

ASX/MEDIA RELEASE

Thursday, 17 September 2015

COMPANY UPDATE

Perth: In response to recent developments and shareholder enquiries, Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) provides the following updates:

Potential Corporate Transaction

The Company refers to its previous announcement¹ confirming it had engaged with another company in relation to a potential corporate transaction.

While various options have been and are being considered, details of the parties' discussions are subject to mutual confidentiality obligations. Accordingly, the Company is limited in providing further details until such time that a transaction is completed, or as otherwise agreed by parties.

Meanwhile, the Company will continue to utilize the best and most practical means for advancing its joint venture projects in the Middle East. This includes the feasibility study in Oman and furthering discussions with other parties who have expressed interest in providing debt and/or equity finance. These discussions are complementary to the potential corporate transaction and serve to further advance the interests of current and future stakeholders.

Legal proceedings in Saudi Arabia

The Company refers to the previously reported dispute with United Arabian Mining Company LLC ('Manajem') and provides a summary of the proceedings held over the past year.

In 2014, Manajem filed a legal claim against Alara for alleged breaches of the Shareholders' Agreement and Saudi Arabian law. Neither the terms of Shareholders' Agreement, nor the relevant legal provisions which were alleged to have been breached are specified in Manajem's claim.

In January 2015, Alara submitted a response to Manajem's claim, along with a counterclaim.

In April 2015, Manajem opted to avoid addressing the substantive issues by claiming the law firm representing Alara had previously acted for the parties' joint venture company and should not be permitted to appear on Alara's behalf. Alara's lawyers prepared a reply to this point, but Manajem's legal representative did not appear at the hearing on 16 June 2015, so the matter was rescheduled.

On 8 September 2015, Alara's lawyers submitted their reply and Manajem requested time to prepare a response.

The next hearing is scheduled for 17 November 2015.

¹ Refer Alara's ASX Market Announcement dated 16 June 2015: [Company Update](#)

