

## ASX/MEDIA RELEASE

Friday, 12 December 2014

## COMPANY UPDATE

**Perth:** Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) wishes to provide a general update on its projects in the Kingdom of Saudi Arabia and the Sultanate of Oman, and its current internal financial management during the period to each project's next milestone.

### Khnaiguiyah Zinc-Copper Project (Saudi Arabia)

As previously announced, the Khnaiguiyah Zinc-Copper Project (**Project**) remains at an "impasse" as the Mining Licence (**ML**) still resides with Alara's Joint Venture (**JV**) Partner, United Arabian Mining Company LLC (**Manajem**).<sup>1</sup>

In line with the lack of progress with the ML and the Project itself, the office of the Deputy Minister for Mineral Resources (**DMMR**) has issued a series of letters and/or violation notices to Manajem regarding its non-performance under the ML requirements.

The Company continues to receive ongoing and invaluable in-country advice, support and direct assistance from recently appointed Director, Mr James Phipps (former Alternate Director to HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud).

Also of critical importance is the ongoing and strengthening support the Project enjoys from key in-country parties in the Project vicinity, including the Governor of Al Quwayiyah, the President of Al Khnaiguiyah and the Al Quwayiyah Chamber of Commerce.

### Project Way Forward

Alara continues to actively pursue and progress alternative approaches and options to move the Project beyond the current impasse and believes it will be able to progress the Project in the not too distant future despite the current circumstances.

Following the completion of the Definitive Feasibility Study (**DFS**) for the Project, the Company has worked successfully on further clarification of the Project risks and the studies and activity necessary to eliminate or mitigate those risks. The Company has also outlined and completed some early investigation and preliminary study work into a number of potential (and material) upsides within the Project's capital and operating costs. Further activity will be undertaken in these areas once there is clarity on both the Khnaiguiyah Project JV and the way forward with the ML.

The Khnaiguiyah Project remains one of the most attractive early-stage and significant Zinc projects in the world given its technical simplicity, projected low operating costs (once in production) and very "clean" or high quality concentrates. Every effort is being made to progress this Project as soon as practical.

<sup>1</sup> Refer Alara's ASX announcement dated 18 November 2014 entitled "[Khnaiguiyah Project – Update on Legal Matters](#)"

