not apply to certain appointments including the managing director.

(g) Indemnities

To the extent permitted by law the Company must indemnify each past and present Director and secretary against any liability incurred by that person as an officer of the Company and any legal costs incurred in defending an action in respect of such liability.

(h) Winding up

If the Company is wound up, the liquidator may, with the sanction of a special resolution of the Shareholders:

- (i) divide the assets of the Company among the members in kind;
- (ii) for that purpose fix the value of assets and decide how the division is to be carried out as between the members and different class of members; and
- (iii) vest assets of the Company in trustees on any trusts for the benefit of the members as the liquidator thinks fit, but so that no member is compelled to accept any shares or other securities in respect of which there is any liability.

(i) Shareholder liability

As the Shares under the Prospectus are fully paid shares, they are not subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(j) Alteration to the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. At least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

(k) Listing Rules

If the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision and it does not contain such a provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution not to contain a provision and it contains such a provision, the Constitution is deemed not to contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

10 ADDITIONAL INFORMATION

10.1 Continuous disclosure obligations

The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities. The New Shares which will be issued pursuant to this Prospectus are in the same class of Shares that have been quoted on the official list of the ASX during the 12 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of New Shares on the Company and the rights attaching to the New Shares. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the period from lodgment of the Company's annual financial report of the Company for the financial year ended 30 June 2015 to the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report of the Company for the financial year ended 30 June 2015 being the last financial report for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half-year financial report lodged with ASIC by the Company after the lodgment of that annual report and before the lodgment of this Prospectus; and
 - (iii) any continuous disclosure notices given by the Company after the lodgment of the financial report referred to in paragraph (i) and before the lodgment of this Prospectus with ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be obtained free of charge from the Company's registered office during normal office hours.

The Company has lodged the following announcements with ASX since its 2015 annual financial report:

| Date | Description of Announcement |
|------------|---|
| 06/07/2016 | Rights Issue to Raise \$1.45M |
| 01/07/2016 | Oman Project Update - Infill Drilling at Washihi Complete |
| 14/06/2016 | Further Information - Mineralisation at Al Hadeetha Project |
| 08/06/2016 | Oman Project Update |
| 31/05/2016 | Project Updates |
| 19/05/2016 | Khnaiguiyah Zinc-Copper Project - Legal Update |
| 10/05/2016 | Oman Project Update |
| 03/05/2016 | Khnaiguiyah Zinc Project - Project Update |
| 02/05/2016 | Quarterly Activities Report |
| 02/05/2016 | Quarterly Cashflow Report |
| 13/04/2016 | Board Appointment and Appendix 3X |
| 12/04/2016 | Change of Director's Interest Notice |

| Date | Description of Announcement |
|-------------|---|
| 01/04/2016 | Feasibility Study Update |
| 31/03/2016 | Final Director's Interest Notice |
| 31/03/2016 | Board Changes and Employee Options |
| 18/03/2016 | Al Hadeetha Project - Exploration Licence Renewal |
| 16/03/2016 | Half Year Accounts |
| 23/02/2016 | Update on Legal Proceedings in Saudi Arabia |
| 09/02/2016 | Appointment of Executive Director |
| 29/01/2016 | Quarterly Cashflow Report |
| 29/01/2016 | Quarterly Activities Report |
| 20/01/2016 | Oman Project Update |
| 18/01/2016 | Option Expiry |
| 23/12/2015 | Potential Breakthrough on Khnaiguiyah Project |
| 18/12/2015 | Project Update - Oman |
| 01/12/2015 | Results of Meeting |
| 24/11/2015 | Recent Developments in Saudi Arabia |
| 18/11/2015 | Listing Rule Compliance |
| 18/11/2015 | Becoming a substantial holder - Correction |
| 17/11/2015 | Response to ASX Query - Price and Volume Query |
| 17/11/2015 | Becoming a substantial holder |
| 17/11/2015 | Change of Director's Interest Notice |
| 16/11/2015 | Becoming a substantial holder |
| 16/11/2015 | Ceasing to be a substantial holder |
| 12/11/2015 | Update to Quarterly Activities Report |
| 12/11/2015 | Rights Issue - Shortfall Offer Oversubscribed |
| 10/11/2015 | Closure of Renounceable Rights Issue |
| 05/11/2015 | Licensing Updates |
| 02/11/2015 | Alara Executes JV Services Agreements |
| 02/11/2015 | Quarterly Activities Report |
| 02/11/2015 | Quarterly Cashflow Report |
| 29/10/2015 | Notice of Annual General Meeting/Proxy Form |

