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30 JUNE 2011 QUARTERLY REPORT

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Dated: 31 July 2011

FURTHER INFORMATION:

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SUMMARY

➤ **Cash Position:**

Cash (and investments in listed securities) position was \$32.2m as at 30 June 2011 (31 March 2011: \$8.1m).

➤ **Capital Raising (84m Share Placement Raising \$30.24m):**

2 June 2011 – Completion of Tranche 2 \$23.76m share placement of 66m shares at \$0.36 per share (after receipt of shareholder approval at general meeting held on 26 May 2011).

20 April 2011 – Completion of Tranche 1 \$6.4m share placement of 18m shares at \$0.36 per share to a range of sophisticated, professional and other institutional clients of Petra Capital Pty Ltd.

➤ **Khnaiguiyah Zinc Copper Project in Saudi Arabia:**

29 July 2011 – Assay results from recently completed drill-holes testing extent of mineralisation along the eastern margin of Zone 2 indicate high grade mineralisation, confirming potential for copper with the zinc mineralisation. Furthermore, Zone 2 composite preliminary test work results completed by the Company at the Ammtec laboratories in Perth indicate plus 90% zinc and copper recoveries at a 106 micron primary grind size compared with historical test work indicating a 77% zinc recovery and a 56% copper recovery at a 75 micron primary grind size.

29 June 2011 – Five drilling rigs operating, comprising four diamond drill rigs and one reverse circulation percussion (RC) rig.

16 June 2011 – High-grade mineralisation intersected in Khnaiguiyah metallurgical drill holes.

➤ **Daris Copper Gold Project in Oman:**

29 June 2011 – 3 diamond core rigs drilling at Daris East and a VTEM target.

21 June 2011 – Drilling has expanded sulphide mineralisation approximately from 120m to 270m strike distance and established its strike and dip extension additionally to the east.

Detail predictive modelling of all available data including the latest VTEM survey has identified 26 very high priority targets with the same probability of success as existing mines and occurrences in the Daris and the adjoining Awtad areas.

➤ **Marjan Project (Saudi Arabia):**

18 April 2011 – Alara has secured a 50% interest in the Marjan Project comprising 3 EL's (260km²) prospective for gold, silver, copper and zinc, located within trucking distance ~30km south south-west of the Khnaiguiyah Project. Historical drilling has returned values up to 7g/t Au, 31.3 g/t Ag, 4.7% Zn, and 1.6% Pb over 3m and grab samples have returned values of up to 0.7% Cu, 22.4% Zn, 100g/t Ag, 2.18g/t Au and 5.4% Pb.

➤ **Awtad Project (Oman):**

27 April 2011 – Alara has secured an interest (right to earn-in up to 70%) in the Awtad Copper-Gold Project comprising a concession (497km²) located immediately adjacent to the Daris Project concession. The project contains a known occurrence of copper mineralisation based upon previous exploration and Alara is targeting Cyprus type VMS deposits in close proximity to known deposits.

➤ **El Quillay Copper-Gold Project in Chile:**

Alara and the Vendors are progressing towards the execution of more definitive joint venture agreements; this is expected to be concluded in September 2011.

ASX Code | AUQ



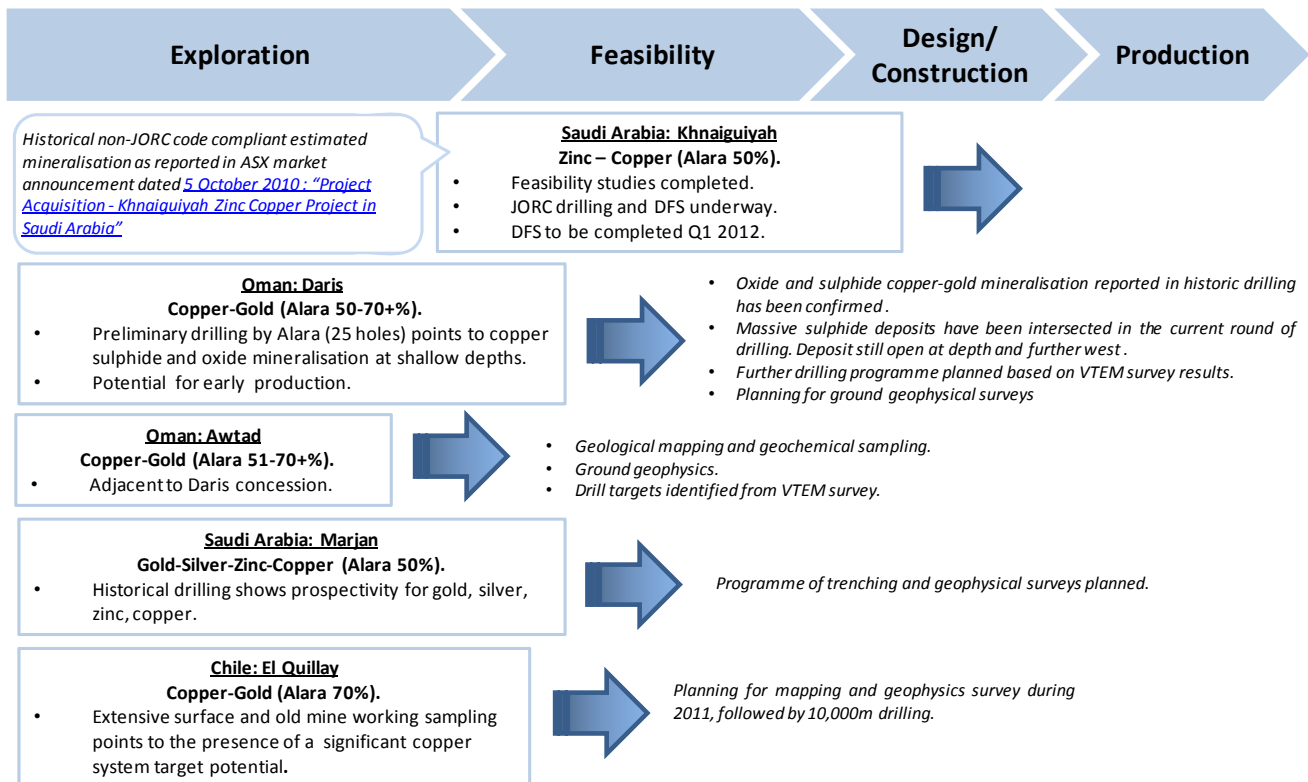


COMPANY PROFILE

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

PROJECTS	LOCATION	STATUS
(1) Khnaiguiyah Zinc-Copper ¹	Saudi Arabia	Development to BFS
(2) Daris Copper-Gold ²	Oman	Exploration
(3) El Quillay Copper-Gold ³	Chile	Exploration
(4) Marjan Precious and Base Metals ⁴	Saudi Arabia	Exploration
(5) Awtad Copper Gold Project ⁵	Oman	Exploration

Alara is moving towards establishing itself as a base metals development company with a strong pipeline of advanced and early stage projects:



¹ Refer Alara market announcements dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)" and dated 25 October 2010 and entitled "[Execution of Joint Venture Agreement - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)"

² Refer Alara market announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)"

³ Refer Alara market announcement dated 25 August 2010 and entitled "[Project Acquisition - El Quillay Copper Gold Project in Chile](#)"

⁴ Refer Alara market announcement dated 18 April 2011 and entitled "[Acquisition of Interest in Marjan Project in Saudi Arabia](#)"

⁵ Refer Alara market announcement dated 27 April 2011 and entitled "[Project Acquisition- Awtad Copper-Gold Project in Oman](#)"

