

ASX Code: AUQ

30 June 2017

DIRECTORS

James Phipps

Non-Executive Chairman

Justin Richard

CEO

Atmavireswar Sthapak

Executive Director

Vikas Jain

Non-Executive Director

COMPANY SECRETARY

Ian Gregory

CAPITAL STRUCTURE (AS AT 30 JUNE 2017)

Shares: 597,517,589

Options: 3,000,000

Share Price: \$0.14

Market Cap: \$8m

Summary

- Washihi Mining Licence Application (MOT approval obtained)
- Opportunity for PPP for project water supply
- New loan agreement signed with JV partners
- Business mission to Saudi Arabia Project lead by Hon Steven Ciobo MP

CONTACT DETAILS

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For further information, please contact:

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Company Secretary

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Activities in Oman

WASHIHI MINING LICENCE APPLICATION

MINISTRY OF TOURISM

During the period, the Public Authority for Mining ('PAM') confirmed receipt of a no objection letter from the Ministry of Tourism in relation to the Al Hadeetha Copper Project.

MINISTRY OF ENVIRONMENT

PAM continued its support of Alara's application before the Ministry of Environment and Climate Affairs ('MECA'). The Company is in regular contact with MECA and expects final environmental clearance to be given shortly. The firm that prepared the original EIA is no longer on MECA's list of registered environmental consultants, so Alara has requested another firm (who is currently registered with MECA) to review and resubmit the EIA in accordance with MECA's instruction. The regulations provide for MECA to respond within 30 days from when the new EIA is submitted.

ADDITIONAL IN COUNTRY SUPPORT

Following the execution of an off-take agreement in the last quarter, commodities trader Statdrome PTE Ltd are providing in country support to help the Alara obtain a mining licence for the Al Hadeetha Project. Under the off-take agreement, prepayments can start being drawn down in instalments, once the mining licence is issued.

WATER SUPPLY

In parallel with advancing the mining licence application, opportunities for enhancing the Al Hadeetha Copper Project have also continued, including a potential Public Private Partnership ('PPP') with Haya Water. Haya Water is a closed stock company owned by the Government of the Sultanate of Oman. Haya Water aims to: "serve society by converting wastewater into environmental friendly products". In connection with this mission, Haya Water has expressed its willingness to provide wastewater and land for construction of a sewage treatment plant 25km from the Al Hadeetha project site.

This PPP offers a number of benefits, including: 1) positive environmental / health impacts from an increased capacity to treat wastewater that is currently being disposed untreated; 2) reduced energy costs in delivering water to site; and 3) shorter construction time for the water pipeline.

AL HADEETHA PROJECT FINANCIALS

LME copper price rises have provided further support to forecasts showing supply deficits and increasing copper prices in the coming years. The Project's financial models consider copper price forecasts from leading institutions and show solid returns¹ even with copper prices remaining down to \$5,593/t. Accordingly, there is significant upside potential (beyond the Base Case) if forecast prices are realised, or even if current prices are applied over the initial ten year mine life.

PROJECT MANAGEMENT

During the period, the Company's project management consultants (Progesys) completed work on preparing the EPC contract documents and reviewing proposals from various EPC bidders. At this stage, the Company does not intend to award the EPC contract until after it has announced the issuance of the Washihi mining licence.

NEW LOAN AGREEMENT

Since entering an Earn In and Shareholder's Agreement in November 2011, the joint venture company Al Hadeetha Resources LLC ('AHR') has utilised investment funding and loans from Alara and its subsidiaries to support its operations. During the period, and in accordance with the terms of the Agreement, AHR have now entered into new loan agreements with the JV partners, including a US\$2,000,000 loan facility with Al Hadeetha Investments LLC (Alara's JV partner) and have begun drawing down this loan to cover operating costs.

OTHER DEVELOPMENTS IN OMAN

PAM recently signed a contract with SRK Consulting, Wood Mackenzie and Mayer Brown to implement a new strategy for mining in the Sultanate of Oman. This strategy, which reportedly² aims to attract local and foreign investment, is due to be released by the end of this year.

PAM has also organised a range of workshops to discuss major challenges and aspirations of the mining sector in Oman.

The strategy also aims to better utilise the Sultanate's mineral wealth and achieve greater economic diversification.

¹ Revenues of US\$452m, Project NPV of US\$39m and IRR of 26%, refer Alara's ASX Announcement dated 24 January 2017 for further details. The models include NPV varying from US\$ 39 million to US\$ 73 million, hence the Project may do much better than predicated if referenced copper price forecasts and the underlying supply deficits are realised.

² Oman Tribune et al.

Alara welcomes these developments at a time when copper prices are on the rise and the Company is poised to commence construction of a 1mtpa copper concentration plant that aligns nicely with PAM's focus on investment, social contribution, environment and development of human resources for the mining industry. The Washihi exploration licence currently contains the only JORC copper reserve in Oman; however issuance of the Washihi mining licence is sure to support exploration across other exploration licences, including those associated with Alara's joint venture projects.

