

## ASX/MEDIA RELEASE

Tuesday, 24 December 2013

# Corporate Update and Projects Update – Oman and Saudi Arabia

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Alara Resources Limited (ASX: AUQ) (Alara and the Company) is pleased to announce the appointment of Mr Justin Richard as Country Manager for Saudi Arabia and Oman. Mr Richard has been the Company's General Counsel since 2011. Earlier this year he took up residence in Riyadh as Alara's Country Manager for Saudi Arabia. The Company has now expanded his role to include Oman.

### **Justin Richard**

LLB, FCSA, FCIS, MAICD

Country Manager – Saudi Arabia and Oman

Mr Richard is an accomplished corporate lawyer and business manager. Prior to joining Alara, he worked as Senior Commercial Officer / Contracts Specialist with Bateman Engineering (Australia), Corporate Counsel and head of legal for UGL Limited's resources division and as a lawyer in Minter Ellison's Construction, Engineering and Infrastructure group. Before entering the legal profession, Mr Richard enjoyed a successful career in private enterprise as Managing Director of Irrigate Australia. He possesses excellent interpersonal skills and has a demonstrated ability to assess complex issues and deliver solutions to achieve strategic commercial objectives.



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Welcoming Mr Richard to the Saudi and Oman management team, Alara's Managing Director, Mr Philip Hopkins said:

*"Alara is honoured to have such a well-qualified and successful executive as a member of the Alara Management Team as we position the Company to move into a construction and then operations phase in Saudi Arabia.*

*Justin will be pivotal to the success of the Company and myself as we continue to establish Alara's core competencies for the next phase of project development and transition to a base metals producer.*

*On behalf of the Board of Directors and the entire Company, I welcome the appointment of Mr Richard to Alara's Saudi and Oman projects and look forward to his leadership and support as we progress development of the Khnaiguiyah Zinc-Copper Project in the short term and the growth of the Company over time."*

## Washihi/Daris Copper-Gold Projects – Oman Strategy

In the September 2013 quarterly report, the Company advised that an update to its prior Scoping Study had commenced in order to incorporate the significant upgrade in the Washihi Mineral Resource announced in July 2013<sup>1</sup> and new and positive results from the commissioned metallurgical test-work. As a result of these positive results the updated Scoping Study will increase operational throughput from 0.5 Mtpa to 1.0 Mtpa. This updated Scoping Study will form the basis for any further technical evaluations or studies going forward.

Since commencing the noted upgraded Scoping Study and reviewing further project options/opportunities, three further potential development paths have come to light. These potential development paths include, but are not limited to (1) gravity separation, (2) heap leaching and (3) toll milling at a nearby plant. All three of these options have the potential to offer alternative development approaches to these projects and in turn improve the overall project economics.

The Company previously announced its intention to divest all or part of its Oman assets in order to ensure sufficient working capital for its focus on the flagship Khnaiguiyah mine project in Saudi Arabia (below). Internal cost management efforts and further funds injection(s) into the Company (below) have somewhat lessened this short term imperative. The combination of this working capital situation and the further project optionality has provided the Company with the opportunity to progress the current divestment strategy in parallel with a possible project review/retention strategy. The evaluation of a possible retention strategy does not in any way impede the current divestment strategy under suitable terms for Alara shareholders. There has been strong and material interest for the Oman assets from very capable groups and as such this divestment process will continue unimpeded.

The Washihi exploration license contains the largest JORC copper resources in Oman. Alara has been in discussions with a number of interested parties and has received two offers which are currently under consideration by management. It remains essential to Alara that no matter what the outcome is from the concurrent divestment and retention strategies, it is fundamentally essential there is a suitable result for the existing joint venture partners in the two projects.

## Khnaiguiyah Zinc-Copper Project – Saudi Arabia

The progress of the Khnaiguiyah mining project remains dependent on the finalisation of a suitable arrangement with the Joint Venture partner United Arabian Mining Company that will allow Alara to progress the finance stage of the work. Discussions in this regard have been undertaken on a priority basis and continue to progress to date. These discussions have taken longer than anticipated and at this time there is no firm completion date has been set for the completion of this work. Both parties remain interested in progressing to the finance stage of the project as soon as practicable.

The preparation of the Saudi Industrial Development Fund (SIDF) loan application has been materially progressed however the conclusion of this work has now been put on hold until the current discussions with the joint venture partner are concluded.

The Government of Saudi Arabia continues to actively encourage development of this project and, from a more general perspective, the overall advancement of the country's mining industry. This federal mining strategy is the 'third pillar' of the Saudi economy alongside the oil/gas industry and financial sector development. There is strong interest from various stakeholders within Saudi Arabia, including relevant Government Departments, in seeing the Khnaiguiyah Zinc-Copper Project move into the construction phase as soon as possible.

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<sup>1</sup> Refer Alara's ASX market announcement dated 16 July 2013: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

