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# 30 June 2012 Quarterly Activities Report

## Company Profile

Alara Resources Limited (ASX Code: AUQ) (**Alara**) is an Australian-based minerals exploration and development company. Alara has a current portfolio of advanced development and early stage exploration projects in Saudi Arabia, Oman and Chile as follows:

PROJECTS	LOCATION	STATUS
(1) Khnaiguiyah Zinc-Copper	Saudi Arabia	DFS
(2) Al Ajal-Washihi-Mullaq Copper-Gold Project	Oman	Exploration
(3) Daris Copper-Gold Project	Oman	Exploration
(4) Awtad Copper-Gold Project	Oman	Exploration
(5) El Quillay Copper-Gold Project	Chile	Exploration
(6) Piedrecillas Copper-Silver Project	Chile	Exploration
(7) Marjan Precious and Base Metals	Saudi Arabia	Exploration

## Quarterly Highlights

- Draft Khnaiguiyah DFS report received; Alara review has identified a number of significant components and outstanding issues that require further work, expected to be completed in Q4 2012.
- Assay results from 10,000m backlog of drilling at Khnaiguiyah (pre JORC Resource Estimate in February 2012) confirm additional mineralisation in Zones 1 to 3.
- Grant of approvals for construction and mining operations at Khnaiguiyah.
- Scoping Study has commenced for an integrated mining and processing facility to develop Oman prospects, expected to be completed in Q3 2012.
- On-going drilling across Daris, Washihi, Mullaq and Awtad prospects in Oman;
- Washihi intersection highlights:
  - 72m @ 1.3% copper, 0.15g/t gold (Hole WH12DD005)
  - 18m @ 1.4% copper, 0.21 g/t gold (Hole WH12DD007)
- 2 Mining Licence applications have been filed over the Daris East and Daris 3A-5 prospects
- 15 diamond and RC holes (totalling 4,067 metres) have been drilled at the El Quillay Norte prospect to depths ranging from 190m to 390m to test the extent and characteristics of shallow oxide mineralisation together with deeper sulphide targets identified from the IP survey completed in February 2012. Assay results pending.
- New Piedrecillas Copper-Silver Project in Chile. Historical sampling taken in outcroppings both at surface and from small underground mining works show grades between 0.30% Cu to 3.30% Cu with up to 77g/t Ag, 0.15g/t Au and 0.001% Mo.
- Cash reserves of A\$11.2M as at 30 June 2012.

**Dated: 31 July 2012**

### FURTHER INFORMATION:

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ASX Code | **AUQ**





# COMPANY PROJECTS

## Saudi Arabia

### Khnaiguiyah Zinc-Copper Project

(Alara - 50%, United Arabian Mining Company (**Manajem**) - 50%, of Khnaiguiyah for Mining Company LLC (**KMC**))

#### JORC Resource

The current JORC Resource Statement for the Khnaiguiyah Zinc-Copper Project announced in February 2012 is<sup>1</sup>:

- Measured and Indicated Resource of 20.09 Mt at 4.24% Zinc and 0.15% Copper within a global resource of 26.4 Mt at 3.9% Zinc and 0.12% Copper; and
- 7.0 Mt at 0.8% Copper.

#### Definitive Feasibility Study (DFS)

On 10 July 2012<sup>2</sup>, Alara announced that it had received a draft copy of the DFS report from Ausenco, the lead consultant for the DFS.

On 30 July 2012<sup>3</sup>, Alara announced that it had reviewed the draft report and identified a number of significant components, outstanding issues and trade-off opportunities that require further work to deliver a final DFS to the satisfaction of the Company.

Alara estimates that this process is expected to be completed in Q4 2012.

#### Environmental Approvals

On 10 July 2012<sup>3</sup>, Alara announced that its joint venture partner, Manajem, has received confirmation from the Presidency of Meteorology and Environment in Saudi Arabia of the grant of approvals for construction and mining operations at the Khnaiguiyah Project. The approvals require the commencement of construction within one year.

#### Additional Mineralisation in Zones 1 to 3

The cut-off date for compiling drilling data for the above JORC Resource Statement was in November 2011 (based on drilling completed in September 2011). Since September 2011, 10,000 metres of additional drilling in Zones 1 and 2 have been completed.

Assay results from this 10,000m backlog of drilling confirm additional mineralisation in Zones 1 to 3.

These results have been progressively announced on 11 April 2012<sup>4</sup>, 16 May 2012<sup>5</sup> and 12 July 2012<sup>6</sup>, which includes a complete tabulation of intersection results along with maps indicating the location of these holes in Zones 1, 2 and 3.

Refer *Figure 1* for location of Mineralised Zones 1 to 4 (KZ1 to KZ 4), Resource outlines and drill hole locations.

There are currently more than 1,221 samples awaiting analysis. As results of these samples are received, collated and analysed, Alara will continue to provide regular updates to the market.

Infill and step-out drilling in Zone 1 and Zone 2 is on-going, with a view to identifying additional mineralisation. Since the commencement of the Khnaiguiyah drilling programme, a total of 315 holes to ~36,494 metres has been completed.

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1 Refer ASX market announcement dated 21 February 2012: [Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project](#).

2 Refer ASX market announcement dated 10 July 2012: [Definitive Feasibility Study Update – Khnaiguiyah Zinc-Copper Project](#).

