

ASX/MEDIA RELEASE

Thursday, 25 June 2015

COMPANY UPDATE

Perth: Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) is pleased to provide an update on the following matters:

Potential Corporate Transaction

The Company refers to its 'Company Update' announcement on 16 June 2015¹ where it confirmed that it was in discussions with another company in relation to a potential corporate transaction between the parties.

The Company advises that these discussions are continuing and further updates will be provided in due course.

Khnaiguiyah Zinc-Copper Project (Saudi Arabia) – Legal Matter

The Company provides this update in response to queries regarding the previously reported legal matter in relation to the Khnaiguiyah Zinc-Copper Project in Saudi Arabia (Project).

The legal representative of United Arabian Mining Company LLC ('Manajem') did not appear at the Administrative Court (Board of Grievances) hearing held on 16 June 2015.

The Court declined to immediately dismiss the case filed by Manajem, giving Manajem's representative until the end of the day to appear, before making any determination in Manajem's absence. Manajem's representative appeared later in the day, but not in time for the hearing to proceed.

Alara's legal representative (Mohammed Al-Ghamdi Law Firm, in association with Norton Rose Fulbright US LLP) will inform the Company as soon as notice for the next Court hearing is received.

Appointment of Alternate Director

Justin Richard has appointed Ian E. Gregory as his Alternate Director² (but not as Alternate Managing Director) with effect on 22 June 2015.

Mr Gregory's experience and qualifications are as follows:

Ian Gregory
BBus, FGIA, FCIS, F Fin, MAICD

Mr Gregory is a highly regarded Director and Company Secretary with over 30 years' experience in the provision of governance and business administration services covering a variety of industries, including oil and gas, exploration, mining, mineral processing, banking and insurance.

Prior to founding his own consulting business in 2005, he was the Company Secretary of Iluka Resources Limited (ASX:ILU), IBJ Australia Bank Ltd Group, the Australian operations of The Industrial Bank of Japan and the Griffin Coal Mining Group of companies.

Mr Gregory is a member of the Western Australian Branch Council of Governance Institute of Australia (GIA), a past Chairman of that body and has also served on the National Council of GIA.

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

² Pursuant to Clause 10.1 of the Company's Constitution

He is also currently a Non-Executive Director and Company Secretary of Phoenix Gold Limited (ASX: PXG) and consults on company secretarial matters to a number of listed and unlisted companies.

Material Terms of Employment of Managing Director/CEO

The Company refers to the appointment of Justin Richard as Managing Director/CEO announced on 16 June 2015.³

Mr Richard has been the Company's Legal & Commercial Manager since August 2011 and also Alara's Country Manager in Saudi Arabia (since November 2012) and Oman (since December 2013).⁴

The terms of his current employment as Alara's Country Manager, with appropriate variations, carry over to his new role as Managing Director and CEO, the material terms of which are as follows:

- (1) An annual base salary of approximately A\$282,150 (subject to adjustments for exchange rate variations as a portion of salaries are paid in Saudi Arabian Riyals and Omani Rials);
- (2) Standard expatriate allowances totalling approximately A\$225,000 per annum (subject to adjustments for exchange rate variations);
- (3) Provision of a company car and family medical insurance cover;
- (4) Repatriation/Relocation costs of up to A\$25,000;
- (5) Standard annual leave (20 days) and personal/sick leave (10 days paid) entitlements plus any additional entitlements prescribed under Saudi Arabian Labour Law;
- (6) 60 days long service leave after 7 years of service and 5 days long service leave in respect of each year of service thereafter;
- (7) Compulsory statutory 'end of service' payments due under Saudi Arabian Labour Law;
- (8) Five month's notice of termination by the Company (without cause). The Company may terminate Mr Richard's employment without notice if he commits any act of serious misconduct in the discharge of his duties.

In addition, Short-Term Incentive (**STI**) and Long-Term Incentive (**LTI**) components may be applicable by mutual agreement of the parties but no STI and LTI schemes are currently in place.

– ENDS –

For further information, please contact:

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and mine development company with a portfolio of projects in Saudi Arabia and Oman. Alara has completed a [Definitive Feasibility Study](#) (DFS) on its Khnaiguiyah Zinc-Copper Project in Saudi Arabia, an [Advanced Scoping Study](#) on its Daris/Washihi Copper-Gold Projects in Oman and an [Updated Advanced Scoping Study](#) on its Washihi Project. For more information, please visit: www.alararesources.com.

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

4 Refer Alara's 24 December 2013 ASX Announcement: [Corporate Update and Projects Update – Oman and Saudi Arabia](#)