| Date | Description of Announcement |
|------------|--|
| 26/10/2015 | Renounceable Rights Issue - Dispatch of Prospectus |
| 22/10/2015 | s708A Notice and Appendix 3B |
| 20/10/2015 | Letter to Shareholders |
| 15/10/2015 | Prospectus |
| 15/10/2015 | Renounceable Rights Issue - Revised Timetable |
| 14/10/2015 | Appendix 3B Rights Issue |
| 13/10/2015 | Rights issue to raise up to \$2.48m |
| 12/10/2015 | Feasibility Study Update (Oman) |
| 01/10/2015 | Appendix 4G Key to Disclosures |
| 01/10/2015 | Corporate Governance Statement 2015 |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or from www.asx.com.au.

10.2 Directors' interests

As at the date of this Prospectus the Directors have a relevant interest in securities of the Company and remuneration as set out below.

| Director | Current holding | | Entitlement |
|--------------------------------|-----------------|-------------|-------------|
| | Shares | Options | New Shares |
| Mr James Phipps | Nil | Nil | Nil |
| Mr Justin Richard ¹ | 20,500,000 | 20,000,000 | 2,928,571 |
| Mr Vikas Jain ² | 100,000,000 | 100,000,000 | 14,285,714 |
| Mr AV Sthapak | Nil | Nil | Nil |
| Mr Ian Gregory | Nil | Nil | Nil |

¹ Mr Richard holds an indirect interest in 500,000 Shares through his spouse, Debbie Richard. Mr Richard has advised that he intends to take up all of his Entitlements under the Offer.

² Mr Jain holds a direct interest in 30,000,000 Shares and a voting power of 19.76% (totaling 100 million Shares) as a result of being in association with Mul Chand Malu, Piyush Jan and Vikas Malu.

| Remuneration paid to Directors in the two years prior to the date of this Prospectus ¹ | | |
|---|-----------|-----------|
| Director | 2015/2016 | 2014/2015 |
| | | |

| | | |
|--------------------------------|-----------|------------------|
| Mr James Phipps ² | \$72,977 | \$33,333 |
| Mr Justin Richard ³ | \$346,465 | Nil ⁷ |
| Mr Vikas Jain ⁴ | \$11,806 | Nil |
| Mr AV Sthapak ⁵ | \$264,125 | Nil |
| Mr Ian Gregory ⁶ | Nil | Nil |

Notes:

- 1 Non-executive Directors are entitled to an aggregate remuneration of \$275,000 per year. The Chairman is entitled to fees of \$75,000 and non-executive Directors fees of \$50,000 each per annum (exclusive of superannuation). Executive Directors working overseas are also entitled to expatriate allowances as noted below.
- 2 Appointed 1 November 2014 and then appointed to chairperson on 31 July 2015.
- 3 Mr Justin Richard was appointed as Managing Director and CEO on 16 June 2015 and his previous remuneration of his expatriate employment as Alara's Country Manager carried over. Mr Richard's salary consists of an annual base salary of \$282,150 and expatriation allowances totaling up to approximately \$225,000 (subject to foreign exchange adjustments since the time of appointment as Country Manager).
- 4 Appointed 6 April 2016. Mr Jain (and his associates and other directors) have agreed to sub-underwrite the Offer for \$500,000, and will receive a 5% sub-underwriting fee from the Underwriter.
- 5 Mr AV Sthapak was appointed as a non-executive director on 22 September 2015 and has now moved into an executive role with the Company from January 2016. Mr Sthapak's salary consists of an annual base salary of 43,200 OMR and expatriation allowances totaling approximately 14,695 OMR. Mr Sthapak is also entitled to separate bonuses totaling 28,000 OMR upon commencement of mining operations on Al Hadeetha project after successful completion of feasibility study and mining licence, maiden sale of copper concentrate from the Daris project, securing Al Hadeetha project and an increase in the Company's current JORC resources in Oman by more than 40%.
- 6 Appointed 22 June 2015.
- 7 Prior to Mr Justin Richard's appointment as Managing Director and CEO, Mr Richard received 584,052, or foreign currency equivalent (including expatriate allowances paid to third parties) as the Company's Legal and Commercial Manager and the Company's Country Manager in Saudi Arabia and Oman.
- 8 Prior to Mr AV Sthapak's appointment as a Director, Mr Sthapak received \$193,000 as an Exploration Manager and a Study Manager for the Company.

