

ASX/MEDIA RELEASE

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SAUDI ARABIA AND OMAN PROJECTS UPDATE

Saudi Arabia

- ❖ Opportunities to move the Khnaiguiyah Zinc-Copper Project forward are being actively pursued, notwithstanding that the previously signed HoA with the Khnaiguiyah Project Joint Venture partner remains stalled.
- ❖ Interest in the Khnaiguiyah Project continues to increase due to the strength of the Project itself and bolstered by the increasing worldwide zinc market deficit.

Oman

- ❖ Options Analysis Study outcomes have been incorporated into an updated Scoping Study.
- ❖ Scoping Study has been concluded with favourable outcomes indicated – Scoping Study results will be announced when the report is finalised.

Perth: Alara Resources Limited (ASX: AUQ) (Alara or Company) is pleased to provide a general update on the progress of its projects in Saudi Arabia and Oman.

KHNAIGUIYAH PROJECT UPDATE

JOINT VENTURE (JV) HEADS OF AGREEMENT IMPLEMENTATION

As previously announced ^{1 & 2} Alara and its Joint Venture (JV) partner, United Arabian Mining Company LLC (Manajem) entered into an updated JV agreement (HoA) (the 'New JV Agreement') for the Khnaiguiyah Project whereby Alara would move from its current 50% equity position to 60% equity in the JV Company, Khnaiguiyah Mining Company (KMC). In turn, this agreement resolved all outstanding historical matters between the parties and would thus allow the Khnaiguiyah JV and Project to move forward.

The Company subsequently announced ³ that the implementation of the New JV Agreement, which includes a Road Map outlining the steps the parties have agreed to undertake to give effect to the New JV Agreement, had reached an impasse.

As a result of this impasse, Alara has stayed preparations for a General Meeting to seek Alara shareholder approval for the issue of the shares required to affect the equity transfer to Manajem under the New JV Agreement. The Company will recommence this activity once the Mining License transfer from Manajem to KMC is underway.

In spite of the current impasse with the New JV Agreement, Alara is maintaining an open stance and approach to this agreement with Manajem, while also having recently offered Manajem an alternate opportunity to move the Khnaiguiyah Project forward. The Company continues to explore and advance all reasonable means to resolve the New JV Agreement and Project impasse as soon as practical.

PROJECT ACTIVITY

¹ Refer Alara's ASX market announcement dated 14 March 2014 and entitled "[Alara Moving to 60% Interest in the Khnaiguiyah Project](#)"
² Refer Alara's ASX market announcement dated 4 April 2014 entitled "[Completion of Agreement for Updated Khnaiguiyah Project Joint Venture](#)".
³ Refer Alara's ASX market announcement dated 4 June 2014 entitled "[Khnaiguiyah Project Joint Venture Agreement Has Reached Impasse](#)".