3 Refer ASX market announcement dated 30 July 2012: [Update – Khnaiguiyah Zinc-Copper Project](#).

4 Refer ASX market announcement dated 11 April 2012: [Drilling Update – Khnaiguiyah Zinc-Copper Project](#).

5 Refer ASX market announcement dated 16 May 2012: [Drilling Update – Khnaiguiyah Zinc-Copper Project](#).

6 Refer ASX market announcement dated 12 July 2012: [Drilling Update – Khnaiguiyah Zinc-Copper Project](#).



# COMPANY PROJECTS

## Drilling Highlights<sup>7</sup>

### ZONE 1:

- Hole K1DD12\_221 from 24–30.8m: 6.8m at 6.02% Zn; 0.49% Cu
- Hole K1DD12\_222 from 63–66m: 3m at 7.51% Zn; 0.95% Cu
- Hole K1DD12\_245 from 25.45–34m: 8.55m at 10.91% Zn; 0.19% Cu  
including 25.45–28m: 2.55m at 21.80% Zn; 0.34% Cu  
and 42–47.1m: 5.1m at 10.97% Zn; 0.21% Cu  
including 45–46m: 1m at 31.56% Zn; 0.70% Cu

### ZONE 2:

- Hole K2DD12\_233 from 80.8–86m: 5.2m at 7.15% Zn; 0.14% Cu
- Hole K2DD12\_237 from 157–162m: 5m at 8.40% Zn; 0.38% Cu
- Hole K2DD12\_239 from 177–188m: 11m at 6.42% Zn; 0.12% Cu
- Hole K2DD12\_240 from 91–101m: 10m at 10.90% Zn; 0.31% Cu
- Hole K2DD12\_255 from 32-41m: 9m at 7.7% Zn; 0.3% Cu
- Hole K2DD12\_258 from 59.4-69m: 9.6m at 7.1% Zn; 0.1% Cu

### ZONE 2 (Copper Rich Zone):

- Hole K2DD12\_237 from 164–168m: 4m at 1.09% Cu
- Hole K2DD12\_238 from 193.4–203m: 9.6m at 1.47% Cu

### ZONE 3:

- Hole K3DD11\_037 from 78–82m: 4m at 11.02% Zn; 0.07% Cu
- Hole K3DD11\_044 from 187–209.1m: 22.1m at 6.87% Zn; 0.14% Cu  
and 214–221m: 7m at 6.69% Zn; 0.65% Cu
- Hole K3DD11\_052 from 20–31m: 11m at 5.62% Zn; 0.22% Cu

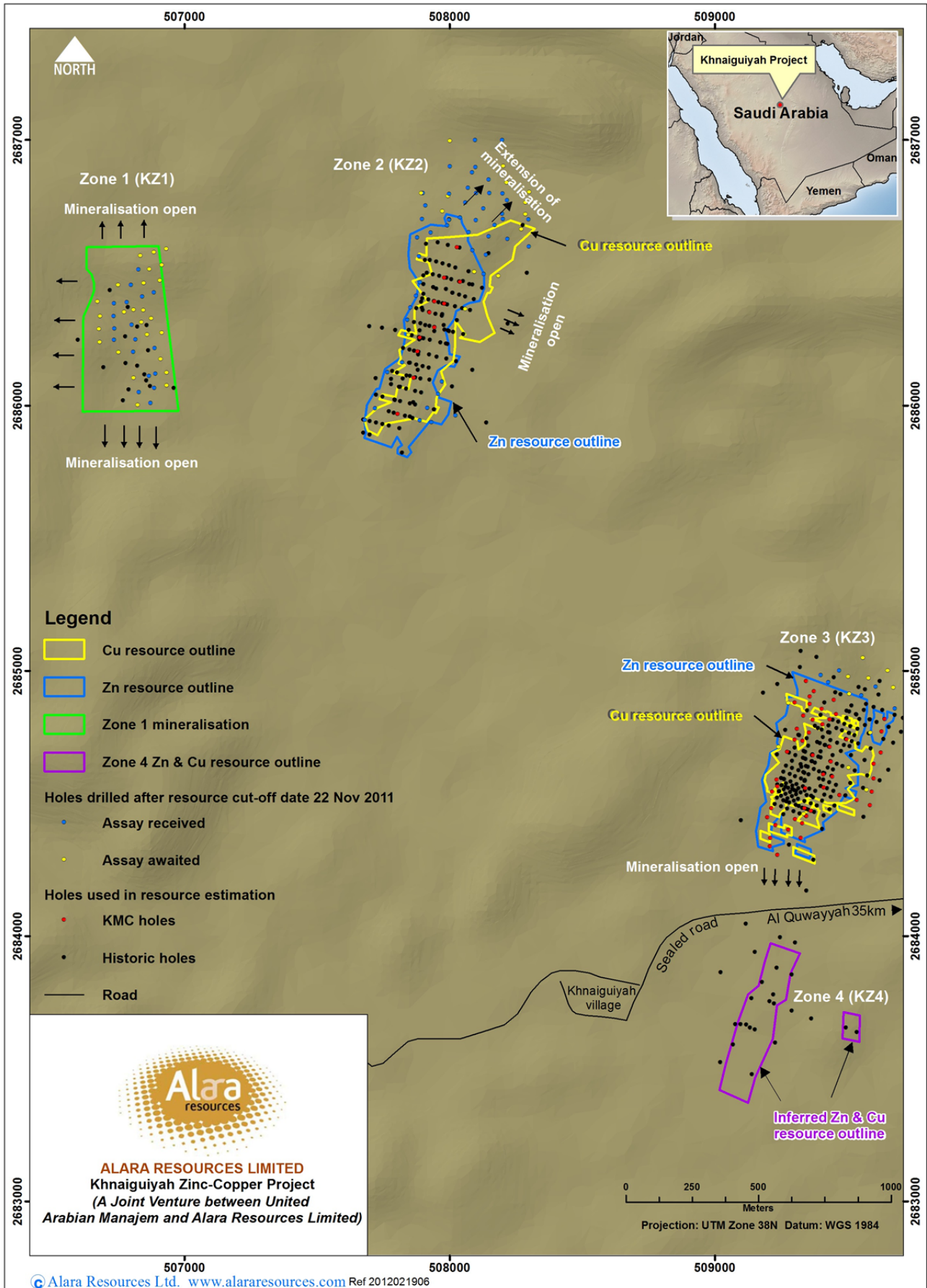
## Marjan Precious and Base Metals Project