The Company has entered into indemnity, insurance and access deeds with each of the Directors (**Deeds**). Under the Deeds, the Company agrees to indemnify each of the Directors to the extent permitted by the Corporations Act against certain liabilities incurred by the Directors whilst acting as an officer of the Company, and to insure each Director against certain risks to which the Company is exposed as an officer of the Company. The Deeds also grant each Director a right of access to certain records of the Company for a period of up to 7 years after the Director ceases to be an officer of the Company.

The Deeds were entered into as part consideration for the Directors agreeing to hold office as directors of the Company.

The Constitution of the Company provides that the Directors may be paid for their services as Directors. Non-executive directors may only be paid a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive directors as they from time to time agree and in default of agreement then in equal shares.

The Company also pays premiums to insure all of the Directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct whilst acting in the capacity as a Director of the Company.

Other than as set out above or elsewhere in this Prospectus, no Director or proposed Director holds at the date of this Prospectus, or held at any time during the last 2 years before the date of lodgment of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (d) to a Director or proposed Director or to any firm which any such Director is a partner, to induce him or her to become, or to qualify as, a Director; or
- (e) for services provided by a Director or proposed Director or to any firm which any such Director is a partner, in connection with the formation or promotion of the Company or the Offer.

10.3 Interests of promoters and named persons

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the 2 year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Kings Park Corporate Lawyers has acted as solicitors to the Offer. In respect of this work, the Company will pay approximately \$8,000 exclusive of GST. Subsequently fees will be paid in accordance with normal hourly rates. Kings Park Corporate Lawyers has received \$15,560 fees for services to the Company in the 2 years prior to the date of this Prospectus.

CPS Capital will act as Lead Manager and Underwriter to the Offer. In respect of this work, the Lead Manager will be paid a \$45,000 management fee and an underwriting fee of 5% of the Underwritten Amount. CPS Capital has not received any fees for services to the Company in the 2 years prior to the date of this Prospectus.

Mr Vikas Jain, his associates and any other director acting as sub-underwriter to the Offer, will receive a 5% sub-underwriting fee.

Mr Justin Richard and Mr Atmavireshwar Sthapak have also agreed with Mr Jain to sub-underwrite \$82,000 and \$18,000 respectively.

10.4 Consents

Each of the persons referred to in this section:

- (a) has given and has not, before the date of lodgment of this Prospectus with ASIC withdrawn their written consent:
 - (i) to be named in the Prospectus in the form and context which it is named; and
 - (ii) where applicable, to the inclusion in this Prospectus of the statement(s) and/or reports (if any) by that person in the form and context in which it appears in this Prospectus;
- (b) has not caused or authorised the issue of this Prospectus;
- (c) has not made any statement in this Prospectus or any statement on which a statement in this Prospectus is based, other than specified below;
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus, other than the references to their name and the statement(s) and/or report(s) (if any) made in connection with their role as specified below and included in this Prospectus with the consent of that person.

| Name | Role |
|------------------------------|-------------|
| Kings Park Corporate Lawyers | Lawyers |
| CPS Capital Group Pty Ltd | Underwriter |

10.5 Expenses of the Offer

Assuming Full Subscription, the total estimated expenses of the Offer are set out below:

| Cost | \$ |
|-----------------------------------|-----------|
| Fundraising expenses ¹ | \$117,288 |
| Legal fees | \$8,000 |

| | |
|-----------------------------|-----------|
| ASX fees | \$6,600 |
| ASIC fees | \$2,350 |
| Printing, postage and other | \$20,762 |
| <hr/> | |
| Total | \$155,000 |
| <hr/> | |

10.6 Litigation

Other than as disclosed elsewhere in this Prospectus, as at the date of this Prospectus, the Company is not involved in any legal proceedings of a material nature and the Directors are not aware of any legal proceedings pending or threatened against the Company.

11 DIRECTORS' RESPONSIBILITY AND CONSENT

Each Director has consented to the lodgment of this Prospectus with the ASIC and has not withdrawn that consent.

