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# MARKET ANNOUNCEMENT

## Drilling and Metallurgical Test Work Update - Khnaiguiyah Zinc-Copper Project

Alara Resources Limited (ASX: AUQ) is pleased to provide an update on drilling progress and preliminary results from the Metallurgical Test work in relation to the Definitive Feasibility Study (DFS) currently underway at its Khnaiguiyah Zinc-Copper Project located in the highly prospective Arabian Shield in Saudi Arabia.

### HIGHLIGHTS

Assay results from recently completed drill-holes testing extent of mineralisation along the eastern margin of Zone 2 indicate high grade mineralisation, confirming potential for copper with the zinc mineralisation:

- **K2DD11\_011: 10m @ 5.00% Zn from 25m to 35m  
with 16m @ 1.16% Cu from 25m**
- **K2DD11\_013: 7m @ 6.46% Zn from 41 to 48m  
with 12m @ 0.99% Cu from 47m**
- **K2DD11\_014: 7m @ 7.16% Zn from 50m to 57m  
with 6m @ 0.86% Cu from 55m**
- **K2DD11\_010: 5m @ 3.03% Zn from 57m to 62m  
with 5m @ 1.24% Cu from 62m**

Furthermore, Zone 2 composite preliminary test work results completed by the Company at the Ammtec laboratories in Perth indicate plus 90% zinc and copper recoveries at a 106 micron primary grind size compared with historical test work indicating a 77% zinc recovery and a 56% copper recovery at a 75 micron primary grind size.

With regard to Zone 3, analyses of two PQ holes for Metallurgical test work confirm zinc and copper mineralisation alongside historic holes. Cores from these latter holes will be utilised to prepare representative composites for Zone 3 test work.

- **K3DD11\_015: 16m @ 6.38% Zn from 130m to 146m  
with 6m @ 1.04% Cu from 141m**
- **K3DD11\_018: 45m @ 5.02% Zn from 100m to 145m  
including 9m @ 6.77% Zn from 137m  
and 7m @ 8.52% Zn from 138m to 145m.**

ASX Code | AUQ



## Drilling Programme

The drilling programme at Khnaiguiyah commenced at the end of February and is continuing with 5 drilling rigs comprising 4 core drilling rigs and 1 reverse circulation (RC) rig. A second RC is proposed to be mobilised after Ramadan at the end of August.

A total of 53 holes for approximately 6,500m has been completed to date. Contracts for a total 35,000m of drilling have been awarded.

The Company confirms that all planned PQ metallurgical test holes, mineralisation validation holes and the geotechnical holes have now been completed.

The focus of drilling is now concentrating on extension of mineralisation as well as sterilisation of the proposed plant and tailings dam areas.

A significant number of drill samples are continuing to be generated, prepped in Saudi Arabia, batched and sent to an ALS hub in Europe for analysis.

There are currently more than 500 samples in the ALS Laboratories awaiting analysis, and as the results of these samples are received, collated and analysed, further information will be provided to the market.

## Drilling Results

Drilling updates announced on 26<sup>th</sup> May and 16<sup>th</sup> June provided assay results from metallurgical test work holes in Zone 2 and step-out mineralisation extension holes along Zone 3.

**A 48m @ 5.84% Zn intercept was reported from one of the two step-out holes (K3DD11\_006).**

In addition, the eastern margin of Zone 2 was highlighted as prospective for copper mineralisation. Since then, four drill holes drilled along the eastern margin of Zone 2 (refer Figure 1) have all produced attractive grades of copper mineralisation, mostly accompanied by zinc mineralisation at relatively shallow depths. These results are summarised below:

- **K2DD11\_011: 10m @ 5.00% Zn from 25m to 35m  
with 16m @ 1.16% Cu from 25m**
- **K2DD11\_013: 7m @ 6.46% Zn from 41 to 48m  
with 12m @ 0.99% Cu from 47m**
- **K2DD11\_014: 7m @ 7.16% Zn from 50m to 57m  
with 6m @ 0.86% Cu from 55m**
- **K2DD11\_010: 5m @ 3.03% Zn from 57m to 62m  
with 5m @ 1.24% Cu from 62m**

