

ASX/MEDIA RELEASE

Tuesday, 24 November 2015

RECENT DEVELOPMENTS IN SAUDI ARABIA

Alara Resources Limited (ASX: AUQ) (Company) provides this update on recent developments in Saudi Arabia involving the Company.

Further to the licensing update earlier this month¹, the Company is advised that a representative of United Arabian Mining Company LLC (Manajem) is meeting with the Minister of Petroleum and Mineral Resources this week and is seeking to resolve licensing issues related to the Khnaiguiyah Zinc-Copper Project.

Recent discussions involving the Company, Manajem and Bayan Mining have been positive and opened up the possibility of new pathways for advancing the Khnaiguiyah Project.

While reaching resolution of the impasse² between the Company and Manajem remains a possibility, and the Company is open to participating in settlement discussions in good faith, it is not reliant on a settled agreement and has previously announced taking steps to prepare for contingencies³.

In regard to the legal proceedings between the Company and Manajem, on 17 November 2015 Manajem submitted a brief to the Board of Grievances which focuses on the appointment of the law firm representing the Company. Manajem had previously challenged this appointment on the basis that the firm had also performed work for the joint venture company (KMC).

No information about Manajem's claim was included in the brief.

The Company may respond to this brief at the next hearing, scheduled for 16 February 2016, or pursue alternate avenues toward resolution, including a request to have the matter sent for judgement based on what has already been submitted to the Board of Grievances. A decision on which course of action to take will be made in the next few months, in light of any further developments which may occur involving the Company and Manajem.

For the benefit of those shareholders who may be new to the Company, the issues addressed in this announcement are not new. The Company's operational focus remains the advancement of its Copper-Gold projects in Oman (as set out in the recent entitlement offer prospectus), but this in no way diminishes the Company's commitment to preserve its investment in Saudi Arabia and unlock the potential there.

The board considers the Company to be in a better position today, than it has been all year.

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¹ Refer ASX Announcement 5 November 2015 "Licensing Updates"

² Refer ASX Announcement 4 June 2014 "Khnaiguiyah Project JV Agreement has reached Impasse".

³ Refer ASX Announcements 20 August 2015 "Alara and Bayan Extend Framework Agreement" and 2 November 2015 "Alara Executes JV Services Agreements".

