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**ASX/MEDIA RELEASE**

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**JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project**

**Highlights**

- Results from further drilling has led to a ~30% upgrade in the JORC Measured and Indicated Zinc and Copper Resource at the Khnaiguiyah Project from the maiden JORC Resource announcement dated 21 February 2012<sup>1</sup>.
- Current Measured and Indicated JORC Zinc and Copper Resource now stands at **25.33 Mt @ 4.03% Zn and 0.16% Cu.**
- In addition, current Measured and Indicated JORC Copper Resource (from the copper only domains) now stands at **6.67 Mt @ 0.69% Cu.**
- Additional resources delineated principally from Mineralised Zones 1 and 2.
- All zones are open along strike leading to high expectation of further mineralisation.
- Revised Whittle optimisation studies incorporating Zones 1, 2 and 3 indicates a high likelihood of conversion of the current resource to a reserve status.
- Alara has upgraded the Khnaiguiyah Definitive Feasibility Study (DFS) to reflect an annual throughput of 2 million tonnes per annum.
- DFS remains on schedule for completion in December 2012 quarter.

**Perth:** Australian-based minerals exploration and development company Alara Resources Limited (ASX: AUQ) (**Alara**) is pleased to confirm a significant ~30% increase in the JORC Measured and Indicated Zinc and Copper Resource at its Khnaiguiyah Zinc-Copper Project in Saudi Arabia (**Project**) from that last announced on 21 February 2012.<sup>1</sup>

The current Measured and Indicated JORC Resource for Zones 1, 2 and 3 now stands at **25.33 Mt @ 4.03% Zn and 0.16% Cu.**

In addition, as previously advised, given the existence of a separate copper only domain within the mineralised zones, the JORC Measured and Indicated Copper Resource for these copper only domains has been increased and now stands at **6.67 Mt @ 0.69% Cu.**

This resource upgrade arises from over 93 additional drill holes having been completed in Zone 2 and several thousand metres of new drilling in Zone 1 since the cut-off date (22 November 2011) for determination of the maiden JORC resource announced in 21 February 2012.

The tables below summarise the current and previous JORC Measured and Indicated Zinc, Zinc/Copper and Copper Resource at Khnaiguiyah.

**Table 1: Khnaiguiyah JORC Measured and Indicated Zinc and Zinc/Copper Resource**

JORC Resource (at 1.5% Zn cut-off grade)	Mineralised Zones	Tonnes (Mt)	Zinc %	Copper %
<b>Current: Measured and Indicated (October 2012)</b>	<b>1, 2 and 3</b>	<b>25.33</b>	<b>4.03%</b>	<b>0.16%</b>
Previous: Measured and Indicated (February 2012)	2 and 3	20.09	4.24%	0.15%

<sup>1</sup> Refer ASX market announcement dated 21 February 2012: [Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project](#)

**Table 2: Khnaiguiyah JORC Measured and Indicated Copper Resource**

JORC Resource (at 0.0% Cu cut-off grade)	Mineralised Zones	Tonnes (Mt)	Copper %
<b>Current: Measured and Indicated (October 2012)</b>	<b>1, 2 and 3</b>	<b>6.67</b>	<b>0.69%</b>
Previous: Measured and Indicated (February 2012)	2 and 3	4.93	0.77%

Refer Figure 1 for location of drill hole locations within Mineralised Zones 1 to 4.

Alara has undertaken Whittle optimisation studies in relation to Zones 1, 2 and 3 as part of the Khnaiguiyah DFS.

These studies indicate that the current Measured and Indicated Resource will have a high likelihood of conversion to a JORC Reserve status confirming Project economics based on:

- Lower operating cost working environment in Saudi Arabia;
- Technical sophistication and planning backed up by extensive metallurgical test work reflected in low processing costs; and
- Lower strip ratios than previously envisaged.

Drilling conducted at Zone 1 has now delineated a mineralised zone of approximately 600 metres in length, up to 100 metres in width and an average thickness of 15 metres. Significantly, this mineralisation is open at both ends along strike.

Given this significant Measured and Indicated Resource, a firm decision has been made to upgrade the parameters of the DFS currently underway to reflect an increase in the Khnaiguiyah production profile from an annual throughput of 1.5 million to 2 million tonnes per annum.

This increased throughput is likely to result in an increased annualised production profile to approximately 80,000 tonnes of zinc metal and 6,000 tonnes of copper metal.

***Based on the foregoing, Alara has determined to upgrade the parameters of the DFS to reflect a higher annualised production rate at 2 million tonnes per annum.***

The alteration to the DFS is not expected to have any effect on the timing of release of the final DFS, which is still estimated to occur in the December quarter of this year.