PROJECT LOCATION

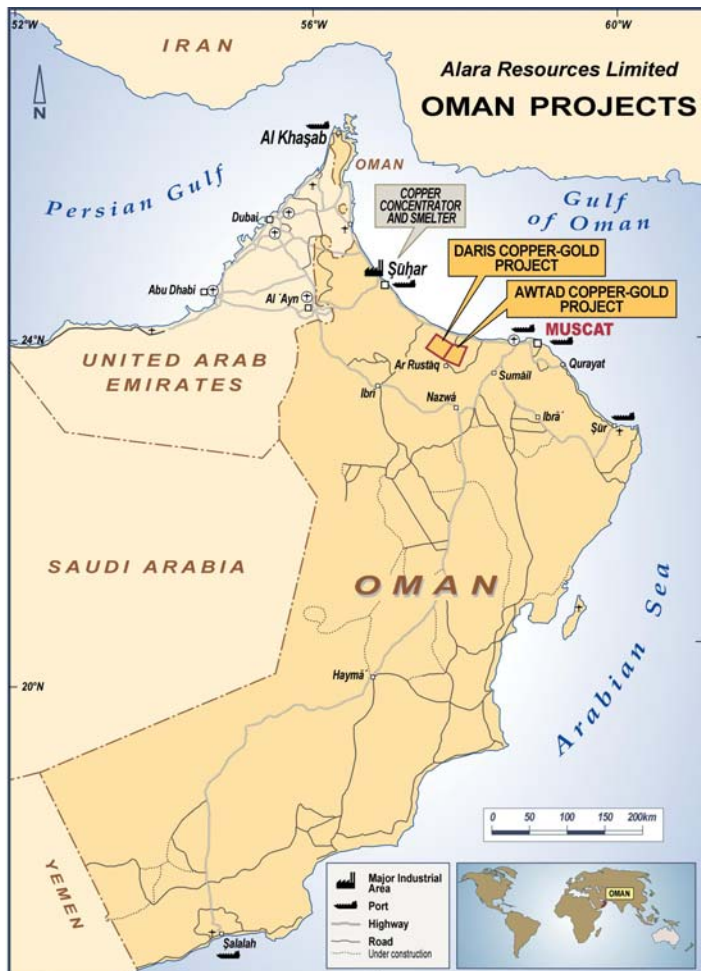
SAUDI ARABIA

The **Khnaiguiyah Zinc Copper Project** (Alara 50%) is located adjacent to a bitumen road ~170km west of Riyadh, the capital of Saudi Arabia near the major Riyadh to Jeddah highway. The project comprises the Khnaiguiyah Mining Licence, 3 Exploration Licences and 5 Exploration Licence applications pending grant, totalling ~380km². Alara has a 50% interest in a new joint venture company, “Khnaiguiyah for Mining Company”, which will hold these mineral licences (after transfers have been processed by relevant authorities).

The **Marjan Precious and Base Metals Project** (Alara 50%) is located ~30km south south-west of the Khnaiguiyah Project. The project comprising 3 Exploration Licences (totalling 260km²) prospective for gold, silver, copper and zinc. Alara will have a 50% interest in a new joint venture company to be formed, which will hold these licences (after Alara has completed a minimum US\$1 million funding and transfers have been processed by relevant authorities).



Figure 1



OMAN

The **Daris Copper Gold Project** is located ~150km west of Muscat, the capital of Oman and comprises a mineral excavation licence of ~587km². Alara has a 50% interest (with a right to increase this to 70%+) in a joint venture company, Daris Resources LLC, which holds the exclusive right to manage, operate and commercially exploit the exploration licence.

The **Awtad Copper Gold Project** is located immediately adjacent to the Daris Project and comprises a mineral excavation licence of ~497km². Alara will have an initial 10% interest (with a right to increase this to 70%+) in the concession owner, Awtad Copper LLC.

Alara has also formed a separate joint venture company (Alara 70%) in Oman, Alara Resources LLC, which has lodged an application for an exploration licence and is in the process of filing applications over several other prospects.

Figure 2

PROJECT LOCATION



Figure 3

CHILE

The El Quillay Copper-Gold Project (Alara - right to earn-in 70%) is located south of the town of El Quillay, ~350km north of Santiago, the capital of Chile.

The project comprises 68 mineral concessions totalling ~15km² across four sub-project areas (El Quillay (North, Central and South prospects), Lana-Corina, Vaca Muerta and La Florida) located within a radius of ~10km.

COMPANY PROJECTS

1. Khnaiguiyah Zinc Copper Project (Saudi Arabia)

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

Background

Alara has a 50% interest in the advanced Khnaiguiyah Zinc-Copper Project located in Saudi Arabia via a 50% shareholding interest in a newly formed joint venture company, “Khnaiguiyah for Mining Company” (**KMC**).

The Khnaiguiyah Project is an advanced near production project having a historical non-JORC Code compliant estimated mineralisation⁶ assessed by BRGM⁷, the French Office of Geological and Mining Research, prepared for the Saudi Arabian Directorate General of Mineral Resources, in 1993 as reported in Alara’s ASX market announcement dated 5 October 2010 and entitled “[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)” (a copy of which is reproduced at pages 10 to 23 of Alara’s 2010 Annual Report).

The Project is located 200 km west of Riyadh and is the second most advanced base metals project in Saudi Arabia after the Jabal Sayid Copper-Gold Project, previously held by Citadel Resources Group Limited (ASX: CGG), which was taken over by Equinox Minerals Limited (TSX and ASX: EQN) in January 2011, which itself was taken over by Barrick Gold Corporation (TSX and NYSE: ABX) in July 2011.

Previous drilling (of in excess of 45,000 metres in ~345 RC and diamond drill holes) at Khnaiguiyah by BRGM and Ma’aden has outlined a substantial Zn-Cu mineralisation in two zones - Zone 2 and Zone 3 - and significant additional mineralisation in Zone 1 and Zone 4 (refer Figure 1).

The key terms of the Shareholders’ Agreement (dated 21 October 2010) between Alara and “Manajem” (the Vendor) are outlined in Alara’s ASX market announcement dated 25 October 2010 and entitled “[Execution of Joint Venture Agreement - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)” and in Alara’s 2010 Annual Report, at page 8.

