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# MARKET ANNOUNCEMENT

## Acquisition of Interest in Marjan Project in Saudi Arabia

Alara Resources Limited is pleased to confirm that it has secured a 50% interest in the Marjan Project (the **Project**) in Saudi Arabia.

### PROJECT SUMMARY

- Predominantly gold prospect with associated silver, zinc and copper
- Historical drilling in the Project area has returned values up to 7g/t Au, 31.3 g/t Ag, 4.7% Zn, and 1.6% Pb over 3m
- Grab samples from the Project area have returned values of up to 0.7% Cu, 22.4% Zn, 100g/t Ag, 2.18g/t Au and 5.4% Pb
- Project is located within trucking distance approximately 30kms south south-west of Alara's flagship Khnaiguiyah Zinc Copper Project

### PROJECT DETAILS

The Marjan Project comprises three Exploration Licences that have a combined area of approximately 260km<sup>2</sup>. Based on limited historic exploration work, the Company believes these licences are prospective for gold, silver, copper and zinc.

They are located close to the Company's flagship Khnaiguiyah Project as illustrated by Figure 1 (on page 2).

### GEOLOGY AND HISTORICAL EXPLORATION

The Project is situated within a north-trending belt of mafic to felsic metavolcanic rocks. BRGM<sup>1</sup> carried out limited exploration in the area during the period between 1977 and 1981. Four soil and rock geochemical anomalies were identified. Grab samples from the area returned values of up to 0.7% Cu, 22.4% Zn, 100g/t Ag, 2.18g/t Au and 5.4% Pb.

A four hole percussion drilling programme returned values up to 7g/t Au, 31.3 g/t Ag, 4.7% Zn, and 1.6% Pb over 3m.

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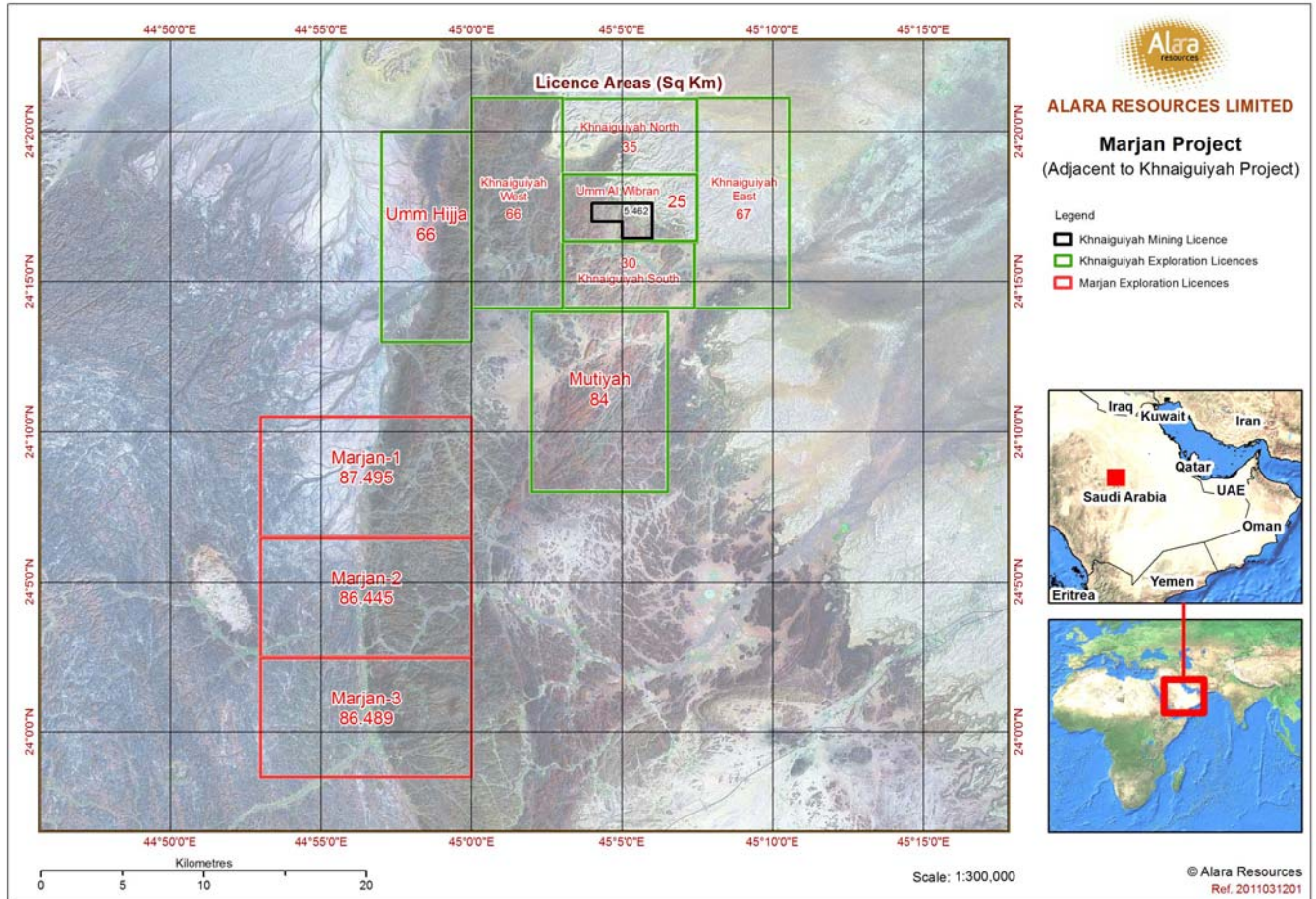
<sup>1</sup> Bureau de Recherches Géologiques et Minières ("Office of Geological and Mining Research") ([www.brgm.fr](http://www.brgm.fr))



