

ASX/MEDIA RELEASE

Thursday, 8 September 2016

AL HADEETHA PROJECT UPDATE WASHIHI RESOURCE MODEL

Alara Resources Limited (ASX: AUQ) (Alara or Company) is pleased to provide this update on improvements to the Washihi resource model resulting from its latest drilling program.

The company refers to its announcement dated 28 July 2016 on the completion of the Al Hadeetha Project infill drilling program at the Washihi site in Oman.

Initially, the infill drilling program was directed towards increasing confidence around the inferred resource, with a view to converting more resource to the indicated category within the existing geological model. However, previously unknown new mineralization was intersected outside the existing resource boundary.

An interim high level review of this work via Datamine Studio© (for resource modelling) and Snowden Supervisor© (for KNA and geostatistics) software confirmed: 1) an expected increase in the volume of indicated resource and 2) potential to increase the size of the total resource volume.

Rather than announcing an increase in the indicated resource and ignoring the potential increase in overall mining inventory, management have determined that further work, including a complete review of geological, structural, drilling and geophysical data, is warranted to ensure the resource model properly accounts for not only the upgraded resource, but also the potential increase in total resource. The additional work is scheduled to occur over the holiday period in Oman with a new resource model now due to be finalised on 18-19 September.

The Company acknowledges the tireless approach and professionalism demonstrated by its Executive Director, Mr Atmavireswar Sthapak and Principal Consultant, Mr Ravi Sharma and his team, to deliver this slightly revised work scope on time, and is confident the additional ten days will be time well spent.