Dated: 8 July 2016

Signed for and on behalf of

Alara Resources Limited by
Elizabeth Hunt

12 GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

| | |
|--|---|
| \$, A\$ or Dollars | Australian dollars unless otherwise stated. |
| AEST | Australian Eastern Standard Time. |
| Applicant | a person who submits a valid Entitlement and Acceptance Form pursuant to this Prospectus. |
| Application | a valid application made on an Entitlement and Acceptance Form to subscribe for New Shares pursuant to this Prospectus. |
| ASIC | the Australian Securities & Investments Commission. |
| ASX | the ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited. |
| Board | the board of Directors. |
| Business Day | Monday to Friday inclusive, except any day that ASX declares is not a business day. |
| Closing Date | the date set out in section 1. |
| Company or Alara | Alara Resources Limited (ABN 27 122 892 719) or its controlled entities. |
| Constitution | the constitution of the Company. |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth). |
| Deeds | the indemnity, insurance and access deeds between the Company and each of the Directors. |
| Director | a director of the Company. |
| Eligible Shareholders | a Shareholder as at the Record Date with a registered address in Australia or New Zealand. |
| Entitlement and Acceptance Form | the personalised entitlement and acceptance form accompanying this Prospectus. |

| | |
|-------------------------------|---|
| Entitlement or Rights | a Shareholder's entitlement to subscribe for New Shares offered by this Prospectus. |
| Existing Share | a Share issued as at 7:00pm (AEST) on the Record Date. |
| Full Subscription | \$1,445,757 before costs. |
| Ineligible Shareholder | a Shareholder who is not an Eligible Shareholder. |
| Lead Manager | CPS Capital Group Pty Ltd (ACN 127 171 877). |
| Listing Rules | the listing rules of the ASX. |
| New Shares | Shares offered under this Prospectus. |
| Offer | an offer made under this Prospectus to subscribe for New Shares. |
| Official List | the official list of the ASX. |
| Option | an option to purchase a Share. |
| Prospectus | this Prospectus and includes the electronic prospectus. |
| Record Date | the date set out in section 1. |
| Share | a fully paid ordinary share in the Company. |
| Share Registry | Advanced Share Registry Services (ABN 14 127 175 946). |
| Shareholder | the registered holder of Shares in the Company. |
| Shortfall Offer | has the meaning given in section 8.7. |
| Shortfall Securities | Entitlement for which valid Applications have not been received by the Closing Date. |
| Underwriter | CPS Capital Group Pty Ltd (ACN 127 171 877). |
| Underwriting Agreement | the underwriting agreement between the Company and the Underwriter signed on 6 July 2016. |
| Underwritten Amount | \$1,445,757 |

| | |
|--------------------------------|---|
| Underwritten Securities | means 72,287,857 New Shares. |
| US person | has the meaning given to that term in Regulation S under the US Securities Act. |
| US Securities Act | the United States Securities Act of 1933, as amended. |
| WST | Western Standard Time, Western Australia. |

13 UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | 31 March 2016 management accounts | Capital raising fees | Funds received from offer | Pro-forma (not reviewed) |
|--------------------------------------|---|-------------------------|------------------------------|-----------------------------|
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | 1,704,554 | (139,208) | 1,445,757 | 3,011,103 |
| Trade and other receivables | 19,067 | | | 19,067 |
| Prepayments | 82,423 | | | 82,423 |
| TOTAL CURRENT ASSETS | 1,806,044 | | | 3,112,593 |
| NON-CURRENT ASSETS | | | | |
| Trade and other receivables | 35,425 | | | 35,425 |
| Property, plant and equipment | 73,867 | | | 73,867 |
| Resource projects | 6,220,143 | | | 6,220,143 |
| TOTAL NON-CURRENT ASSETS | 6,329,435 | | | 6,329,435 |
| TOTAL ASSETS | 8,135,479 | | | 9,442,028 |
| CURRENT LIABILITIES | | | | |
| Trade and other payables | 376,122 | | | 376,122 |
| Accruals | 22,654 | | | 22,654 |
| Tax liabilities | 110,749 | | | 110,749 |
| TOTAL CURRENT LIABILITIES | 509,525 | | | 509,525 |
| NON CURRENT LIABILITIES | | | | |
| Loan from Al Naba Holdings LLC | 790 | | | 790 |
| Provision for employee entitlements | 19,534 | | | 19,534 |
| TOTAL NON-CURRENT LIABILITIES | 20,324 | | | 20,324 |
| TOTAL LIABILITIES | 529,849 | | | 529,849 |
| NET ASSETS | 7,605,630 | | | 8,912,179 |
| EQUITY | | | | |
| Issued capital | 63,485,439 | (139,208) | 1,445,757 | 64,791,987 |
| Minority Reserves | (648,252) | | | (648,252) |
| Reserves | 449,332 | | | 449,332 |
| Accumulated losses | (23,073,685) | | | (23,073,685) |
| Current Year (Profit)/Loss | (32,607,203) | | | (32,607,203) |
| TOTAL EQUITY | 7,605,631 | | | 8,912,179 |

Any changes from 31 March 2016 to the date of this Prospectus have occurred in the ordinary course of business.