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**ASX/MEDIA RELEASE**

Wednesday, 31 July 2013

**Managing Director’s Terms of Employment**

**Perth:** Alara Resources Limited (ASX: AUQ) (**Alara**) announces the material terms of an employment agreement recently entered into with Philip Hopkins, who transitioned from Non-Executive Director into the Managing Director’s role on 30 June 2013<sup>1</sup>.

The Managing Director’s employment agreement dated 25 July 2013 contains the following material terms:

- (1) An annual base salary of \$400,000 plus employer superannuation contributions and car parking;
- (2) A travel allowance of \$250 per day (capped at \$25,000 per annum) for travel away from home on company approved work related business;
- (3) An Annual Short Term Incentive (**STI**) bonus scheme in respect of the 2013/2014 financial year defined as follows:

Milestone To Be Achieved	Cash Bonus Amount Payable	Milestone Achievement Date
‘Commencement of Construction’ after: (a) a ‘Decision to Mine’ has been made by the Company; and (b) the completion of ‘Total Financing’ (ie. project financing at the KMC level and equity or debt financing at the Alara company level), in respect of the Company’s Khnaiguiyah Zinc-Copper Project in Saudi Arabia (the <b>Project</b> ) held via joint venture company, Khnaiguiyah Mining Company LLC ( <b>KMC</b> )	\$200,000	On or before 1 May 2014
	\$175,000	Between 2 May and 1 June 2014
	\$150,000	Between 2 June and 1 July 2014
	\$125,000	Between 2 July and 1 August 2014
	\$100,000	Between 2 August and 1 September 2014
	\$75,000	Between 2 September and 1 October 2014
	\$50,000	Between 2 October 2014 and 30 June 2015
	No bonus is payable if this milestone is achieved after 30 June 2015	

<sup>1</sup> Refer Alara’s ASX market announcement dated 27 June 2013 and entitled “[Board and Management Changes](#)”

- (4) A Long Term Incentive (**LTI**) options package (subject to prior shareholder approval), comprising a total of 10,000,000 unlisted options, each to acquire a share in the Company and with a term expiring three (3) years after the date of issue with exercise prices, as follows:
- (i) **Tranche 1 Options** - 3,333,334 options each with an exercise price of \$0.15 which will vest (ie. able to be exercised) upon the attainment of Milestone 1 on or before 31 March 2014;
  - (ii) **Tranche 2 Options** - 3,333,333 options each with an exercise price of \$0.15 which will vest upon the attainment of Milestone 2 on or before 31 December 2014; and
  - (iii) **Tranche 2 Options** - 3,333,333 options each with an exercise price of \$0.20 which will vest upon the attainment of Milestone 3 on or before 31 December 2015.

**Milestone 1** means the securing of licences in respect of the Khnaiguiyah Project (including the transfer of the Khnaiguiyah Mining Licence from Manajem to KMC and the issue of a water licence that satisfies the requirements defined within the Khnaiguiyah DFS).

**Milestone 2** means the 'Commencement of Construction' in respect of the Khnaiguiyah Project on or before 1 June 2014 (or such other date prior to 31 December 2014 determined by the Board in its unfettered discretion) after:

- (a) a 'Decision to Mine' has been made by the Company; and
- (b) the completion of 'Total Financing'.

**Milestone 3** means the securing of a new mineral resources project for the Company with:

- (a) such project advanced to at least a preliminary feasibility study (pre-feasibility study) level; and
- (b) the Board determining (in its unfettered discretion) to undertake a feasibility study on the project.

The Company proposes to seek shareholder approval at the 2013 annual general meeting (expected to be convened in October/November) for the issue of the above Options to the Managing Director – further details will be disclosed in the meeting documentation as required under the Corporations Act and ASX Listing Rules.

- (5) Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements;
- (6) 60 days long service leave after 7 years of service and 5 days long service leave in respect of each year of service thereafter; and
- (7) One month's notice of termination by the Managing Director and 3 month's notice of termination by the Company, without cause. The Company may terminate the employment without notice if the Managing Director commits any act of serious misconduct in the discharge of his duties.

**– ENDS –**

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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 and Oman.

Alara has recently completed a DFS on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and is moving towards establishing itself as an emerging base and precious metals development company.

For more information, please visit: [www.alararesources.com](http://www.alararesources.com).