

ASX/MEDIA RELEASE

Monday, 2 November 2015

ALARA EXECUTES JV SERVICE AGREEMENTS

Perth: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to announce the execution of onshore and offshore service agreements (the '**Services Agreement**') with Bayan Mining LLC (**Bayan**).

JV AGREEMENT WITH BAYAN

In August the Company announced its JV Framework Agreement¹ with Bayan had been extended to include the Khnaiguiyah area in Saudi Arabia² (the '**JV Agreement**').

The JV Agreement enables the Company to pursue new mining projects in Saudi Arabia and mitigates risk by providing a contingency plan in case the Khnaiguiyah project impasse³ is not otherwise resolved.

ONSHORE AND OFFSHORE SERVICES

The Services Agreement sets out the technical and management services which Alara's subsidiary, Saudi Investments Pty Ltd, is to provide in connection with the JV Agreement. These services include but are not limited to:

Exploration

Drilling, metallurgical and other testwork, and matters arising in relation thereto.

Mining operations

Mining of ores (and then concentrates where applicable) and management of on-going operations. Planning, coordination and management of the development of the project, related infrastructure and related transportation systems.

Product sales and marketing services

Marketing and selling product exploited from the project, managing collection and following up with customers, managing the advertising including marketing related activities.

Finance and accounting services

Maintaining financial and accounting records in relating to the aforementioned services, including compliance with any relevant statutory and regulatory authorities, plus full year reports and audited financial statements.

Administrative services

Management of office operations, corporate governance, and related services.

Consultant and vendor related services: Engaging and interacting with vendors, contractors, suppliers and other service providers, including supply and maintenance of capital

¹ Refer ASX Announcement dated 21 July 2015 : "Alara Announces New JV Partner in Saudi Arabia"

² Refer ASX Announcement dated 20 August 2015 : "Alara and Bayan Extend Framework Agreement"

³ Refer ASX Announcement 4 June 2014 : Khnaiguiyah Project JV Agreement has reached an Impasse"

and operational equipment and EPCM (engineering, procurement, contracts and management) services.

CONSIDERATION

In connection with the aforementioned services, Alara and Bayan agreed to share economic interests under the JV Agreement, 70% in favour of Alara/SIPL and 30% in favour of Bayan.

The JV Agreement provides for Bayan to receive 10m ordinary AUQ shares upon entering the JV Agreement, subject to renewal of Alara's 15% issuing capacity (where applicable), and 40m ordinary AUQ shares upon issuance of a mining licence⁴.

The parties agreed to defer issuing the first 10m shares on the basis that Alara may have utilised these 10m shares in a private share placement prior to the next AGM. Subsequently, the Company opted for a rights issue⁵ (underwritten by Patersons Securities Ltd), and the 10m AUQ shares were issued Bayan.

Alara's Chairman, Mr James Phipps commented:

"Alara is pleased to welcome Bayan as a shareholder in the Company. We look forward to this alignment of interests serving to increase the mutual benefits to both parties."

– ENDS –

For further information, please contact:

Justin Richard
Managing Director T | +61 8 9481 0389
E | jrichard@alararesources.com

Elizabeth Hunt
Company Secretary T | +61 8 9481 0389
E | cosec@alararesources.com

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a [Definitive Feasibility Study](#) (DFS) on its Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an [Advanced Scoping Study](#) on its Daris/Washihi Copper-Gold Projects in Oman and an [Updated Advanced Scoping Study](#) on its Washihi Project. For more information, please visit: www.alararesources.com.

⁴ Refer ASX Announcement dated 20 August 2015.

⁵ Refer ASX Announcement 13 October 2015.