(Alara - 50%, Manajem - 50%, of "Marjan Mining Company LLC" (MMC) (to be incorporated))

During the quarter, mapping and preliminary reconnaissance drilling continued in high priority areas within the exploration licence. Such work targeted gold, silver and zinc mineralisation.

Assay results from the drilling programme are pending.

# COMPANY PROJECTS



**Figure 1:**  
 Location of Mineralised Zones 1 to 4 (KZ1 to KZ 4), Resource Outlines and Drill Hole Locations

# COMPANY PROJECTS

## Oman

Alara has joint venture interests in five exploration licenses in Oman extending over 1,188 km<sup>2</sup> (refer Figure 2).

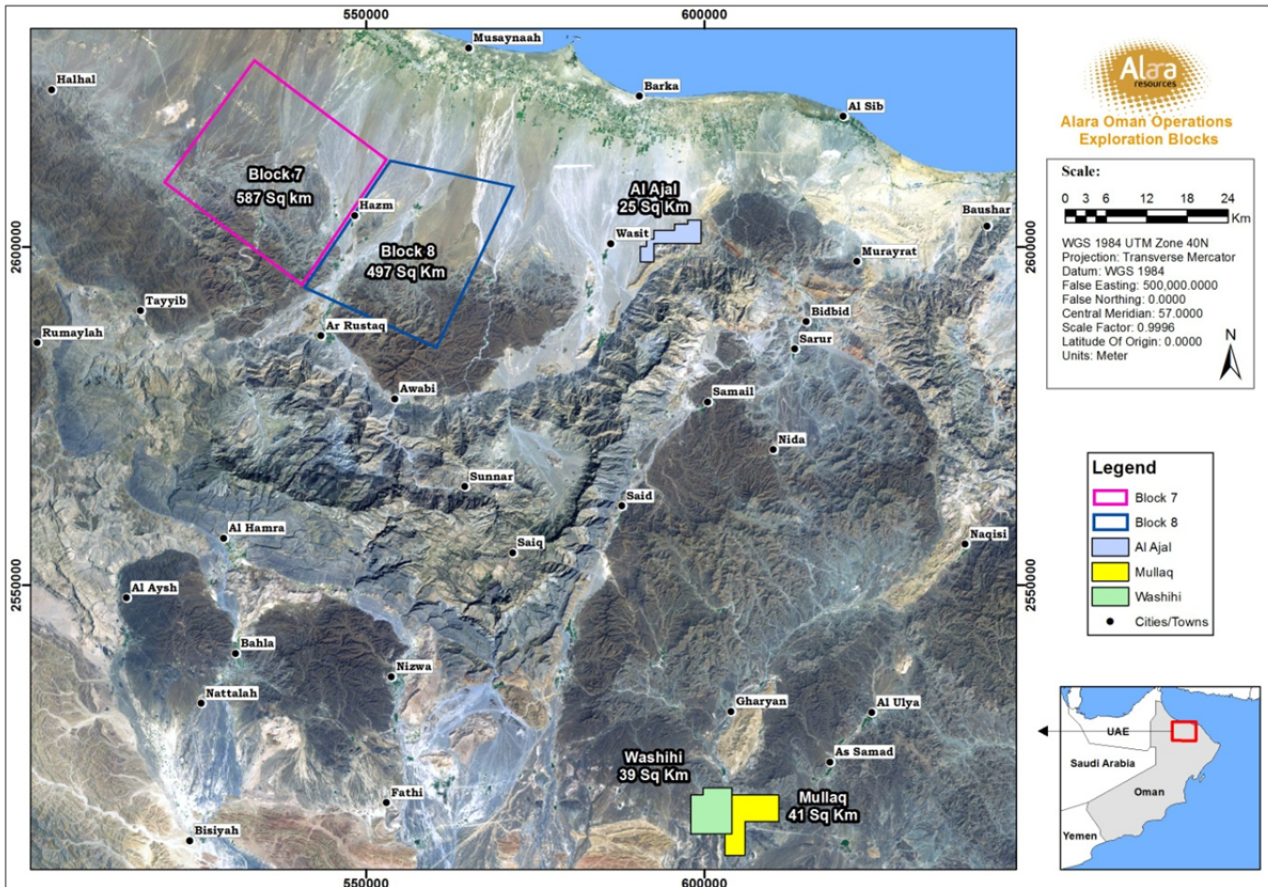


Figure 2: Location of Alara’s Exploration Licence Areas in Oman

### Scoping Study

On 20 June 2012<sup>8</sup>, Alara announced that as part of its broader strategic objectives in Oman, a Scoping Study had been initiated for an integrated mining and processing facility to develop the Washihi, Mullaq, Al Ajal and Daris (Block 7) prospects. Local Environmental and Hydrogeology consultants have also been engaged to contribute towards the study.