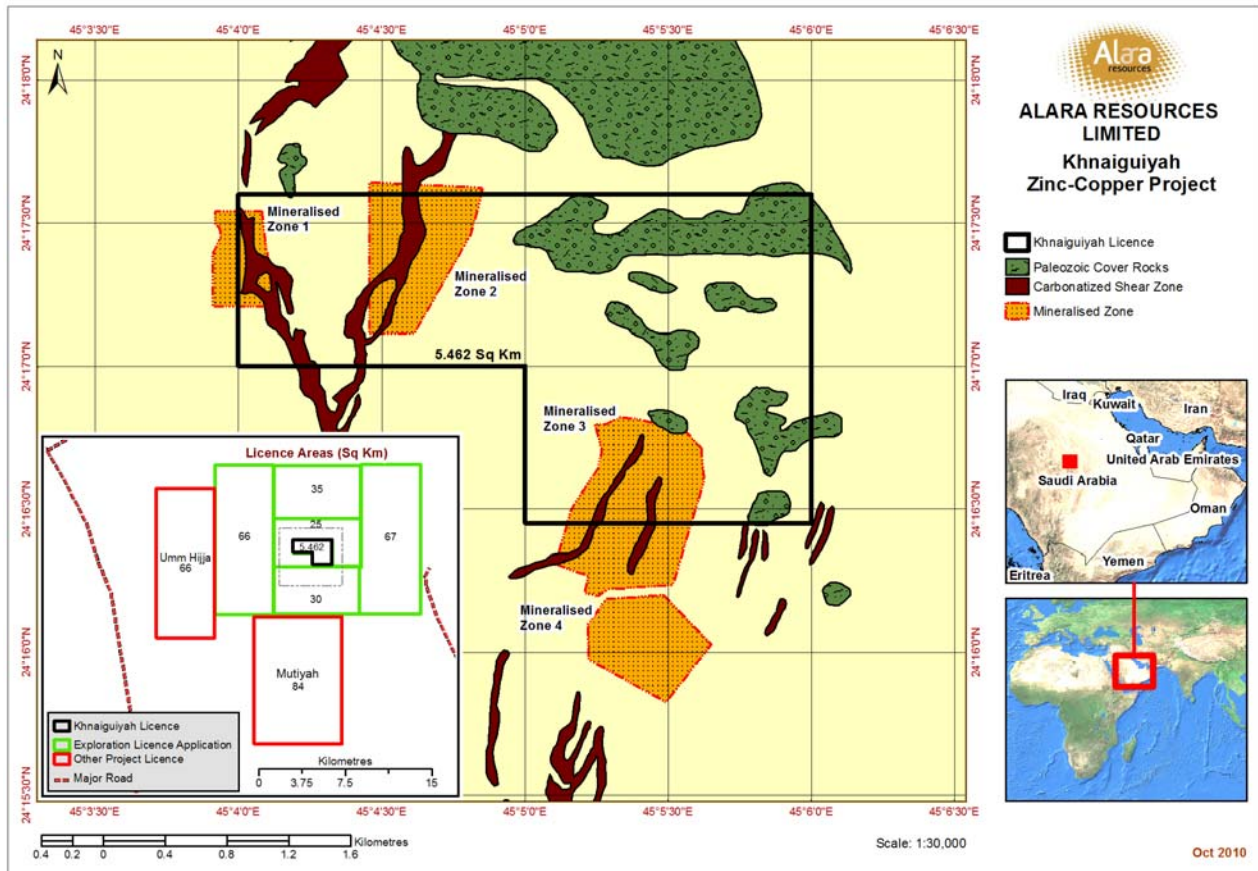


Figure 4: Khnaiguiyah Project Location, Licence Areas and Mineralised Zones

⁶ Source: BRGM Geoscientists, 1993, Khnaiguiyah zinc-copper deposit – prefeasibility study – 1,2, and 3: Saudi Arabian Directorate General of Mineral Resources Technical BRGM-TR-13-4, 651p., 209 figs., 171 tables, 78 appendixes, 23 photoplates

⁷ Bureau de Recherches Géologiques et Minières (“Office of Geological and Mining Research”) (www.brgm.fr)



COMPANY PROJECTS

Drilling Programme

Five drilling rigs – four diamond core rigs and one reverse circulation (RC) rig are presently drilling at the Khnaiguiyah Project (working two shifts a day).

To date, a total of 53 holes for ~6500m of drilling have been completed. This included all planned metallurgical test work holes, geotechnical holes, 20 mineralisation validation holes and approximately 16 holes to extend the known mineralisation. Contracts for a total 35,000m of drilling have been awarded.

Assay results for around 250 samples have been received to date. Approximately 500 additional samples including validation samples are in the lab systems at ALS in Jeddah and Europe for analysis. As the results of these samples are received, collated and analysed, further information will be provided to the market.

The main focus of drilling activity in the next quarter will be extension of known mineralisation and sterilisation of the proposed plant and tailings dam areas.

Key areas for proposed extension of mineralisation are:

- South of Zone 3, where the Company has announced the following diamond core drilling results⁸:
 - K3DD11_006: 48m at 5.84% Zn from 44m including a zone of 4m at 26% Zn from 85m
10m at 12.99% Zn from 83m
(includes highest recorded assay of 1m at 43.6% Zn from 87m)
 - K3DD11_007: 5m at 6.58% Zn from 37m including a zone of 4m at 7.56% Zn
10m at 0.6% Cu from 41m including a zone of 3m at 1.01% Cu

- Eastern margin of Zone 2 where discontinuous patches of copper mineralisation have been observed in historic drill holes and with recent diamond core drilling results as follows⁹:
 - K2DD11_011: 10m at 5.00% Zn from 25m to 35m with 16m at 1.16% Cu from 25m
 - K2DD11_013: 7m at 6.46% Zn from 41 to 48m with 12m at 0.99% Cu from 47m
 - K2DD11_014: 7m at 7.16% Zn from 50m to 57m with 6m at 0.86% Cu from 55m
 - K2DD11_010: 5m at 3.03% Zn from 57m to 62m with 5m at 1.24% Cu from 62m

Refer Figures 5 and 6 for drill-hole locations within Mineralised Zones 2 and 3.

The Company recently obtained the full historic database of BRGM from Manajem covering an area of approximately 49km² around the Khnaiguiyah deposit.

During the next quarter, the Company will review this database to outline drilling targets and expand its search for mineralisation in this area. Many old workings in the vicinity of the Project area remain to be drilled.

Water rights, procurement of land around the mine, rail access for transport of concentrate, transfer of the mining licence (from Manajem to KMC) and environmental approval remain major challenges for the next three months.

Extension of Zone 2 to the north has been somewhat mixed but mainly disappointing in respect of zinc. We have had outstanding success in extending Zone 3 to the south east towards Zone 4. A 60m high grade zone was intersected a further 50m south of the previous extension hole two days ago. It is expected to continue further to the south. This last lot of drilling results will come through in August.

A steady flow of drill results and update on the DFS may be expected from the first week of August.

⁸ Refer Alara market announcement dated 26 May 2011 and entitled "[Drilling Update - Khnaiguiyah Zinc Copper Project, Saudi Arabia](#)"

⁹ Refer Alara market announcement dated 29 July 2011 and entitled "[Drilling and Metallurgical Test Work Update - Khnaiguiyah Zinc Copper Project Saudi Arabia](#)"

