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ASX/MEDIA RELEASE

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UPDATE ON LEGAL PROCEEDINGS IN SAUDI ARABIA

Alara Resources Limited (ASX: AUQ) (**Alara** or **Company**) provides this update in respect to previously announced legal proceedings involving United Arabian Mining Company LLC ('Manajem') and the Company[1].

At the last hearing, which took place on 16 February 2016[2], the Judge asked Manajem's representative a series of questions in order to establish: 1) the basis of Manajem's claim, 2) what they were seeking, and 3) the connection between the two. The Judge also indicated he would not allow the file to drift and it was time to send the matter for judgement.

The Company and its legal counsel see this as a positive development.

Alara's legal representative was also asked to provide an Arabic translation of the Shareholders' Agreement. This document is now being delivered to the court.

The next court date is yet to be advised and will be announced in due course.

For further information, please contact:

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based 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 is currently completing a Feasibility Study on the Al Hadeetha Project (formerly known as the Washihi project), in which the Company holds a 70% interest. The Company is transitioning towards establishing itself as an emerging base and precious metals mine development and production company. For more information, please visit: www.alararesources.com.

[1] Refer Alara's ASX Announcement date 18 November 2014.
[2] Not 8 February as previously reported.