This Scoping Study is expected to be completed in Q3 2012.

# COMPANY PROJECTS

## Al Ajal-Washihi-Mullaq Copper Gold Project

(Alara - right to subscribe for 10% and earn up to 60% to 75% of Pilatus Resources Oman LLC)

### Washihi Prospect

On 20 June 2012<sup>10</sup>, Alara announced drilling results from an initial phase of 9 diamond core holes totalling 1,615m which confirmed the potential for thick mineralisation at high grade from the Washihi prospect.

Intersection highlights include:

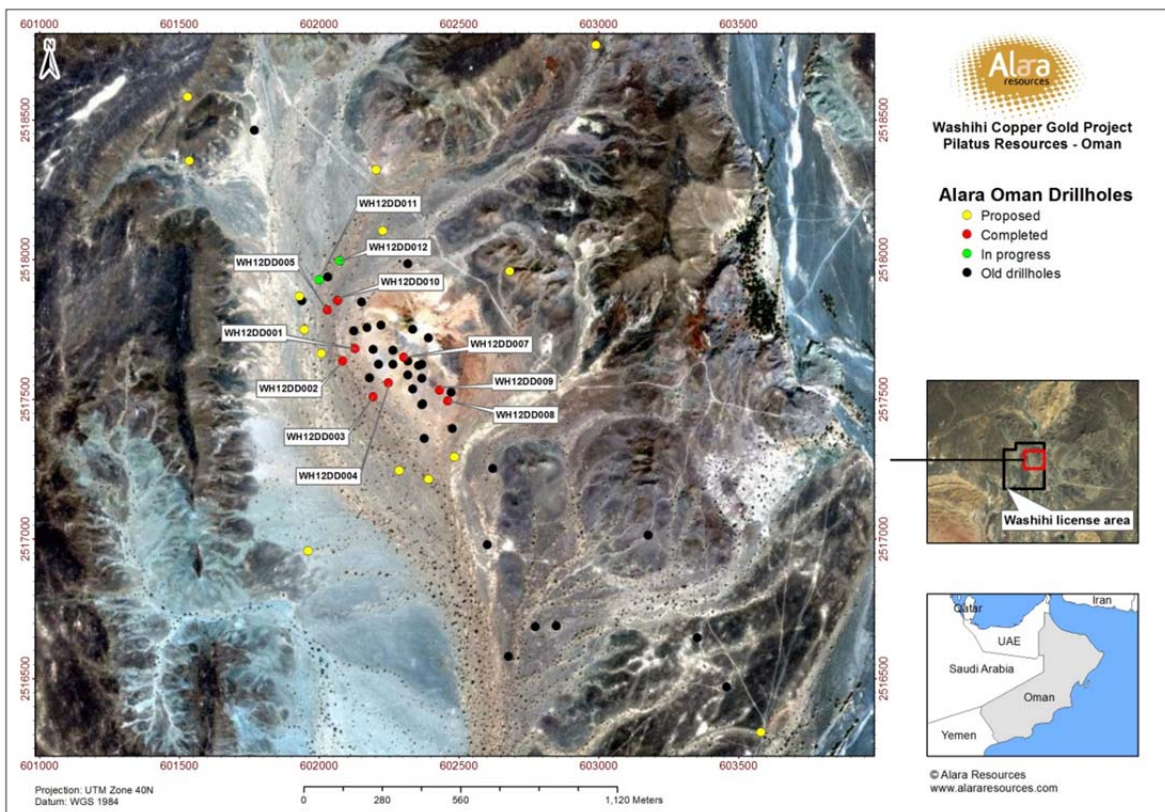
- Hole WH12DD005                      from 160–232m:                                      72m @ 1.3% Cu; 0.15g/t Au
- Hole WH12DD007                      from 62–80m:    18m @ 1.4% Cu; 0.21g/t Au

A total of 10 diamond core holes totalling 1,860m has been completed to date. A resource model is being developed based on assay results received.

A topographic survey has been completed for contouring and completed drill hole collar pick-ups.

The ongoing drilling programme is targeting an extension of the mineralisation to the north west and south east of the Washihi prospect.

The drill hole location map (Figure 3) and a tabulation of significant intersection results assayed to date (Table 1), including historic drill hole results (Table 2), are below.



**Figure 3: Drill hole locations at the Washihi Copper Gold Prospect**



# COMPANY PROJECTS

**Table 1: Washihi Prospect – Significant intersection results from Alara drilling**

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS - ALARA HOLES						
Drill Hole	Significant Mineralisation				Mineralised Zone	
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)
WH12DD001	Primary	137	159	22	0.71	0.11
	Inclusion	144	153	9	1.08	0.15
WH12DD004	Primary	120.3	134	13.7	0.64	0.52
	Inclusion	120.3	127	6.7	0.78	0.93
	Inclusion	126	128	2	1.16	0.61
WH12DD005	Primary	160	232	72	1.26	0.15
	Inclusion	168	169	1	3.57	0.21
	Inclusion	187	188	1	4.66	0.08
	Inclusion	206	209	3	1.45	0.61
	Inclusion	229	232	3	3.20	0.05
WH12DD007	Primary	62	80	18	1.35	0.21
	Inclusion	62	66	4	2.26	0.12
	Inclusion	77	78	1	1.26	0.51
WH12DD008	Primary	74	76	2	0.72	0.15
	Primary	82	86	4	1.09	0.28
	Inclusion	84	85	1	3.19	0.48

