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ASX/MEDIA RELEASE

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Update - Khnaiguiyah Zinc-Copper Project

Perth: Alara Resources Limited (ASX: **AUQ**) (“**Alara**” or “**Company**”) is pleased to announce that its joint venture partner, United Arabian Mining Company LLC, has received confirmation from the Presidency of Meteorology and Environment in Saudi Arabia of the grant of approvals for construction and mining operations at the Khnaiguiyah Zinc-Copper Project (“**Project**”). The approvals require the commencement of construction within one year.

Commenting on the receipt of environmental approval, Alara’s Managing Director, Shanker Madan said: “The receipt of environmental approval ticks another important box in the ongoing advancement of the Project”.

Alara also refers to its announcement dated 10 July 2012 in relation to its Definitive Feasibility Study for the Project (the “**Study**”), in which it advised the receipt of a draft report on the Study.

Alara has reviewed the draft report and identified a number of significant components and outstanding issues that require further work to deliver a final Study to the satisfaction of the Company.

Alara estimates that this process is expected to be completed in the December 2012 quarter.

Commenting on the progress of the Study, Shanker Madan said: “Whilst a considerable amount of work has been undertaken, the Study work to date has identified a number of trade-off opportunities which the Company is exploring to add value to the Project.”

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For further information, please contact:

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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, and Chile.

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

For more information, please visit: www.alararesources.com

ASX Code | AUQ