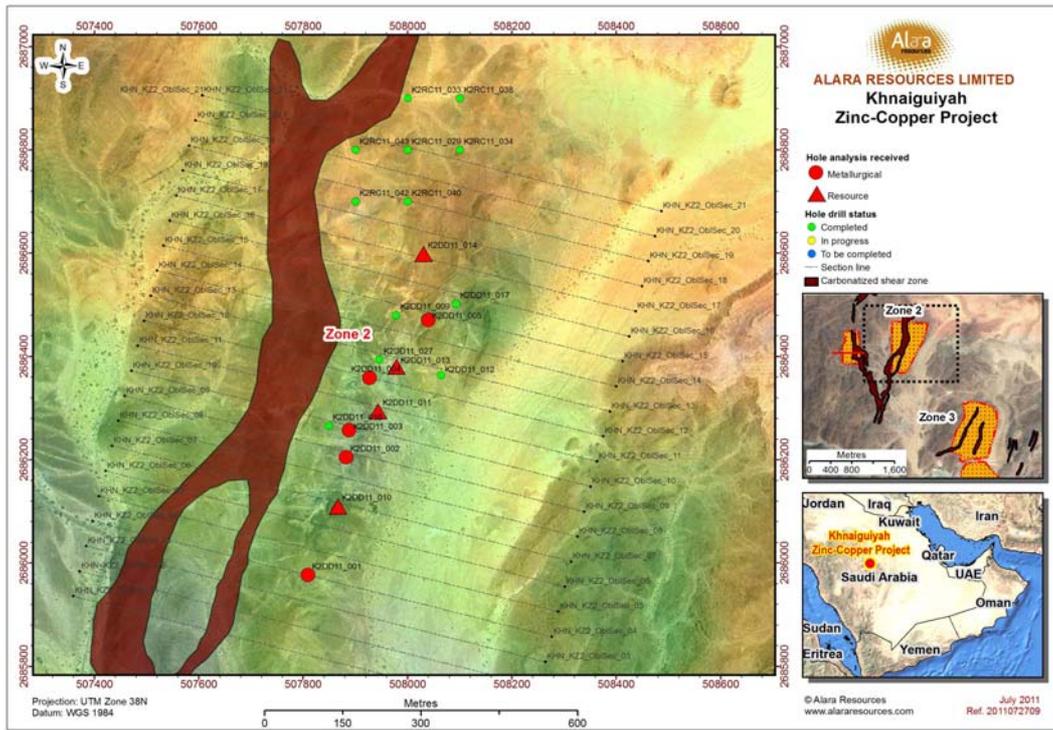


Figure 1 – Zone 2 Drill Hole Locations

Also summarised below are the assay data from two Metallurgical test holes in Zone 3 (refer Figure 2):

- **K3DD11\_015:** 16m @ 6.38% Zn from 130m to 146m with 6m @1.04% Cu from 141m
- **K3DD11\_018:** 45m @ 5.02% Zn from 100m to 145m including 9m @ 6.77% Zn from 137m and 7m @ 8.52% Zn from 138m to 145m