**Table 2<sup>9</sup>: Washihi Prospect – Significant intersection results from historical drilling**

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS - HISTORIC HOLES						
Drill Hole	Significant Mineralisation				Mineralised Zone	
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)
WS-02	Primary	56	58.6	2.6	3.67	0.51
WS-03	Primary	75	83	8	0.95	0.53
	Primary	86	125	39	0.90	0.30
WS-05	Primary	76	103	27	0.77	0.35
WS-14	Primary	71	98.5	27.5	1.25	0.12
	Inclusion	71	73	2	3.19	0.28
WS-20	Primary	75.4	84	8.6	2.00	4.00
	Primary	93.7	133	39.3	1.00	0.07
WS-23	Primary	25.9	40	14.1	1.56	1.21
	Inclusion	35	39	4	2.99	3.00
	Primary	42.5	44	1.5	1.54	0.65
WS-24	Primary	180.1	205	24.9	1.30	0.23
	Inclusion	189.15	190.65	1.5	3.71	0.17
	Inclusion	198.15	199.65	1.5	3.2	0.164
157-1	Primary	34.14	38.9	4.76	2.49	6.75
157-10	Primary	114.9	121.6	6.7	0.73	
157-6	Primary	89	112.47	23.47	0.95	
157-7	Primary	57.3	69	11.7	0.89	0.30
157-8	Primary	92.35	94.14	1.79	1.17	

Notes to Tables 1 and 2:

- Drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modelling stage. The drill intersections are almost perpendicular to mineralisation and no significant difference is expected in true and intersection thickness.
- The cut-off grade is 0.2% Cu. In addition to cut-off, a natural break in assay (a marked change in grade) was also considered in calculation of intersections. Assays less than 0.2% Cu within primary interval are included as internal dilution.

<sup>9</sup> This Table 2 of historical holes data updates the same included in Alara's ASX announcement on 20 June 2012<sup>a</sup>, which contained minor transcription errors.

# COMPANY PROJECTS

## Mullaq Prospect

A 478 line kilometre high resolution ground geophysical magnetic survey has been completed over the Washihi-Mullaq prospects.

Four core drill holes totalling to 475m has been completed at Mullaq prospect. Three holes did not intersect the previously reported historic anomaly and mineralisation. The fourth hole MQ12DD002 intersected weak chalcopyrite mineralisation at two discrete depths of 33m and 75m.

A high resolution ground EM and nano-TEM geophysical survey has been planned to accurately delineate the anomaly for further drilling.

## Daris Copper Gold Project

(Alara 50% with right to increase to 70%+, Al Tamman Trading Establishment LLC – 50% of Daris Resources LLC)

During the Q2 2012 quarter:

- 569m of core drilling was completed and 185 core samples collected across the Daris (Block 7) Project area;
- Resource modelling and estimation was completed and is currently under review at the Daris East prospect;
- 235m of core drilling in 4 holes for metallurgical and infill purposes were completed at Daris East;
- 3 core holes totalling 194m were completed for resource evaluation and metallurgical samples at the Daris 3A-5 prospect; 2 core holes targeting an ancient pit/slag pile site south of the Daris 3A-5 prospect were also completed;
- A topographic survey including contouring, drill hole collar pick-ups and connecting to National Survey Authority reference stations was completed over the Daris East and Daris 3A-5 prospects;
- A ground magnetic geophysical survey covering 164 line kilometres was completed over prospective surface geochemical anomaly targets. A further survey involving ground IP and EM is being planned over high priority anomalies to generate targets for drill testing during Q3 2012; and
- Two Mining Licence applications covering 3.2 km<sup>2</sup> and 1.3 km<sup>2</sup> have been filed over the Daris East and Daris 3A-5 prospects.