COMPANY PROJECTS

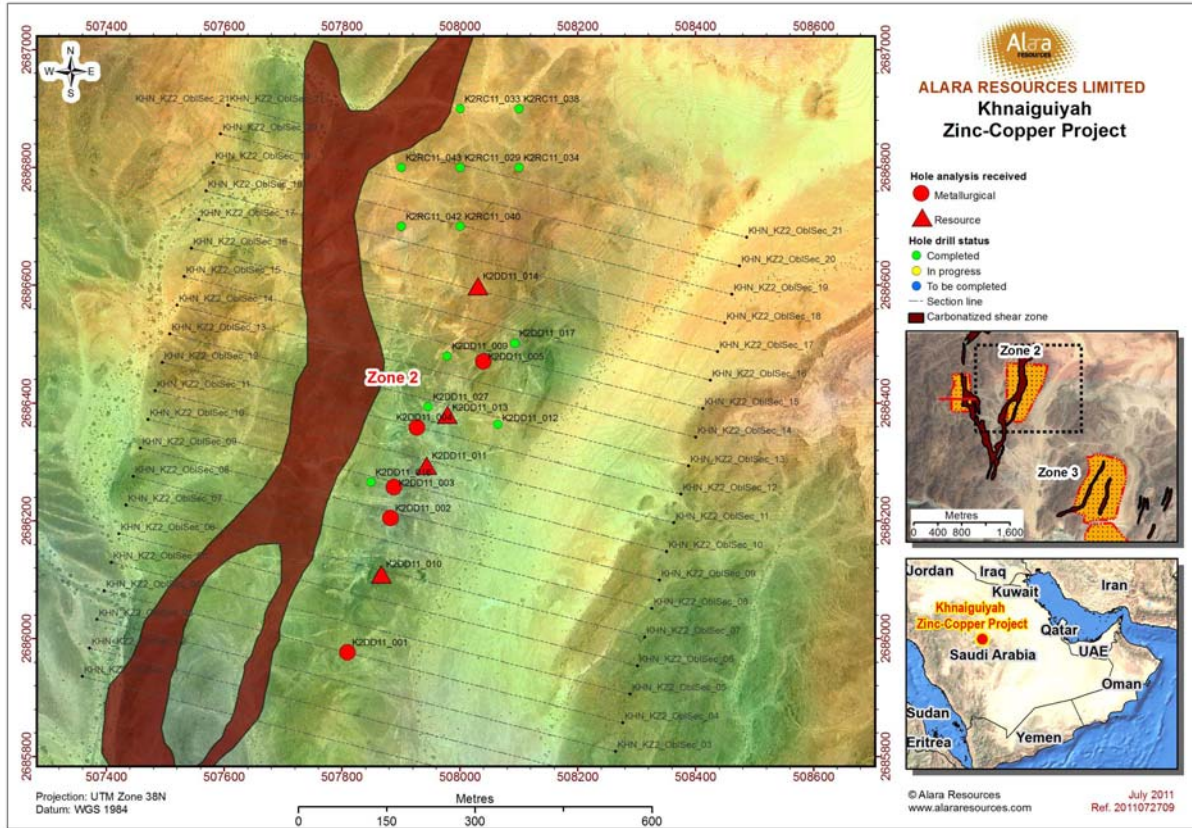


Figure 5: Zone 2 Drill Hole Locations

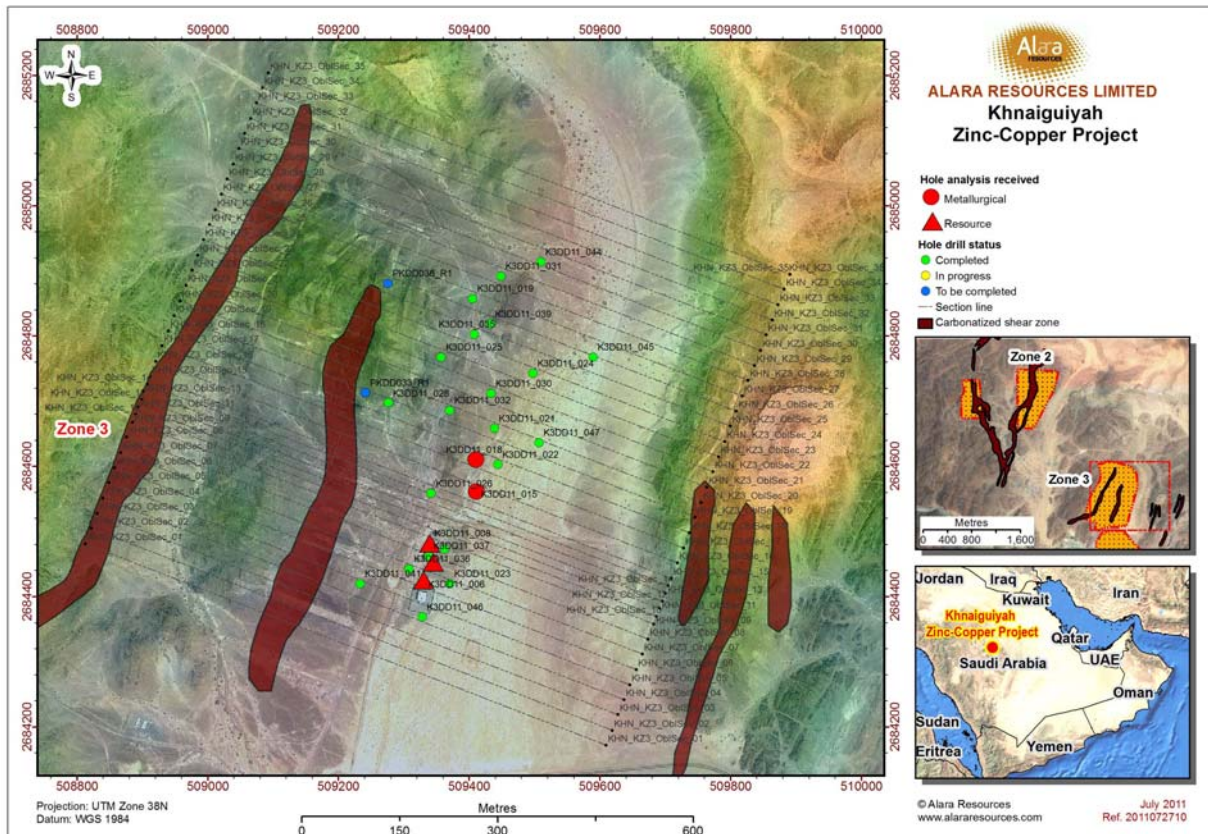


Figure 6: Zone 3 Drill Hole Locations



COMPANY PROJECTS

Definitive Feasibility Study (DFS)

On 16 June 2011, the Company announced the full complement of Engineering and Management teams working on the DFS at the Khnaiguiyah Project.¹⁰

The Engineering team working on the DFS comprises the following members:

- Ausenco Limited (ASX: AAX), a well-known worldwide minerals consulting and engineering design and construction group, have been appointed as the “Lead Engineers” to lead the DFS;
- CSA Global, a global mining industry consultancy, have been appointed with responsibility for data management, geology modelling, resource estimation, geotechnical, mining studies and pit optimisation;
- SMEC, an Australian Professional Consulting Engineering Group, specialising with over 4000 employees worldwide have been engaged to conduct Environmental and Social Studies in conjunction with several Saudi Arabian consulting groups and university academics, assisting on water resources, legal framework, fauna, flora, air, noise, soil, social and archaeological surveys; and
- Mike Efthymiou, a consultant with extensive experience on the Jabal Sayid Copper-Gold Project in Saudi Arabia and with zinc and copper producer, Jabiru Metals in Australia and previously as Group Metallurgist, Western Mining Corporation, is managing the design and supervision of the metallurgical test work at Ammtec laboratories in Perth, Western Australia.

The Management team comprises the following personnel:

- Eduardo Valenzuela, General Manager, Projects, is supervising the DFS, based in Perth. Eduardo is a mining engineer holding a Master of Business Administration degree and with over 30 years’ experience in mine operations, project management and project financing covering most key mineral commodities including copper, nickel and gold. His management experience includes senior roles such as mining manager at the Murrin Murrin Nickel operations in WA, technical director with Sundance Resources, senior project manager with SKM, industry specialist with the International Finance Corporation in Washington DC, project manager and strategic planning manager at Escondida in Chile, manager Latin America with BHP Engineering in Chile, and manager mining services with BHP in Western Australia.
- Mohammed Fazle Haq was appointed Project Manager, based in Riyadh, in April 2011. He has a M.Sc. in Geology and a postgraduate degree in Environmental Geology from Cardiff in the UK and 25 years’ experience in Saudi Arabia. He brings considerable personal experience of the Khnaiguiyah deposit having led the Manajem Feasibility Study on the Project from 2006 to 2009.
- Sohan Singh Rathore was appointed Technical Advisor, based in Riyadh, in July 2011. He is a mining engineer and ex-Vedanta General Manager of Operations at Hindustan Zinc in India and Australian Country Manager and Head of Copper Mines of Australia and the Thalanga Copper Mine in Queensland, Australia.
- Mel Campbell joined the Management Team of Alara as Chief Financial Officer (CFO) in April 2011. He was previously with Robe River and was Group Finance Manager with Troy Resources with extensive project delivery experience in Australia, West Africa, Brazil, Argentina and Chile.
- Ganesh Krishnamurthy was promoted to the role of General Manager Exploration based in the Middle East with accountability for Alara’s projects in Saudi Arabia and Oman. He has several years’ previous experience in Oman and with Rio Tinto in Australia.
- Bader Al Marshad has assumed the role of Manager, Permitting and Government Relations with KMC. He is a Saudi Arabian national with considerable experience in Permitting and Government Relations.
- Asim Chaudhri has joined KMC as Corporate Services Manager. He is a UK national with an MBA and experience in Project Management.

¹⁰ Refer Alara market announcement dated 16 June 2011 and entitled “[Operations Update - Khnaiguiyah Project](#)”



COMPANY PROJECTS

During the quarter, the Company appointed eight consultant teams assisting with environmental study on various aspects of social, legal, fauna, flora, archaeological, water table measurements, air and noise data collection and three teams of drilling contractors operating five drilling rigs commenced work at Khnaiguiyah.

This will increase to a total of 16 separate teams when geophysical survey to validate previously identified aquifer, water drilling, tailings dam, geotechnical logging and testing, pit dewatering and geophysical survey for water commence work on site in early August.

Staffing and managing the quantum of work within the nine months since of first signing of the agreement has been quite a challenge. Throughout this process Manajem, Alara's 50% Saudi Joint Venture partner in KMC, has been exceptionally helpful.

Metallurgical Test Work Programme:

During the quarter, approximately seven tonnes of PQ diamond core was airfreighted to Perth for metallurgical test work. This comprised a total of five diamond PQ drill core holes in Zone 2 and a further five diamond PQ drill holes in Zone 3, representing various rock types and grades of mineralisation.

All of the drill core for these drill holes has now been delivered to the Ammtec Laboratories in Perth for the test work programme. Test work commenced in May and is making steady progress.