Commenting on the decision to upgrade the DFS, Managing Director Shanker Madan said:

*"It has been an exceptionally hectic 18 months coming to grips with the geology of the deposits, +36,000m of drilling, new resource models, delivering on soft issues around environmental approval and water availability as well as concurrently completing the Definitive Feasibility Study. In the end, I believe our shareholders and partners will be satisfied that we will have delivered a sound DFS for the Project."*

– ENDS –

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#### **About Alara Resources**

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and development company with a diverse portfolio of projects in Saudi Arabia, Oman, Chile, and Australia.

With a strong pipeline of advanced and early stage projects, Alara is moving towards establishing itself as an emerging base and precious metals development company.

For more information, please visit: [www.alararesources.com](http://www.alararesources.com).

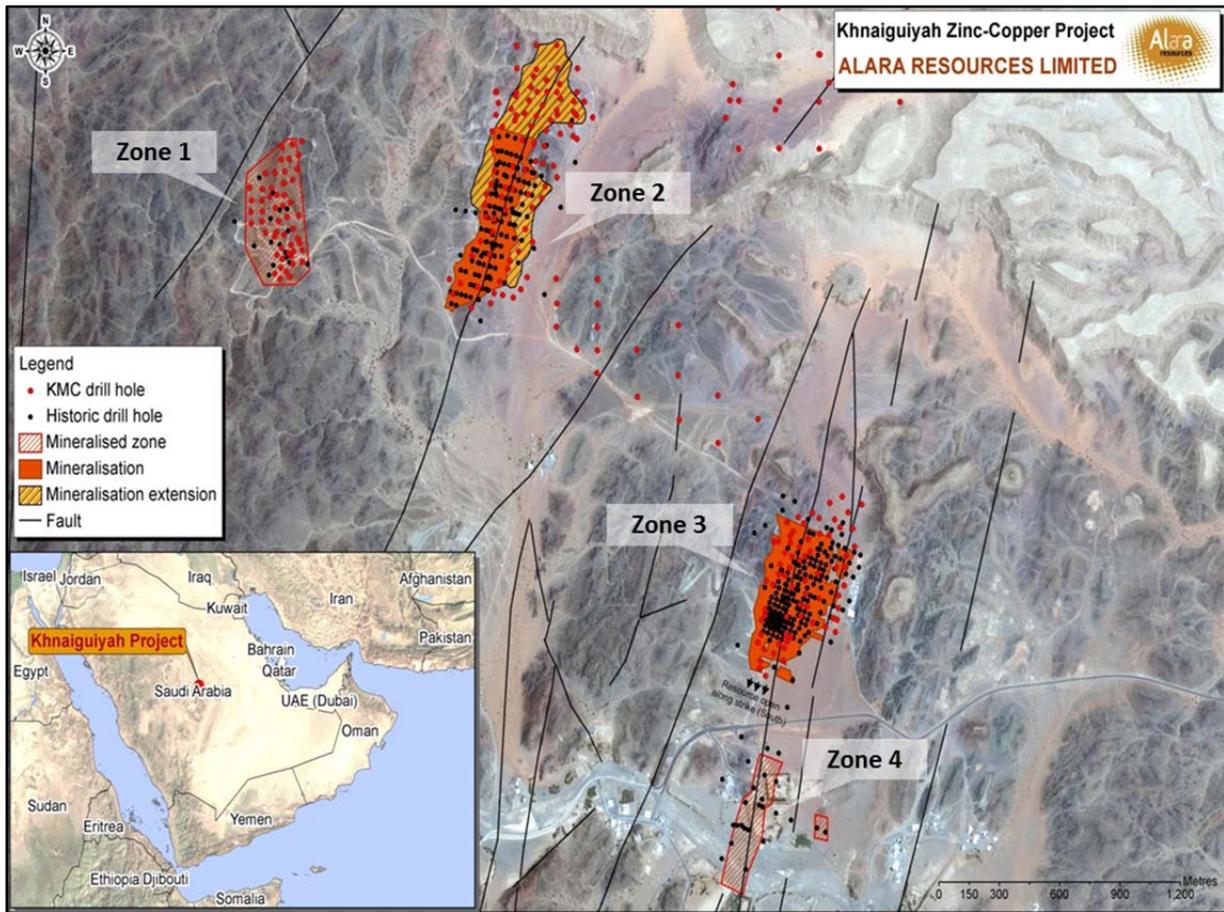


Figure 1: Drill hole locations in Mineralised Zones 1 to 4 at Khnaiguiyah Project

#### COMPETENT PERSON'S STATEMENT

*The information in this announcement that relates to Exploration Results and Mineral Resources pertaining to the Khnaiguiyah Project is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Sharma consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.*