Other Matters

DEVELOPMENTS SAUDI ARABIA

During the period, the Hon Steven Ciobo MP, Australia's Minister for Trade, Tourism and Investment lead a business delegation to Saudi Arabia focused on increasing trade and investment³. Meetings were held with HE Dr Majid Al-Qassabi, Minister of Commerce and Investment, plus several other government officials and business leaders, including the CEO of Maaden (now one of the world top ten mining companies).

The Council of Saudi Chambers Secretary General Dr. Saud Al Meshari noted that as cooperative G20 member states, Saudi Arabia and Australia share growing economic relations, which he looks forward to see continue in connection with the Saudi Vision 2030. Alara's CEO focused his comments on Alara's US\$30m investment into the country and the significance of the Khnaiguiyah Zinc-Copper Project in relation to the Vision, particularly the goal of having the Saudi mining sector increase its GDP contribution to SAR 97B by 2020.

OPTIONS

During the period, a total of 5,011,516 new shares were issued following the exercise of AUQO \$0.02 options, including 3,000,000 options by Alara's CEO. Following expiry of the AUQO options, there remains 3,000,000 unlisted options exercisable at \$0.04 each on or before 9 March 2020.

NEXT QUARTER

Management focus during the next quarter will be on ensuring MECA requirements are satisfied, issuance of Mining Licences, and identifying new projects to deliver increased value for shareholders.

³ For further details, refer Alara's Activity Update announcement released on the ASX, 8 May 2017.

Table 1

Washihi Copper-Gold Mineral Resource, September 2016						
	Indicated			Inferred		
Cut off Cu %	Million Tonnes	Cu %	Au g/t	Million Tonnes	Cu %	Au g/t
0.2	12.40	0.89	0.22	3.74	0.78	0.23
0.25	12.39	0.89	0.22	3.71	0.79	0.23
0.3	12.37	0.89	0.22	3.68	0.79	0.23
0.4	12.16	0.90	0.22	3.54	0.81	0.24
0.5	11.39	0.93	0.23	2.98	0.88	0.25

Table 2

Gossan Hill Mineralization- Gold			
Inferred			
Cut off Au g/t	Kilo Tonnes (kt)	Au (g/t)	Ounces (k OZ)
0.05	439.00	0.41	5.74
0.10	420.31	0.42	5.69
0.15	405.58	0.43	5.63
0.20	346.93	0.48	5.31
0.25	307.60	0.51	5.03
0.30	274.40	0.54	4.73
0.35	257.40	0.55	4.55
0.40	220.48	0.58	4.09
0.45	197.79	0.60	3.79
0.50	147.82	0.64	3.02

Table 3 – Summary of Washihi Copper Gold Mineral Resources @ 0.25% Cu Cut-off

Resource Classification	Tonnes (Mt)	Cu (%)	Au (g/t)
Indicated	12.4	0.89	0.22
Inferred	3.7	0.79	0.23
Grand Total	16.1	0.87	0.22

Table 4: Washihi Ore Reserve

Classification	Ore Reserve		
	Tonnes (Mt)	Cu (%)	Au (g/t)
Probable	9.7	0.88	0.22

Table 5: Washihi Mining Inventory

Classification	Tonnes (Mt)	Cu (%)	Au (g/t)
Ore Reserve	9.7	0.88	0.22
Inferred Resource	0.35	0.65	0.22
TOTAL	10.05	0.87	0.22

Daris Copper-Gold Project (Oman)

Table 6 - Daris-East JORC Mineral Resources

Ore type	Cut-off grade Cu%	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t
Sulphides	0.5	129,155	2.48	0.23	110,870	2.24	0.51	240,024	2.37	0.43	30,566	2.25	0.55
Oxides	0.5	96,526	0.77	0.03	86,839	0.66	0.14	183,365	0.72	0.08	1,712	0.61	0.97

The information in these JORC Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Competent Persons Statement:

The information in this announcement that relates to the feasibility study of the Al Hadeetha Copper-Gold project is based on information compiled by Mr Shanker Madan, who is a Member of the Australasian Institute of Mining and Metallurgy, and consultant to Alara Resources. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Madan consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to JORC Resources of the Daris Copper Gold Project and the Al Hadeetha Copper-Gold Project (Oman) are based on, and fairly represents, information and supporting documentation prepared by Mr Ravi Sharma, who is a Chartered Member of The Australasian Institute of Mining and Metallurgy, Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma was a principal consultant to Alara Resources and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sharma approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserve of the Al Hadeetha Project was compiled by Mr Harry Warries, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Warries has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' In assessing the appropriateness of the Ore Reserve estimate, Mr Warries has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Al Hadeetha Project Feasibility Study. These reports are understood to be compiled by persons considered by Alara to be competent in the field on which they have reported. Mr Warries consents to the inclusion in the report of the information in the form and context in which it appears.