Initial composite sample from Zone 2 from four metallurgical drill holes was selected to represent the average copper and zinc grades of the mineralisation in Zone 2. Open circuit flotation test work on this composite is continuing. Preliminary flotation results indicate excellent copper and zinc recovery rates, exceeding historical test work completed by BRGM (with respect to the prefeasibility study completed by them) and by Manajem (with respect to the feasibility study completed by them).

Zone 2 composite preliminary test work results completed by the Company at the Ammtec laboratories in Perth indicate plus 90% zinc and copper recoveries at a 106 micron primary grind size compared with historical test work indicating a 77% zinc recovery and a 56% copper recovery at a 75 micron primary grind size.

Zone 2 composite is continuing in open circuit; it is anticipated that an LCT locked cycle flotation test will be completed in early August. An LCT is considered definitive metallurgical response and can provide design criteria which would then be handed over to DFS lead engineers, Ausenco Limited, to be used for sizing the flotation plant for the Khnaiguiyah Project.

Similar tests on Zone 3 as well as variability and optimisation test work on representative blends from both Zones will continue for the next two months. Further updates will be provided as and when results become available.

Four alternative tailing dam sites have been identified one of which has been selected for a sterilisation drilling programme.

Two plant locations are being investigated – sterilisation drilling on one will commence in the next quarter. The favoured site is located between Zone 2 and Zone 3.

Water sites were selected for geophysical investigation and drilling during the quarter.

Next Steps

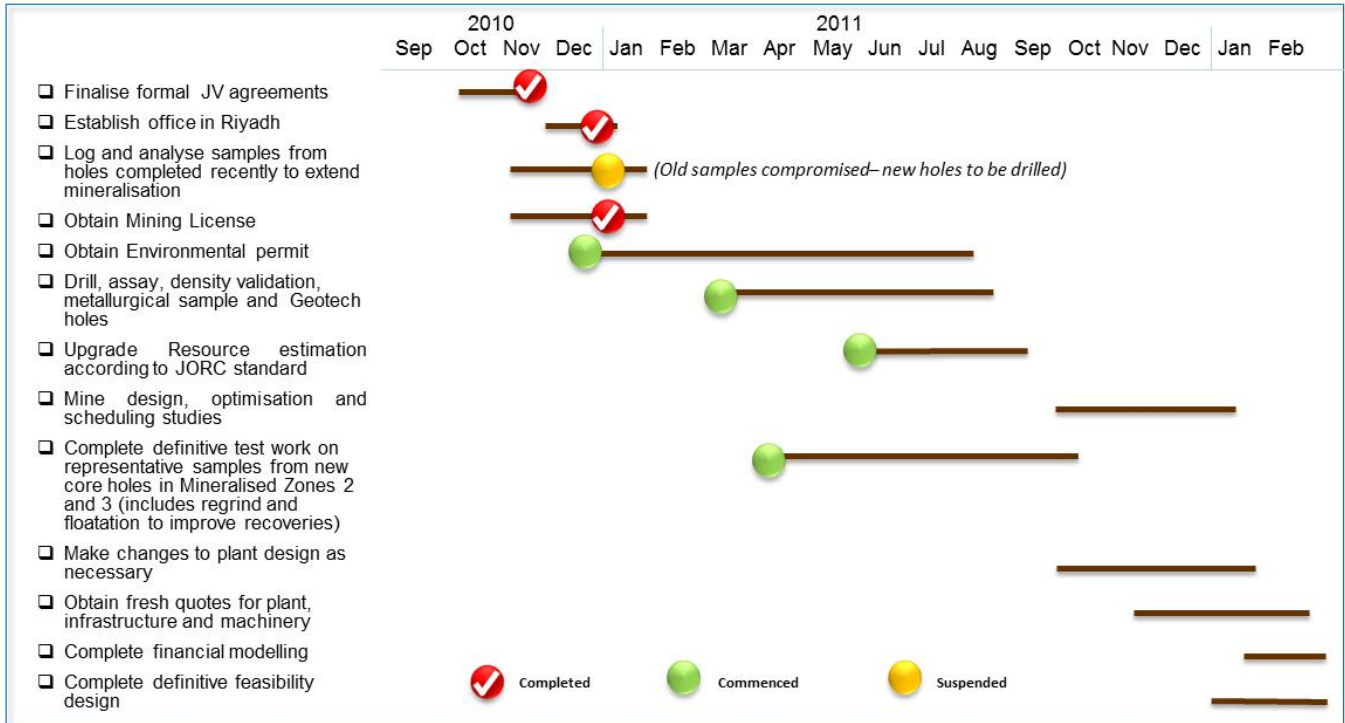
Alara's focus over Q3 2011 will be to work closely with Manajem within KMC to progress the following matters:

- Receive reports from sub-consultants/firms undertaking various aspects of the DFS;
- Continuation of the initial drilling programme of 6,500 metres;
- Compilation of various data to convert the historical estimates to a JORC compliant status and to expand the existing and known mineralisation;
- The transfer of the Khnaiguiyah Mining Licence (and other Project exploration licences) from Manajem to KMC; and
- Receive Environmental Permit for the mining operations at Khnaiguiyah.



COMPANY PROJECTS

Alara's indicative development work programme for the next 12 months is illustrated below:



COMPANY PROJECTS

2. Daris Copper-Gold Project (Oman)

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

Alara has a 50% interest (with a right to increase this to 70%+) in the Daris Copper-Gold Project located in Oman, via an initial 50% shareholding interest in a newly formed joint venture company, Daris Resources LLC, which holds the exclusive right to manage, operate and commercially exploit the exploration licence.

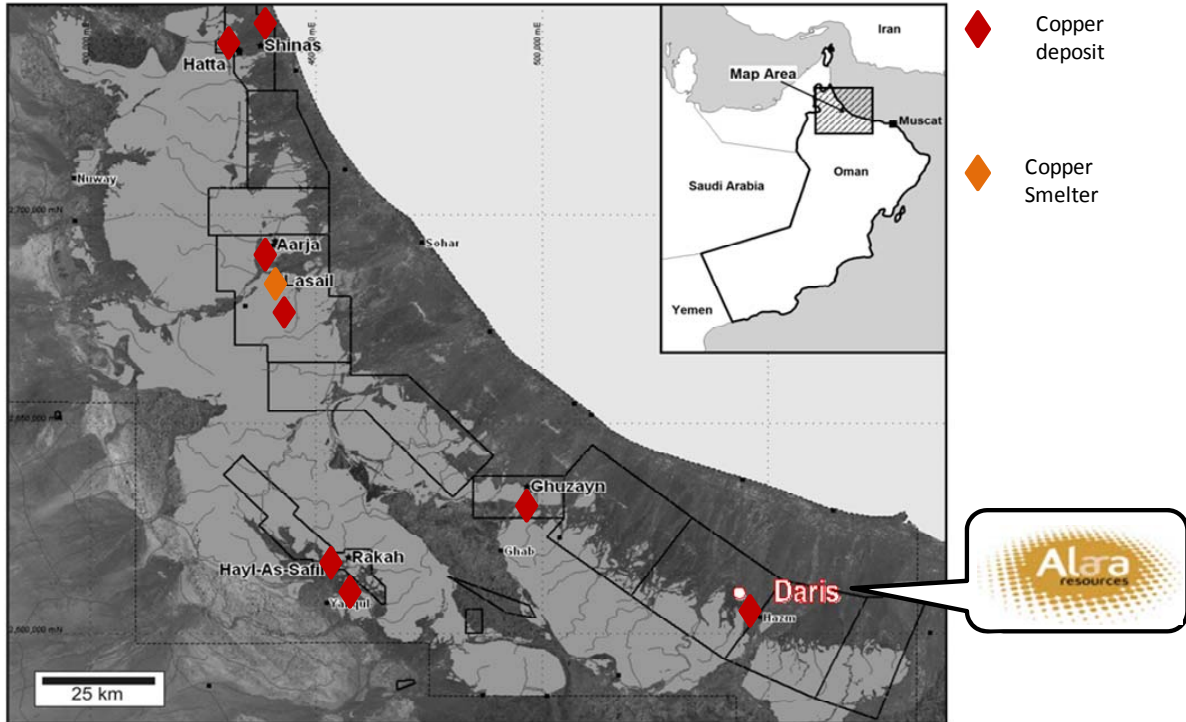


Figure 7: Daris Copper Project Location

Please refer to Alara's 2010 Annual Report, at pages 28 to 31, for further technical information on the Daris Project.