**Figure 4:** Daris East and Daris3A-5 prospects within the Daris (Block 7) Project



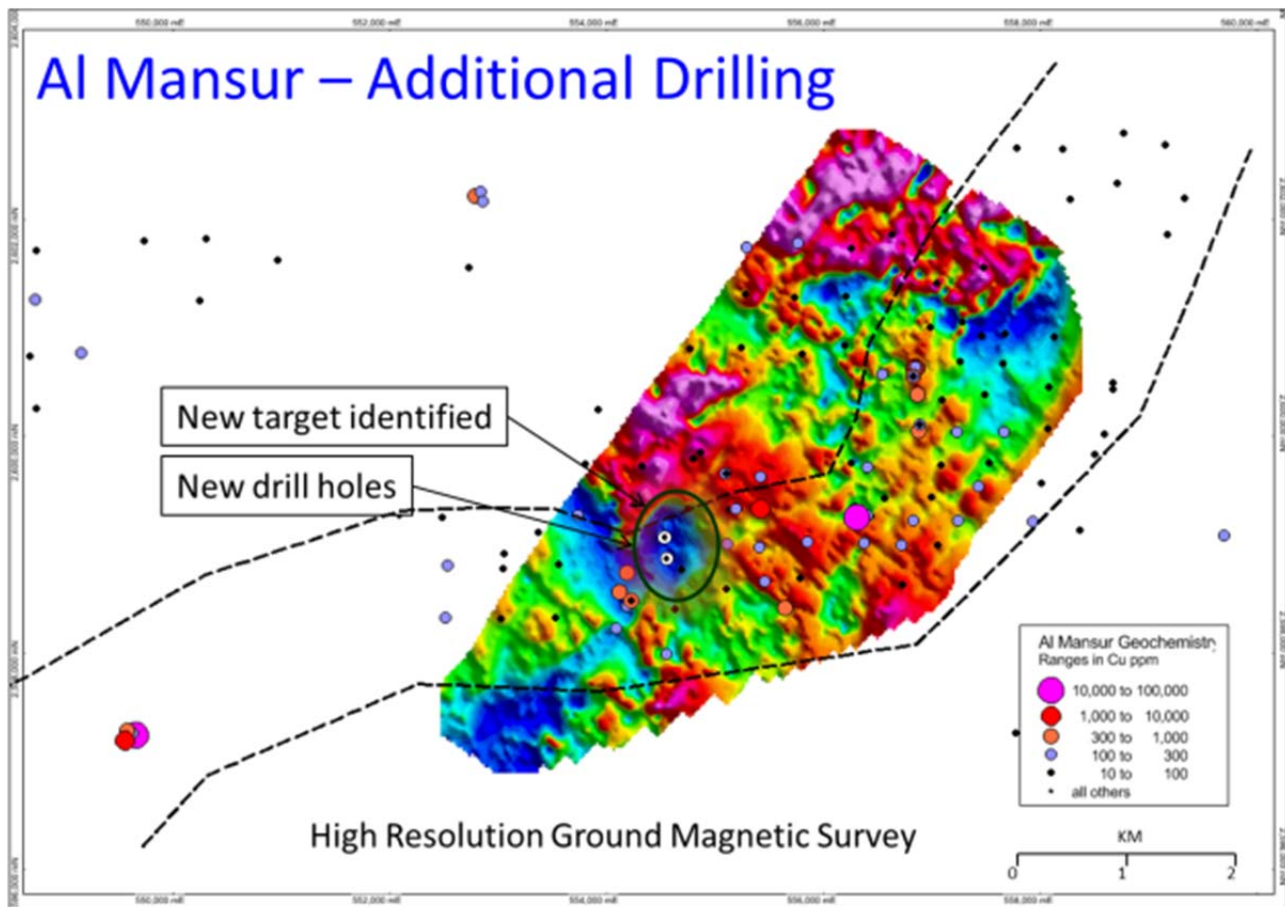
# COMPANY PROJECTS

## Awtad Copper Gold Project

(Alara right to subscribe for 10% initially with right to increase to 51% and subsequently 70% +, existing local shareholders = the balance of shareholding interests of Awtad Copper LLC)

During the Q2 2012 quarter:

- 1036m in 35 RAB drill holes and 179m in two core drill holes were completed;
- The geochemical map of this new prospective zone (Al Mansur prospect) has been updated;
- A high resolution ground geophysical magnetic survey has been completed over the Al Mansur prospect which has identified an RTP magnetic low coincident with mapped structural intersection and proximal copper anomaly in rock-chip and RAB samples (refer *Figure 5*);
- Two core holes drilled over this magnetic low intersected highly altered and fractured basalt with traces of disseminated pyrite and chalcopyrite mineralisation; and
- Core samples have been despatched for analysis.



**Figure 5:** Al Mansur Prospect (within Awtad Block8) Drill Hole Location Map on Ground Mag (RTP) Image

# COMPANY PROJECTS

## Chile

Alara has two exploration projects in Chile (refer *Figure 7*).

### El Quillay Copper-Gold Project

(Alara – 70% of El Quillay SpA (ELQ) which has option to acquire 100% of SCM Antares)

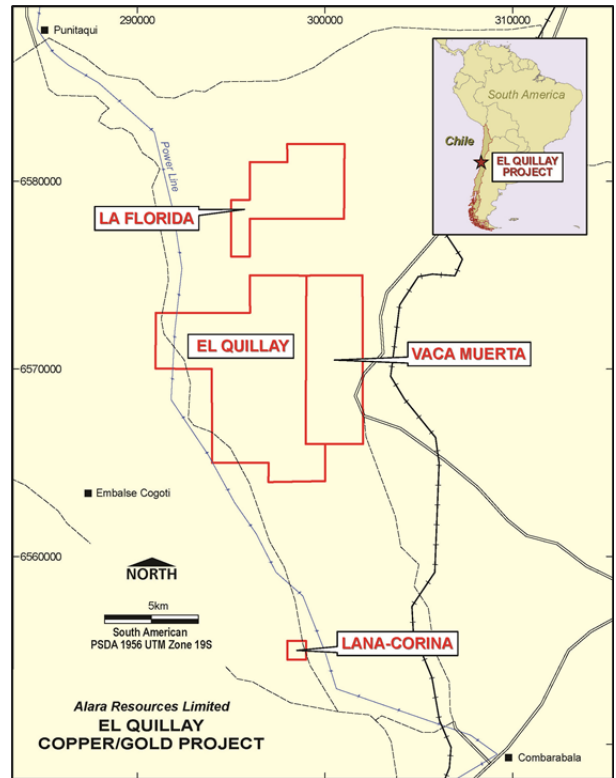
Following an IP ground survey completed by Alara in February 2012, a two-stage drilling programme totalling 10,000m of RC and HQ core drilling commenced in April 2012 to test multiple copper-gold prospects at the El Quillay Project.

Approximately 4,067 metres have been completed to date, with 15 diamond and reverse circulation (RC) holes drilled at the El Quillay Norte prospect to depths ranging from 190m to 390m.