Securities Information

as at 30 June 2017

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	597,517,589	–	597,517,589
\$0.02 (30 April 2017) Listed Options	–	3,000,000	3,000,000
Total	597,517,589	3,000,000	600,517,589

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	897	305,581	0.05%
1,001 - 5,000	297	700,446	0.12%
5,001 - 10,000	147	1,225,167	0.21%
10,001 - 100,000	378	15,339,134	2.57%
100,001 - and over	300	579,947,261	97.06%
Total	2,019	597,517,589	100.00%

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Ms Meng Meng	38,521,027	6.45%
2.	Mr Vikas Jain	34,285,230	5.74%
3.	Mr Justin Richard + Mrs Debbie Ann Richard	30,757,037	5.15%
4.	Metals Corners Holding Co	30,500,000	5.10%
5.	Citicorp Nominees Pty Limited	28,982,631	4.85%
6.	Mr Vikas Malu	28,571,025	4.78%
7.	Mr Mul Chand Malu	28,571,025	4.78%
8.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	27,000,000	4.52%
9.	Mr Piyush Jain	22,856,820	3.83%
10.	Whitechurch Developments Pty Ltd <Whitechurch S/F A/C>	20,575,550	3.44%
11.	Hsbc Custody Nominees (Australia) Limited	16,602,933	2.78%
12.	Mr Tyrone James Giese	12,483,376	2.09%
13.	Mr Warren William Brown + Mrs Marilyn Helena Brown	10,628,572	1.78%
14.	Mr Brian Joseph Flannery + Mrs Peggy Ann Flannery <Flannery Family S/F A/C>	10,085,464	1.69%
15.	Mr Peter Kelvin Rodwell	9,142,858	1.53%
16.	Bnp Paribas Noms Pty Ltd <Drp>	7,378,125	1.23%
17.	Baron Nominees Pty Ltd	6,860,397	1.15%
18.	Ferguson Superannuation Pty Ltd <Ferguson Superfund A/C>	6,000,000	1.00%
19.	Thorpe Road Nominees Pty Ltd <Ian Tregoning Family 2 A/C>	5,622,858	0.94%
20.	Ms Lina He	5,500,000	0.92%
Total		380,924,928	63.75%

Disclaimer

This report contains “forward-looking statements” and “forward looking information”, including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral resources, and studies. Often, but not always, forward looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “is expecting”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or variations (including negative variations) of such words and phrases, or state that certain actions, events or results “may”, “could”, “would”, “might”, or “will” be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide readers with information about management’s expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alara and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and copper, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns. Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Alara believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Alara does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi ore reserve. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: www.alararesources.com.

In case you were wondering: Alara is the highly revered King of Kush (an ancient kingdom which included the highly sought after regions along the Nile) and the first recorded prince of Nubia. During his lengthy reign, he was responsible for unifying the upper kingdom and establishing Napata as the capital, with precious metals becoming an important part of the city’s flourishing economy.



Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

ALARA RESOURCES LIMITED

ABN

27 122 892 719

Quarter ended ("current quarter")

30 June 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(175)	(558)
(b) development	-	-
(c) production	-	-
(d) staff costs	(83)	(349)
(e) administration and corporate costs	(111)	(808)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	45
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	301
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(367)	(1,369)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(1)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	–	–
(b) tenements (see item 10)	–	–
(c) investments	–	–
(d) other non-current assets	–	–
2.3 Cash flows from loans (to) / from other entities	85	215
2.4 Dividends received (see note 3)	–	–
2.5 Other (provide details if material)	–	–
2.6 Net cash from / (used in) investing activities	85	214
3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	–	1,446
3.2 Proceeds from issue of convertible notes	–	–
3.3 Proceeds from exercise of share options	100	384
3.4 Transaction costs related to issues of shares, convertible notes or options	–	(145)
3.5 Proceeds from borrowings	–	–
3.6 Repayment of borrowings	–	–
3.7 Transaction costs related to loans and borrowings	–	–
3.8 Dividends paid	–	–
3.9 Other (provide details if material)	–	–
3.10 Net cash from / (used in) financing activities	100	1,685

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,070	1,366
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(367)	(1,369)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	85	214
4.4 Net cash from / (used in) financing activities (item 3.10 above)	100	1,685
4.5 Effect of movement in exchange rates on cash held	(2)	(10)
4.6 Cash and cash equivalents at end of period	1,886	1,886

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	556	577
5.2 Call deposits	1,330	1,493
5.3 Bank overdrafts	–	–
5.4 Other (provide details)	–	–
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,886	2,070

6. Payments to directors of the entity and their associates

	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	163
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Directors' salaries, fees and entitlements

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	–
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	–
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	–	–
8.2 Credit standby arrangements	–	–
8.3 Other (please specify)	–	–
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	217
9.2 Development	–
9.3 Production	–
9.4 Staff costs	130
9.5 Administration and corporate costs	154
9.6 Other (provide details if material)	–
9.7 Total estimated cash outflows	501

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interest in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.1 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:


.....
(Director)

Date: 28 July 2017

Print name: Justin Richard

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
- 2 If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
- 3 Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.