The key terms of the Shareholders' Agreement (dated 28 August 2010) between Alara and Al Tamman Trading Establishment LLC (**ATTE**) (the Vendor) were outlined in Alara's market announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)" and are also in Alara's 2010 Annual Report, at page 32.

Exploration and Drilling Programme

A total of 1,832m in 16 holes (two in progress) at Daris East since commencement of drilling March 2011 to 20 July.

An additional 630m in seven holes have been proposed to be drilled at Daris East.

At Daris 3A-5, 160m in two holes have been proposed to drill the strike extension of previously intersected massive sulphides - one to the north of DEDC003 and one to the south of DEDC001.

26 high priority targets have been identified through predictive modelling at Daris and the adjoining Awtad area using GIS referenced spatial layers of all available geological and geophysical data. These targets have similar probability of success as the known copper occurrences in the region.

Daris (Block 7) and Awtad (Block 8) together cover a total of more than 1000 sq km area. The areas cover more than 40kms strike length of the Semali Ophiolite belt considered highly prospective for Cyprus type VMS copper – gold deposits.



COMPANY PROJECTS

To date, mineralisation has been confirmed by drilling at the following two prospects:

- **Daris East prospect** - 21 rotary and 3 diamond core holes were drilled to test shallow oxide mineralisation for a potential heap leach operation and to locate massive sulphide zones beneath the oxide cap; and
- **Daris 3A-5 prospect** (located ~10 kilometres north-west of Daris East) - 3 diamond core holes were drilled to test shallow sulphide mineralisation around a known gossan, based upon government-funded exploration work conducted by various agencies over the past 30 years.

Highlights of the initial drilling programme on these two prospects are summarised as follows:

- 17.20m at 8.05% copper, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between 10% to 14.7% copper (D3DC003)
- 11.90m at 5.74% copper, as copper sulphides from 34.35m (D3DC002)
- 3.45m at 10.28% copper (including 1m at 16.0% copper), as copper sulphides from 50.60m (D3DC002)
- 17.85m at 2.61 g/t gold from 28.40m (D3DC002)
- 3.45m at 3.10 g/t gold from 50.60m (D3DC002)
- 6.10m at 5.81% copper, as copper sulphides from 31.55m (D3DC001)
- 18.65m at 3.80 g/t gold from 19.0m (D3DC001)
- 4m at 5.33% copper as copper sulphides and 0.41g/t gold from 34m including 1m at 6.46% copper from 34m; 7m at 2.45% copper as copper sulphides and 0.25g/t Gold from 38m (DERO009)
- 23m at 1.23% copper as copper oxide from 7m, including 1m at 2.7% copper from 17m (DERO006)
- 8m at 1.26% copper as copper oxide from 28m; 8m at 2.88g/t gold from 1m, including 1m at 12.4 g/t from 4m (DERO004)

A second phase program of 1000m of diamond HQ holes was commenced in March 2011.

On 19 April 2011, Alara announced the completion of four diamond core drill holes with massive sulphide mineralisation ranging in thickness from 2.85m to 7.25m intersected in three (DEDC005, DEDC006 and DEDC007) of the four completed drill holes confirming the westward continuity of the mineralised zone over 160m and still open to the west.

A summary of the copper assay results for these three core drill holes at the Daris East prospect are:

- 7.25m at 4.08% copper as copper sulphides from 49.95m in DEDC005
- 4.4m at 2.02% copper as copper sulphides from 51.6m in DEDC006
- 2.85m at 4.55% copper as copper sulphides from 30.65m in DEDC007

During the June 2011 quarter a total of 1,832m in 16 holes were drilled on Daris East and a VTEM target.

Refer to Figure 8 for the drill hole locations at the Daris East prospect.

COMPANY PROJECTS

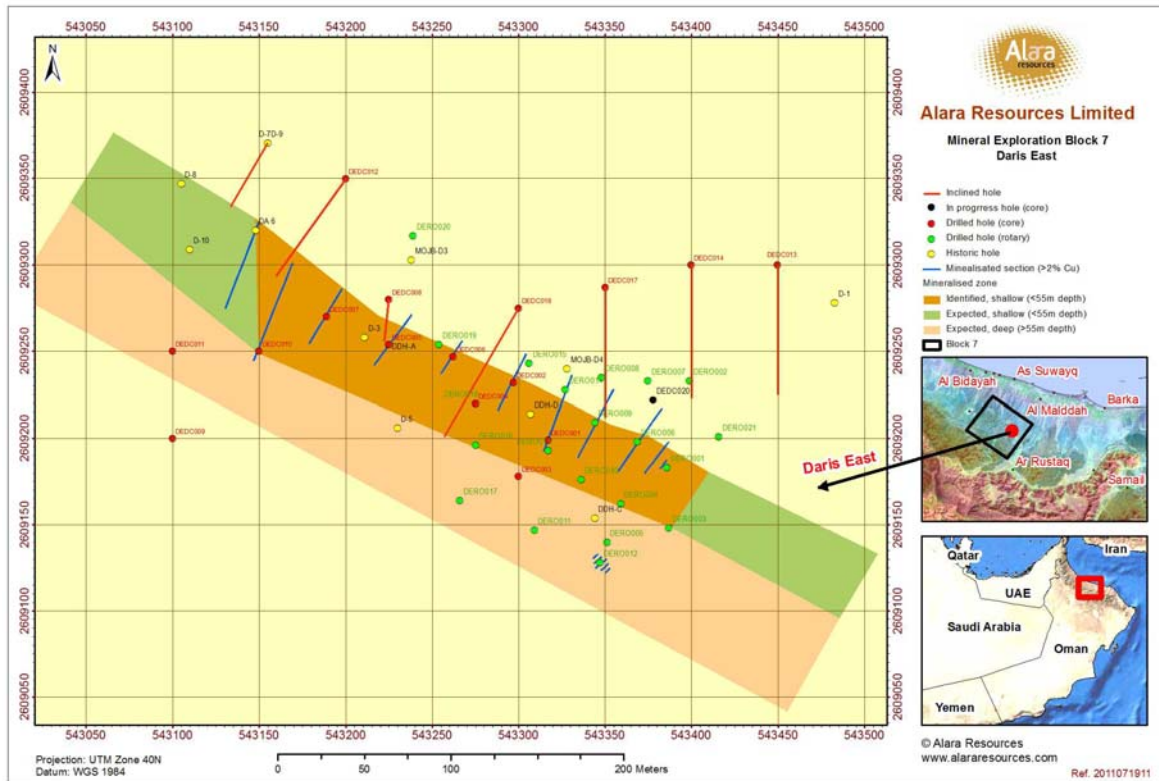


Figure 8: Daris East Drill Hole Locations

VTEM Electromagnetic Survey, Predictive Modelling and Exploration

Alara completed (in March 2011) a helicopter-borne electromagnetic VTEM survey covering prospective areas within the Daris Project, including areas with high grade copper and copper gold intersections (from the initial drilling programme) reported within the Daris 3A-5 and Daris East prospects.

The VTEM survey is a geophysical technique appropriate for the region for locating volcanogenic massive sulphide (VMS) style of mineralisation. The electromagnetic and magnetic geophysical survey of ~1203 line kilometres was completed by Geotech Airborne Malta Limited.

During the June 2011 quarter Alara received a detailed interpretation of the VTEM data and also commenced drilling on one of the targets. To date 1 drill hole has been drilled on the target. Minor sulphide mineralisation was intersected in this drill hole.

In this quarter the Company also initiated detailed predictive modelling of all GIS referenced spatial geological, geochemical and geophysical data sets including the past and the recent VTEM survey.

