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ASX/MEDIA RELEASE

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Khnaiguiyah Project Update Post DFS

Perth: Alara Resources Limited (ASX: AUQ) (**Alara**) provides the following update post the completion of a positive Definitive Feasibility Study (**DFS**) for the Khnaiguiyah Zinc-Copper Project in Saudi Arabia (**Project**).¹

The Khnaiguiyah Project is operated by Khnaiguiyah Mining Company LLC (**KMC**) a 50:50 joint venture between Alara and United Arabian Mining Company LLC (**Manajem**), a privately owned Saudi Arabian mining company.

With the successful completion of the DFS, the focus of Alara has shifted from that of an explorer to that of potential producer seeking completion of project financing and ultimately commencement of mine construction and operation through KMC.

Strengthening of the Alara Board

The recent addition of internationally experienced mining executive Mr Philip Hopkins as Director², who the Board is pleased to announce is transitioning into an Executive Director with oversight for the development and construction of the Project, has strengthened the foundation for Khnaiguiyah to advance to mine construction.

Alara is also in discussions to appoint a commercially experienced, highly regarded Saudi Arabian national to further strengthen the Board. Such appointment will provide a local influential and trusted presence to advise and assist in relation to securing project financing locally/regionally and obtaining various regulatory approvals required for Khnaiguiyah mine development.

SIDF Project Financing

To achieve the target of mine construction as soon as possible to take advantage of a projected 'peak' in Zinc prices in 2017³, the primary focus of Alara in the short term will be to advance funding options with the [Saudi Industrial Development Fund \(SIDF\)](#). SIDF has the mandate and capacity to provide loans for local Saudi projects of up to 75% of the capital cost of mine development at nominal interest rates.

SIDF has previously indicated to Alara that it would be interested in providing such financing for the development of the Khnaiguiyah Project.

To that end, Alara has been in discussions with the Riyadh office of KPMG to advise and assist KMC on the SIDF loan application process.

Alara is currently making preparations for the initiation of the SIDF application process.

¹ Refer Alara's ASX market announcement dated 30 April 2013 and entitled "[Positive Definitive Feasibility Study Confirms Khnaiguiyah Project as Technically and Financially Robust](#)"

² Refer Alara's market announcements dated 2 May 2013 and entitled "[Appointment of Director](#)"

³ Source: CRU Strategies (an international marketing and market forecasting firm on long term zinc, copper and TC/RC charges) engaged by KMC to prepare a marketing report on zinc and copper markets during the life cycle of the Khnaiguiyah Zinc-Copper Project for the DFS

