Alara Resources Limited
A.B.N. 27 122 892 719

Level 11, 216 St Georges Tce
Perth WA 600, Australia

GPO Box 2517
Perth WA 6831

Telephone | +61 8 9481 0389
Facsimile | +61 8 946306103

Web | www.alararesources.com
Email | info@alararesources.com

ASX/MEDIA RELEASE

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KHNAIGUIYAH PROJECT UPDATE

Perth: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) reports on the submission of a new mining licence application in Khnaiguiyah, Saudi Arabia.

New Mining Licence application submitted

The Company refers to the licensing section of its Quarterly Activities Report[1]. In particular, exploration licences and applications included in the Shareholders' Agreement between Alara and United Arabian Mining Company that are expired and/or cancelled.

Further to the latest announcement regarding Alara's joint venture with Bayan Mining Company LLC ('Bayan')[2], the Company is pleased to report that further steps are being taking to help preserve existing value and upside potential[3] of the Khnaiguiyah Project.

Bayan has now submitted a mining licence application over areas that are adjacent to the Khnaiguiyah Mining Licence, including the southern end of the K3 pit[4].

Further updates will be provided as developments occur.

– ENDS –

For further information, please contact:

Justin Richard
Managing Director
T | +61 8 9481 0389
E | jrichard@alararesources.com

Elizabeth Hunt
Company Secretary
T | +61 8 9481 0389
E | cosec@alararesources.com

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study (DFS) on its Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on its Daris/Washihi Copper-Gold Projects in Oman and an Updated Advanced Scoping Study on its Washihi Project. For more information, please visit: www.alararesources.com.

1 Refer page 3 of Alara's Quarterly Activities Report dated 31 July 2015

2 Refer Alara's ASX Market Announcement dated 20 August 2015: Alara and Bayan Extend Framework Agreement to include Khnaiguiyah Sites.

3 Refer "Future Growth and Opportunities" section page 20 of the Company's 2014 Annual Report.

4 Refer page 4 of Alara's ASX Market Announcement dated 30 April 2013: Positive DFS Khnaiguiyah Zinc-Copper Project