These holes have been drilled to test the extent and characteristics of shallow oxide mineralisation together with deeper sulphide targets identified from the IP survey.

Assay results from this drilling are still pending.

Drilling has now moved on to the El Quillay Central and El Quillay South prospects which are located south of the El Quillay Norte prospect within the El Quillay concessions.



**Figure 6:** Location of El Quillay Project Prospects



**Figure 7:** Location of Alara's Projects in Chile

### Piedrecillas Copper-Silver Project

(Alara – option to acquire 50 to 100%)

In April 2012, Alara entered into an agreement to acquire up to a 100% interest in the Piedrecillas Copper-Silver Project in Chile.

The Piedrecillas Project consists of a series of exploration concessions covering a total area of approximately 2,370ha (24km<sup>2</sup>) and is located approximately 190km south of Santiago (capital) and 7km west of Santa Cruz, Chile.

The project area has good access to key project infrastructure requirements including water, power, roads, ports and favourably located close to towns and cities

Historical sampling taken in outcroppings both at surface and from small underground mining works show grades between 0.30% Cu to 3.30% Cu with up to 77g/t Ag, 0.15g/t Au and 0.001% Mo. No drilling has yet been performed in the project area.



# COMPANY PROJECTS

Alara plans to commence a programme of detailed geological mapping, sampling and trenching followed by a geophysical ground IP survey to identify and prioritise preliminary drill targets.

The key acquisition terms agreed with the current owners of the concessions (the Vendors) are summarised below:

- (1) The concessions will be transferred by the Vendors to a new contractual mining company, Alara Piedrecillas SCM (APSCM).
- (2) Alara, through its Chilean subsidiary, Inversiones Alara Chile Ltda, is entitled to purchase an initial 50% interest in APSCM through:
  - (a) The payment to the Vendor of four annual option payments over three years (Option Term):
    - (i) US\$75,000 paid on execution of the Option Agreement (Start Date);
    - (ii) US\$100,000 within 12 months of the Start Date;
    - (iii) US\$100,000 within 24 months of the Start Date; and
    - (iv) US\$225,000 within 36 months of the Start Date; and
  - (b) funding the maintenance and control of the project mining property and surface lands during the Option Term; and
  - (c) undertaking exploration and evaluation works, including a minimum of 15,000 metres of drilling on the project within the Option Term,
- (3) Alara may increase its interest in APSCM from 50% up to and including 100%, in 12.5% increments, by making further option payments to the Vendors, such payments being calculated according to a prescribed formula.

## Australia

### Canning Well Base Metals/Uranium Project, Western Australia

Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km <sup>2</sup> )	Area (hectares)	Location / Property Name	State	Company's Interest
Granted	E 46/629	02/08/05	21/08/12	19	57	5,700	Canning Well	WA	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); subject to a farm-out agreement with Process Minerals International Pty Ltd, a subsidiary of ASX-listed Mineral Resources Limited <sup>10</sup>
Application	E 46/585	17/10/03	N/A	69	207	20,700	Canning Well	WA	Right to earn 85% (excluding all manganese mineral rights) (63.75% held by Alara Operations Pty Ltd and 21.25% held by Hume Mining NL)

Alara has determined not to renew Exploration Licence EL 46/629 upon expiry on 21 August 2012.

This tenement was subject to a farm-out agreement with Process Minerals International Pty Ltd, who was unable to identify any prospective targets for manganese that warranted giving notice to commence mining operations under the terms of the farm-out agreement. PMI has been released from its obligations under the agreement.

<sup>10</sup> Under an agreement dated March 2010, Process Minerals International Pty Ltd (PMI) were to determine the feasibility of a manganese mining operation on EL 46/629. If the operation was feasible, PMI were to acquire the manganese rights in the tenement and develop an operation to mine and process manganese from the tenement. Upon commencement of mining, PMI were liable pay Alara a royalty based on a rate per dry metric tonne of manganese fines and lump mined - subject to variation in accordance with manganese price benchmarks and to the levels of manganese fines and lump produced.



# COMPANY PROJECTS

## Bigrlyi South Uranium Project, Northern Territory

Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km <sup>2</sup> )	Area (hectares)	Location / Property Name	State	Company's Interest
Granted	EL 24879	15/08/06	14/08/12	54	170	17,000	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); Thundelarra Exploration Ltd has a right under a joint venture with Alara to earn a 70% interest <sup>11</sup>
Application	EL 24927	12/09/05	N/A	338	998.7	99,870	Haasts Bluff	NT	
Granted	EL 24928	24/08/06	23/08/12	12	28	2,800	Mount Doreen	NT	
Granted	EL 24929	24/08/06	23/08/12	26	56.8	5,680	Mount Doreen	NT	

Thundelarra Exploration Ltd (ASX: THX) has provided the following update:

- There was no field work undertaken on the joint venture tenements during the quarter;
- Continuing work has focussed on developing conceptual stratigraphic and mineralisation models for the Tertiary basin sequence;
- Part of this work has involved co-processing of gravity and AEM data to highlight prospective palaeovalley targets;
- THX has identified approximately 20kms of possible palaeovalleys from this work, within the granted joint venture tenements; and
- The process for the grant of the application for EL 24927 is on-going.

EL 24879, 24928 and 24929 are each subject to a 50% reduction in area at the time of their renewal in August 2012.

