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## ASX/MEDIA RELEASE

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### Khnaiguiyah Project – Joint Venture Update

**Perth:** Alara Resources Limited (ASX: AUQ) (**Alara**) refers to its market announcement of 21 May 2013<sup>1</sup> and provides the following further update in relation to the joint venture<sup>2</sup> for the Khnaiguiyah Zinc-Copper Project in Saudi Arabia (**Project**).

#### Joint Venture Management and Transfer of Mining Licence

Under a Shareholders Agreement (**SHA**) between Alara and Manajem for the formation and operation of joint venture company KMC<sup>3</sup>, Manajem has an obligation to transfer the Khnaiguiyah Mining Licence<sup>4</sup> (and other Exploration Licences within the Project area held by Manajem) to KMC. To date they have not done so.

As announced on 21 May 2013, Alara formally provided notice to Manajem seeking that they rectify the matter of the transfer of the Mining Licence (insofar as it relates to their involvement to facilitate the process). Alara has the option, inter alia, to suspend its obligations under the SHA if Manajem fails to address this issue to its satisfaction within 60 days (which expires on 19 July 2013).

Alara and Manajem have been productively engaged to endeavour to resolve a number of outstanding issues in relation to the completion of the transfer of the Mining Licence from Manajem to KMC and to address other KMC joint venture management and operational matters interrelated to the development of the Khnaiguiyah Project overall.

As a consequence of these positive discussions to date and the scheduling of further detailed KMC shareholders' discussions in late July (with the mutual intention to resolve any/all outstanding joint venture matters) Alara will not exercise its discretion to suspend the SHA at this time. However, Alara has reserved its rights to do so under the SHA if the matter of the transfer of the Mining Licence has not been resolved in due course.

A further update will be provided by the Company after these meetings with Manajem in late July 2013.

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<sup>1</sup> Refer Alara's ASX market announcement dated 21 May 2013 and entitled "[Khnaiguiyah Project Update Post DFS](#)"

<sup>2</sup> 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.

<sup>3</sup> Refer Alara's market announcements dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)" and dated 25 October 2010 and entitled "[Execution of Joint Venture Agreement - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)"

<sup>4</sup> The Khnaiguiyah Mining Licence (with an exclusive 30 year term) was granted in December 2010; refer Alara market announcements dated 21 December 2010 and entitled "[Award of Mining License – Khnaiguiyah Zinc Copper Project, Saudi Arabia](#)"

