

ASX/MEDIA RELEASE

Friday, 12 January 2018

COMPANY UPDATES

PERTH: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) reports advancements in respect to the Al Hadeetha Copper-Gold Project in Oman, plans to expand exploration for battery metals and an update on activity in Saudi.

OMAN

Advancements occurred in Oman during the Australian holiday / New Year period, including preparation of a detailed waste management plan, water management plan and industrial licence application, each a further step toward commencement of mining operations at the Al Hadeetha Copper Project.

Concurrently, Alara and its joint venture partners are working to finalise the Project mining licence and are optimistic of advancing into the construction phase this quarter.

With copper prices back above \$7000/t and supply deficits forecast to deepen further in 2018¹, an upward revision of the Project financials appears most likely².

In addition to an expected 30,000tpa of copper throughput to be generated by a new copper tube manufacturing plant and existing demand for copper rod from Omani cable manufacturers, a copper wire manufacturing plant is also being built in Qatar. These developments provide further support for development of copper mining in Oman³, with Alara at the heart of it.

Environmental Permit Conditions

As per standard conditions stipulated in the Environmental Permit issued last November, a ground water baseline study was completed in December. The study involved determination of baseline chemistry of ground water prior to the construction and operation phase. The groundwater baseline survey report has now been submitted to the Ministry of Environment and Climate Affairs ('MECA') via the *Invest Easy* portal.

¹ Refer Alara's ASX Announcement dated 22 November 2017.

² The original base case assumed a copper price of \$5,593/t.

³ Oman remains independent from the Saudi led embargo of Qatar by other gulf states.

Invest Easy

The Ministry of Commerce and Industry ('MOCI') hosts an online portal based service called "Invest Easy". Invest Easy aims to streamline various processes for the benefit of new and existing investors into the country. The Invest Easy portal now receives all applications and document submissions for efficient disposal among various Ministries including MECA.

Industrial Licence

After the addition of mining activities to the JV Company's commercial registration last month, MOCI gave instructions to add processing activities related to the copper concentration plant operations.

An application with relevant plant information has been submitted to MOCI with a response expected in the coming month. This step is *not* pre-requisite to issuance of the project mining licence, but is required in connection with mineral processing.

By working on these procedures in parallel to finalisation of the mining licence, the Company aims to reduce the administrative work required during the construction phase and lay a clear pathway to production.

Exploration Battery Metals

The Company and its joint venture partners currently hold four exploration licences in Oman covering approximately 667km². New exploration licence applications are being prepared to further bolster the Company's project portfolio for copper and other battery metals in Oman. Further updates are expected in the coming month.

SAUDI ARABIA

After completing a ~US\$23m feasibility study in 2013, Alara's former joint venture partner wrote to the mining authority asking them to stop the transfer of the mining licence to the JV company KMC. Alara was later denied access to the site by its former JV partner and the mining licence was subsequently cancelled in 2015.

Court proceedings in relation to the Khnaiguiyah zinc-copper project have been ongoing since 2014. At the Board of Grievances hearing held late last month, the judge postponed judgement and rescheduled the matter to a later date. Such postponements are not atypical for legal proceedings in the Kingdom.

Despite the delays, the Khnaiguiyah project is still backed by a robust definitive feasibility study and remains set to make a significant contribution to the mining sector's ambitious growth targets (as part of the Kingdom's 2030 vision) as soon as the mining licence is reissued.