### COMPETENT PERSON STATEMENTS:

*The information in this report that relates to Mineral Resources within Mineralised Zones 2 and 3 of the Khnaiguiyah Project is based on information compiled by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to Exploration Results pertaining to the Khnaiguiyah Project and Mineral Resources within Mineralised Zone 4 of the Khnaiguiyah Project is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to other Exploration Results is based on information compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of Alara Resources Limited. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

<sup>11</sup> Under a joint venture agreement, ASX listed Thundelarra Exploration Ltd (ASX Code: THX) is earning-in a 70% interest in Exploration Licenses EL 24879, EL 24928 and EL 24929 by incurring \$750,000 of expenditure on these tenements over a period of 5 years from the date of the agreement on 12 May 2009 and a 70% interest in Exploration License application EL 24927 by incurring \$750,000 of expenditure on this tenement over a period of 5 years from the date of grant. Refer Alara market announcement dated 14 May 2010 and entitled "[Bigrlyi South Uranium Joint Venture with Thundelarra](#)"



# CORPORATE

## **Shareholder Information**

As at 30 June 2012, Alara had 2,200 shareholders and 210,507,500 listed ordinary fully paid shares on issue with 26,250,000 unlisted options on issue.

## **Cash Assets**

Alara's cash balance as at 30 June 2012 was A\$11.2M.

## **Expenditure**

The Pro-forma Statement of Consolidated Cash Flows is provided in a separate report – Appendix 5B.

## Appendix 5B

### Mining Exploration Entity Quarterly Report

Name of entity

Alara Resources Limited and controlled/jointly controlled entities

ACN or ARBN

122 892 719

Quarter Ended

30 June 2012

**Consolidated statement of cash flows**

	Consolidated	
	Current Quarter June 2012 \$' 000	Year to Date 12 months \$' 000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(6,414)	(17,975)
(b) development	-	-
(c) production	-	-
(d) administration	(562)	(3,279)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	146	1,215
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
(a) Professional fees	-	(166)
<b>Net operating cash flows</b>	<b>(6,830)</b>	<b>(20,204)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(744)
(c) other fixed assets	(51)	(416)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(51)</b>	<b>(1,160)</b>
<b>1.13 Total operating and investing cash flows</b>	<b>(6,881)</b>	<b>(21,364)</b>
<b>Cash flows related to financing activities</b>		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
<b>Net financing cash flows</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>	<b>(6,881)</b>	<b>(21,364)</b>
1.20 Cash at beginning of quarter/year to date	18,154	32,208
1.21 Exchange rate adjustments to item 1.20	(99)	330
<b>1.23 Cash at end of quarter</b>	<b>11,174</b>	<b>11,174</b>

## Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

	Current Quarter June 2012 \$' 000
1.24 Aggregate amount of payments to the parties included in item 1.2	(91)
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees, salaries and superannuation for the quarter.

## Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

## Financing facilities available

	Amount available \$' 000	Amount used \$' 000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	Next Quarter \$' 000
4.1 Exploration and evaluation	(2,500)
4.2 Development	-
4.3 Production	-
4.4 Administration	(600)
<b>Total</b>	<b>(3,100)</b>

## Reconciliation of cash

	Consolidated	
	Current Quarter \$' 000	Previous Quarter \$' 000
Reconciliation of cash at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows		
5.1 Cash on hand and at bank	4,742	7,023
5.2 Deposits at call	6,432	11,131
5.3 Bank overdraft	-	-
5.4 Other (Bank Bills)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>11,174</b>	<b>18,154</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (4))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Refer to Quarterly Activities Report			
6.2 Interests in mining tenements acquired or increased	Refer to Quarterly Activities Report			

## Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (see note 5) (cents)	Amount paid up per security (see note 5) (cents)
7.1 Preference securities+				
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 Ordinary securities+	210,507,500	210,507,500	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 Convertible debt securities+				
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted \$0.55 (26 July 2012) Options	500,000	-	55 cents	26 July 2012
Unlisted \$0.35 (16 September 2013) Options	16,400,000	-	35 cents	16 September 2013
Unlisted \$0.35 (16 September 2013) Options	1,000,000	-	35 cents	16 September 2013
Unlisted \$0.35 (25 October 2014) Options	3,650,000	-	35 cents	25 October 2014
Unlisted \$0.60 (25 October 2014) Options	2,000,000	-	60 cents	25 October 2014
Unlisted \$0.50 (25 May 2014) Options	700,000	-	50 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Directors' Options	500,000	-	60 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Options	550,000	-	60 cents	25 May 2014
Unlisted \$0.70 (25 May 2014) Options	550,000	-	70 cents	25 May 2014
Unlisted \$0.35 (22 August 2015) Options	400,000	-	35 cents	22 August 2015
7.8 Issued during quarter	-	-		
	-	-		
	-	-		
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	-	-	-	-
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes	-	-		

## Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- This statement does give a true and fair view of the matters disclosed.



Elvio Ruggiero  
Chief Financial Officer

31 July 2012

## Notes:

The **Company** currently holds the following listed share investments:

Listed securities

	30-Jun-12	31-Mar-12
	Market Value	Market Value
	\$393,128	\$661,169
	\$393,128	\$661,169

Share investments are regarded as **liquid assets to supplement the Company's cash reserves**.

+ See Chapter 19 for defined terms

## NOTES

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note
- The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- The Company holds foreign currencies denominated in US dollars, Omani Rials, Saudi Arabian Riyals and Peruvian Nuevo Soles. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 30 June 2012.