## INITIAL EXPLORATION PROGRAMME

Alara will conduct a programme of trenching and trench sampling to expand on the previous surface sampling, conduct ground geophysical surveys and drilling to outline a resource in the area.

Figure 1: Marjan Licence Locations Adjacent to Khnaiguiyah Project



## AGREEMENT TERMS

Alara Saudi Marjan Operations Pty Limited (a wholly owned subsidiary of Alara Resources Limited) (**Alara**) has entered into a Shareholders Agreement with United Arabian Mining ("Manajem" in Arabic) Company (**Manajem**) for Alara to acquire a 50% interest in the Marjan Project licences via the formation of a new joint venture company (**JVCo**), which will receive transfer of the licences from Manajem and in which Alara will have a 50% shareholding.

Alara will fund (as loan capital to JVCo repayable out of JVCo's net profits) all exploration, evaluation and development costs up to a "decision to mine" (supported by a BFS). Thereafter, the parties will contribute to all cash calls in proportion to their respective interests in JVCo or be diluted in accordance with an industry standard dilution formula whereby the initial base value shall be set at the capital costs defined under the DFS.

The Marjan Project exploration licences will be transferred from Manajem into JVCo upon Alara completing a minimum US\$1 million funding into JVCo (within a 2 year term). A 'Resource Bonus' is also payable to Manajem calculated at the rate of US\$0.50 per ounce of contained gold (or gold equivalent of copper, zinc and silver) within a JORC Code compliant Indicated Resource determined at a cut-off grade of 0.5g/t gold (or equivalent) and with a minimum average grade of 3g/t gold (or equivalent) delineated within the Project area.

JVCo will be managed by a Board of Directors with 2 nominees from each of Alara and Manajem and with a Saudi Arabian independent Director to be appointed by agreement of the parties. A condition precedent to the Shareholders Agreement is the incorporation and registration of JVCO, which is expected to be completed within the next one to two months, and the execution of ancillary agreements arising therein.

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**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.*