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MARKET ANNOUNCEMENT

Environmental Approval – Khnaiguiyah Zinc Copper Project, Saudi Arabia

Alara Resources Limited (Alara) is pleased to announce that after reviewing an environmental impact study and other information (**EIS**) relating to the Khnaiguiyah Zinc Copper Project (the **Project**), the General Presidency of Meteorology and Environmental Protection in Saudi Arabia has granted provisional environmental approval in respect of the Project, with Ministerial approval expected to follow in due course.

The approval is based on the EIS submitted in August 2011 by United Arabian Mining Company (**Manajem**) which contemplated a mill throughput of 1 million tonnes per annum (Mtpa).

The definitive feasibility study currently being finalised by Khnaiguiyah Mining Company (**KMC**), being the joint venture company holding the Project in which Alara has a 50% interest, contemplates a mill throughput of 1 – 1.5 Mtpa.

To the extent that the final Project parameters differ from that submitted by Manajem under the EIS, this may require an addendum to the current approval.

Alara congratulates Manajem, its joint venture partner in the Khnaiguiyah Mining Project, for achieving this key milestone for the Project.

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