Predictive modelling based on known copper occurrences and mines in the region has outlined 26 very high priority targets with similar probability of success as the known occurrences.

Additionally 15sq km area was determined to be highly prospective for VMS mineralisation. Most of these areas are covered by a thin mantle of recent marine terraces and has been difficult to explore.

In addition to drilling at Daris East and Daris 3A-5, and the 26 identified targets it is proposed to cover the 15 sq km areas with a programme of RAB drilling to sample the unconformity at the interface of the Ophiolitic rocks and the mantle of recent sediments.

COMPANY PROJECTS

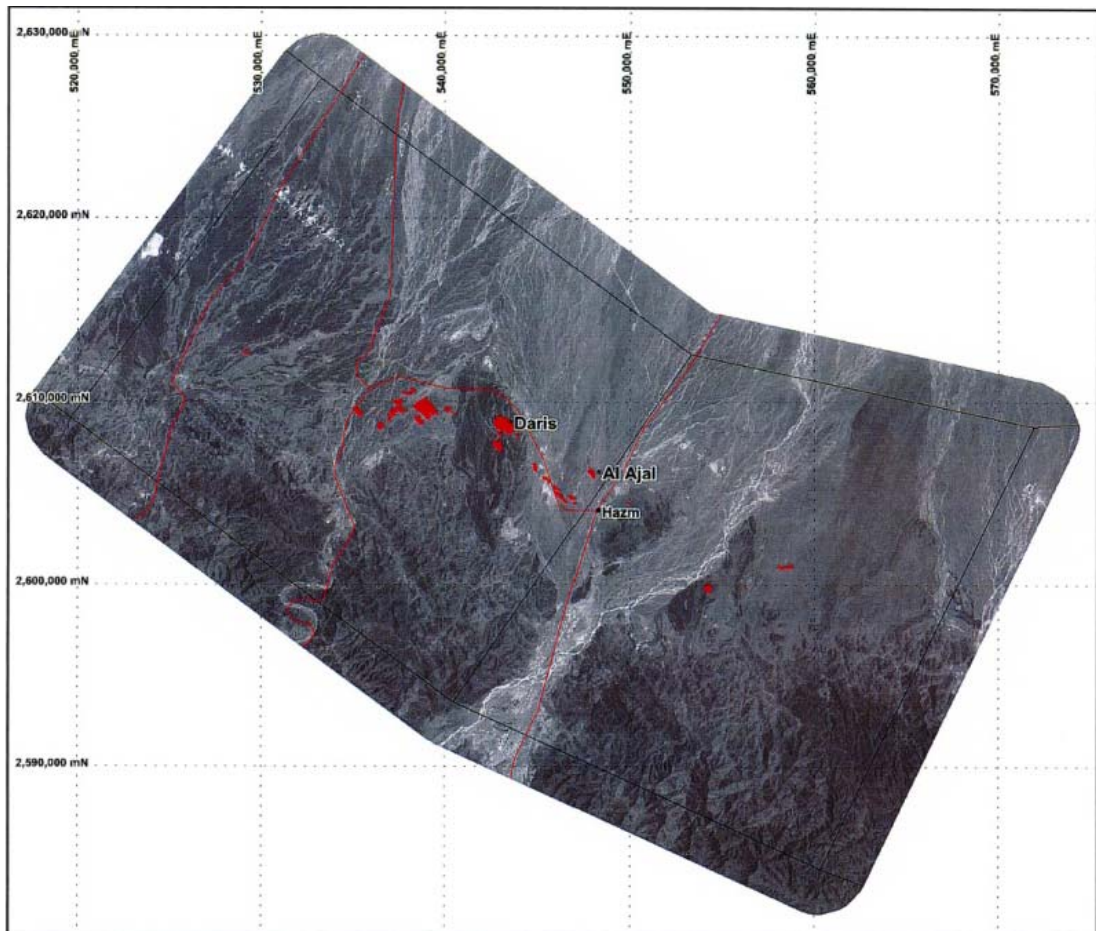


Figure 9: Map of high prospectivity targets (>0.83) in the study area in red in relation to historic mines and development projects showing block outlines

Daris Resources LLC Joint Venture Shareholders' Agreement

The Daris Resources LLC shareholders' agreement¹¹ is subject to conditions precedent to be satisfied or waived by Alara on or before 27 August 2011), including, amongst other matters, the incorporation of Daris Resources LLC (which has occurred), the execution of the management agreement and ancillary loan agreement (which is expected to be executed within Q3 2011) and the concession being renewed with mineral rights expanded from copper to include gold, silver and other base metals. As at the date of this report, the conditions precedent have not been satisfied.

Alara Resources LLC Joint Venture Shareholders' Agreement

Alara has also formed a new joint venture company ("Alara Resources LLC" (**AlaraCo**)) with Sur United International Co. LLC (**SUR**), to identify, secure and commercially exploit other resource projects in Oman. During Q4 2010, AlaraCo has lodged an application for an exploration licence and is in the process of filing applications over several other prospects.

The Alara Resources LLC shareholders agreement¹² is subject to conditions precedent to be satisfied or waived by Alara on or before 7 August 2011), including the incorporation of AlaraCo (which has occurred), the execution of an ancillary loan agreement (which is expected to be executed within Q3 2011) and an exploration license being granted to AlaraCo. As at the date of this report, the conditions precedent have not been satisfied. Alara will secure a further extension of the date for completion of the conditions precedent until such time as an exploration license has been granted to AlaraCo.

¹¹ Refer Alara market announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)"

¹² Refer Alara market announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)"

COMPANY PROJECTS

3. El Quillay Copper-Gold Project (Chile)

(Alara - right to earn-in 70%)

In August 2010, Alara secured rights to acquire (subject to completion of due diligence) a 70% interest in the El Quillay Copper-Gold Project located in the north of Chile.

The project, which comprises 4 project areas (El Quillay (North, Central and South prospects), Lana-Corina, Vaca Muerta and La Florida), presents several drill targets:

- El Quillay Norte (North) - Copper prospect along the El Quillay regional fault zone (which has a recent decline);
- El Quillay Central – Copper prospect along the El Quillay fault zone;
- El Quillay Sue (South) – Copper-gold prospect along the regional fault zone;
- Lana-Corina – Two breccia pipes 40m to 50m wide with a deep shaft and underground workings. The breccia pipes extend into a porphyry copper deposit where 2 holes have intersected greater than 130m of mineralisation, one of which intersected 180m of 0.70% Cu and up to 200ppm Mo;
- Vaca Muerta – along the El Quillay regional fault zone with many workings in parallel near vertical structures with grades encountered from due diligence sampling of up to 3.8% Cu over 2m; and
- La Florida – exploration potential along the El Quillay regional fault zone.

