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MARKET ANNOUNCEMENT

Conditions Precedent now met in Saudi Arabia for advancing Khnaiguiyah Zinc-Copper Mining Project

Alara Resources Limited is pleased to announce that the Khnaiguiyah Zinc-Copper Project joint venture company has been formed in Saudi Arabia – “Khnaiguiyah for Mining Company” (**KMC**).

Alara has also received an Industrial Foreign Investment Licence from the Saudi Arabian General Investment Authority (**SAGIA**) as a preliminary step to the formation of KMC.

KMC has also received signed documents to facilitate the transfer of the Project licences from Alara's joint venture partner “United Arabian Mining Company” (**Manajem**) to KMC.

This completes the conditions precedent under the Shareholders' Agreement between Alara and Manajem and accordingly, Alara has effected payment of US\$1.25 million to Manajem due under Payment Milestone/Tranche 2 of the Shareholders' Agreement.

FURTHER INFORMATION:

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