



Alara Resources Limited
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ASX/MEDIA RELEASE

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Relinquishment of Interest in El Quillay Project, Chile

Perth: Australian-based minerals exploration and development company Alara Resources Limited (ASX: AUQ) (**Alara**) has chosen not to progress further with its El Quillay copper-gold exploration project in Chile.

The decision was made in advance of a US\$1 million option payment which was due to be paid to Alara's joint venture partner before 21 October 2012.

As a consequence of not paying the option payment, Alara has relinquished all rights to the project.

Commenting on this decision, Alara's Managing Director Shanker Madan said:

"Whilst the El Quillay project initially showed good prospects, with old artisanal workings, prospective geology and clear walk up drill targets, the 5,000 metres of targeted drilling undertaken over the last six months failed to confirm the presence of the mineralisation that we were expecting.

Given these results, Alara felt that the project did not warrant paying the US\$1 million option fee, together with a commitment to a further 15,000 metres of drilling, to maintain our rights to the project for another year. Our attempts to renegotiate this tranche of option payment were not successful.

Furthermore, with Alara's much more advanced flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and continuing positive exploration results in Oman, Alara felt that it was an opportunity to focus the Company's resources more in the Middle East, rather than continue to spread management time and capital between two widely separated geographic areas".

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For further information, please contact:

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and development company with a diverse portfolio of projects in Saudi Arabia and Oman.

With a strong pipeline of advanced and early stage projects, Alara is moving towards establishing itself as an emerging base and precious metals development company.