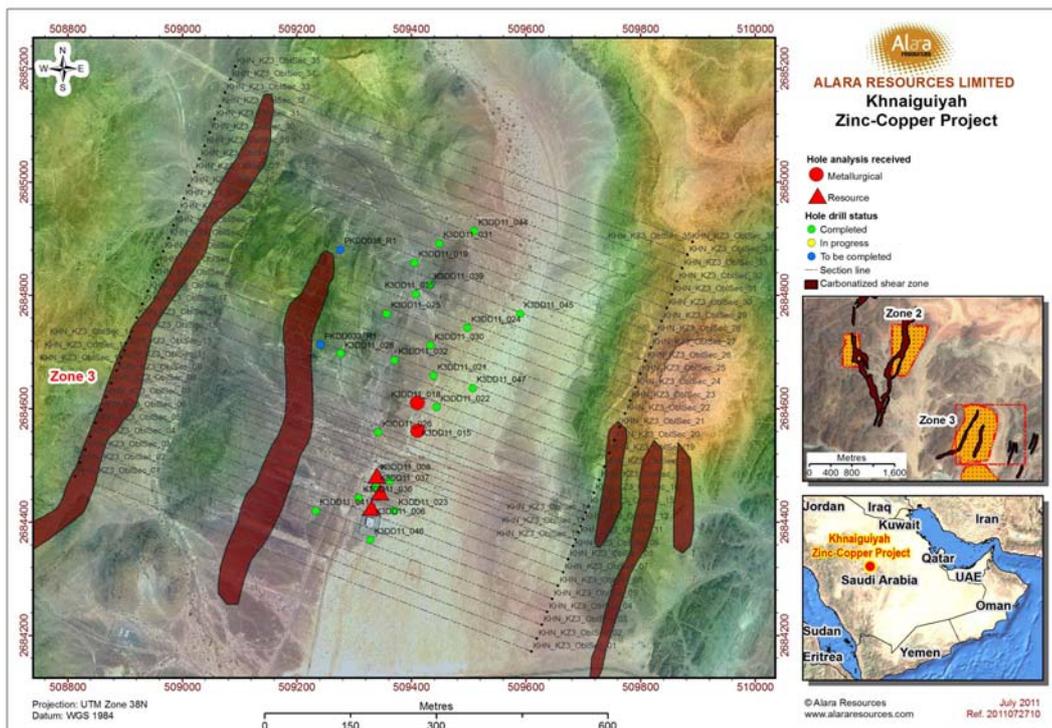


Figure 2 – Zone 3 Drill Hole Locations

## **Metallurgical Test Work Programme:**

The Company confirms that all metallurgical test drill holes for the Project have now been completed.

This comprised a total of 5 diamond PQ drill core holes in Zone 2 and a further 5 diamond PQ drill holes in Zone 3, representing various rock types and grades of mineralisation. All of the drill core for these drill holes has now been delivered to the Ammtec Laboratories in Perth for the test work programme. Test work commenced in May and is making steady progress.

Initial composite sample from Zone 2 from 4 metallurgical drill holes was selected to represent the average copper and zinc grades of the mineralisation in Zone 2. Open circuit flotation test work on this composite is continuing. Preliminary flotation results indicate excellent copper and zinc recovery rates, exceeding historical test work completed by BRGM (with respect to the prefeasibility study completed by them) and by Manajem (with respect to the feasibility study completed by them).

Zone 2 composite preliminary test work results completed by the Company at the Ammtec laboratories in Perth indicate plus 90% zinc and copper recoveries at a 106 micron primary grind size compared with historical test work indicating a 77% zinc recovery and a 56% copper recovery at a 75 micron primary grind size.

Zone 2 composite is continuing in open circuit; it is anticipated that an LCT locked cycle flotation test will be completed in early August. An LCT is considered definitive metallurgical response and can provide design criteria which would then be handed over to DFS lead engineers, Ausenco Limited, to be used for sizing the flotation plant for the Khnaiguiyah Project.

Similar tests on Zone 3 as well as variability and optimisation test work on representative blends from both Zones will continue for the next 2 months. Further updates will be provided as and when results become available.

Commenting on the drilling and the metallurgical results, Managing Director Shanker Madan stated; "I am pleased to report on the continuing confirmation of both high grades and significant thicknesses of copper and zinc as well as high recoveries during floatation at a relatively coarse grind size, which should have a positive impact on the economics of the Project".

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## **For Further Information:**

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*The information in this announcement that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of Alara Resources Limited. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.*