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Review of Current Activities

Perth: Alara Resources Limited (ASX: AUQ) (**Alara**) is an Australian-based minerals exploration and development company with a current portfolio of early to advanced stage mining projects in Saudi Arabia and Oman.

Working Capital

Alara has received a refund of \$2.75m¹ (net of fees) under the Federal Government's Research and Development Tax Incentive Scheme in relation to eligible expenditure on the Khnaiguiyah Zinc-Copper Project's Definitive Feasibility Study for the 2012 financial year. A claim will also be lodged for the 2013 financial year at the end of September 2013. A net refund of ~\$0.5m to \$0.9m is expected.

Alara's existing cash reserves of ~\$3.38m (as at 31 August 2013) along with this R&D refund brings the cash reserves to ~\$6.1m. With a sustainable monthly cash spend of ~\$280k, this provides working capital for over 20 months as the Khnaiguiyah Project progresses through its finance phase.

Khnaiguiyah Joint Venture and Mining Licence Update

Alara provided notice² to its Joint Venture partner United Arabian Mining Company (Manajem), seeking the transfer of the Mining Licence (ML) to Joint Venture company, Khnaiguiyah Mining Company.

Since then, Alara and Manajem have been productively engaged to resolve a number of issues in relation to the ML transfer and other outstanding matters. Discussions have been positive and are progressing. Alara's understanding is that Manajem continues to be committed to the success of the Khnaiguiyah Project and is prepared to work through the items under discussion so that the Khnaiguiyah Project can move forward. Alara has reserved its rights in this matter.

SIDF Application

Alara, with the assistance of KMPG in Saudi Arabia, has initiated preparation of the application to the Saudi Industrial Development Fund (SIDF) to provide up to 75% local financing for the Khnaiguiyah Project. The completion and lodgement of this SIDF loan application is dependent on the successful conclusion of the current discussions with Manajem. Once the application has been lodged with the SIDF, the expected review/approval time is six to eight months.

Board and Management Update

Mr William Johnson will now remain on the Alara Board past the previously announced resignation date of 30 September 2013³ to ensure the Board has the necessary time to source a suitable replacement.

Alara continues to review opportunities around the possible appointment of a commercially experienced, highly regarded Saudi Arabian national to strengthen its presence in Saudi Arabia. This representative would advise Alara overall and potentially assist in securing local project financing as well as assist with obtaining various regulatory approvals required for the Khnaiguiyah Project's development.

Oman Divestment

The partial/full divestment of Alara's assets in Oman is ongoing with several interested parties currently in a Due Diligence period. Various forward looking options are being considered.

– ENDS –

For further information, please contact:

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¹ Refer market announcement dated 16 September 2013 '[Research and Development Tax Incentive Scheme Refund](#)'.
² Refer market announcement dated 21 May 2013 '[Khnaiguiyah Project Update Post DFS](#)'.
³ Refer market announcement dated 27 June 2013 '[Board and Management Changes](#)'.