

ASX/MEDIA RELEASE

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LEGAL UPDATE KHNAIGUIYAH ZINC COPPER PROJECT

Alara Resources Limited (ASX: AUQ) (Alara or Company) provides an update on legal proceedings relating to the Khnaiguiyah Zinc Copper Project in Saudi Arabia.

The Company refers to its previous announcements summarising the history of the Alara-Manajem joint venture relationship and a previous court hearing before the Board of Grievances¹.

At the hearing in October 2016, Manajem's representative asked the judge to give more time to prepare a reply brief. It was argued that the hearing had taken considerably more time than was usual and that the matter should be submitted for judgment. After some discussion, the judge decided Manajem would be given a "final" extension to prepare their reply.

On 9 January 2017, legal counsel for the Company attended the latest hearing of the case before the Board of Grievances in Riyadh, Saudi Arabia. No representative from Manajem's side came to the hearing.

After waiting the required time, the judge heard argument from legal counsel in attendance and agreed that the plaintiff (Manajem) had had several opportunities to present its brief and evidence in support of its claim, and had not done so. Given the history of the matter, the Judge also agreed to a request to send the matter for judgment.

A judgment hearing date is now scheduled for Sunday 13/06/1438 A.H (corresponding to Mar 12, 2017).

On average, it can take 545 days to enforce a contract in Saudi (DB 2016). It has been over two years since these proceedings commenced. The extended time has been largely due to requests for more time by Manajem. Scheduling of a judgement hearing date is an important step forward, and one which can help focus attention on reaching an ultimate resolution to allow the Project to proceed into production.

Further developments will be reported in due course.

¹ Refer Alara's ASX Announcements dated 3 May 2016 and 25 October 2016.



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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a Definitive Feasibility Study on the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an Advanced Scoping Study on the Daris and Al Hadeetha Copper-Gold Projects in Oman and a Feasibility Study for the Al Hadeetha Project, Washihi deposit. The Company is transitioning to establish itself as a base and precious metals mine development and production company. For more information, please visit: www.alararesources.com

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