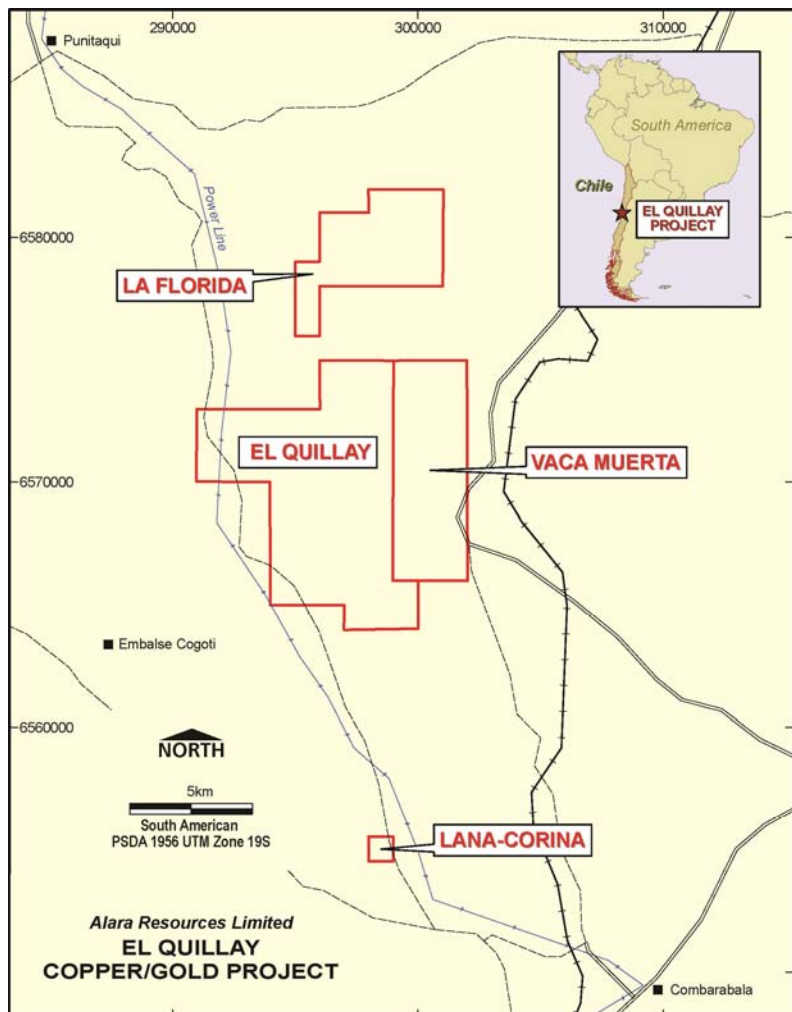


Figure 10: El Quillay Project Location

Please refer to Alara's 2010 Annual Report, at pages 24 to 27, for further technical information on the El Quillay Projects.

The key terms of the term sheet (dated 17 August 2010) executed with Chilean vendors, Inversiones EM DOS Limitada and Mr Miguel Nenadovich del Río (the Vendors), were outlined in an Alara market announcement dated 25 August 2010 and entitled "[Project Acquisition – El Quillay Copper Gold Project in Chile](#)" and are also in Alara's 2010 Annual Report, at page 27.

Alara's legal due diligence investigations are on-going and the parties are progressing towards the execution of the more definitive joint venture agreements. The timetable for completion of these matters has been extended by mutual agreement of the parties to 25 August 2011.

The agreements with the Chilean vendors are expected to be finalised in mid-August 2011. No field work is proposed until these agreements are executed.

COMPANY PROJECTS

4. Marjan Project (Saudi Arabia)

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

In April 2011, Alara secured a 50% interest in the Marjan Project in Saudi Arabia.¹³

Project Summary

- Comprises 3 Exploration Licences of approximately 260km² located within trucking distance approximately 30kms south south-west of Alara's flagship Khnaiguiyah Zinc Copper Project, as illustrated in Figure 11
- Predominantly gold prospect with associated silver, zinc and copper
- Historical drilling in the Marjan Project area has returned values up to 7g/t Au, 31.3 g/t Ag, 4.7% Zn, and 1.6% Pb over 3m
- Grab samples from the Marjan Project area have returned values of up to 0.7% Cu, 22.4% Zn, 100g/t Ag, 2.18g/t Au and 5.4% Pb
- Alara proposes to conduct a programme of trenching and trench sampling to expand on the previous surface sampling, conduct ground geophysical surveys and drilling to outline a resource in the project area

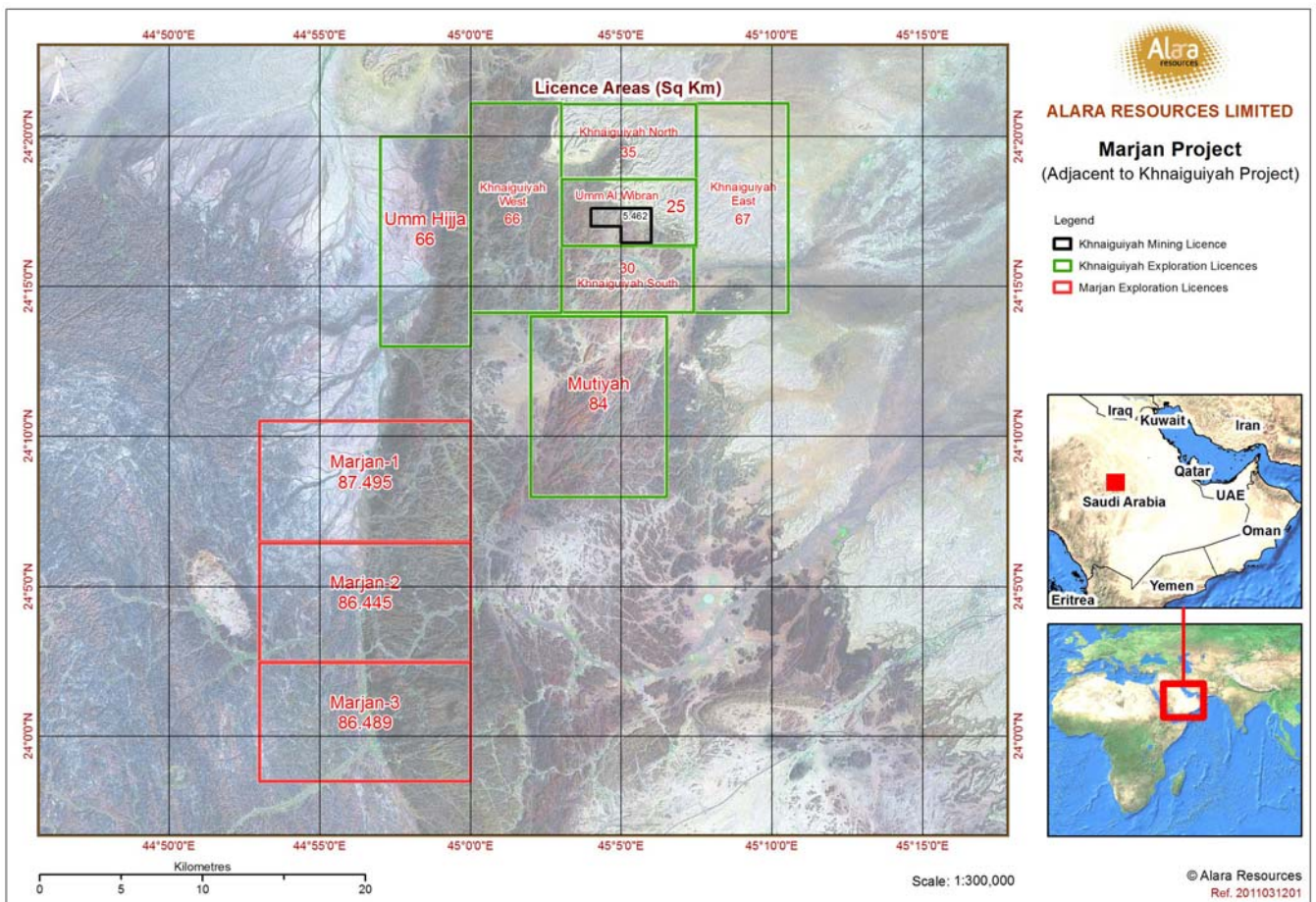


Figure 11: Marjan Licence Locations Adjacent to Khnaiguiyah Project

Joint Venture Agreement

The key terms of the Shareholders Agreement (dated 17 April 2011) executed with Saudi Arabian vendor, Manajem, were outlined in an Alara market announcement dated 18 April 2011 and entitled "[Acquisition of Interest in Marjan Project in Saudi Arabia](#)" and are also in Alara's March 2011 Quarterly Report.

¹³ Refer Alara market announcement dated 18 April 2011 and entitled "[Acquisition of Interest in Marjan Project in Saudi Arabia](#)"

COMPANY PROJECTS

The shareholders' agreement is subject to conditions precedent (to be satisfied or waived by Alara on or before 16 October 2011), including, amongst other matters, the incorporation and registration of a new joint venture company and the execution of ancillary agreements arising therein. As at the date of this report, the conditions precedent have not been satisfied.

5. Awtad Copper-Gold Project (Oman)

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

In April 2011, Alara secured rights to earn-in up to a 70% interest in the Awtad Copper-Gold Project located in Oman.¹⁴

Project Summary

- The Licence Area No. 8 (Block 8) of ~49,667 hectares comprising the Awtad Project is located immediately adjacent to the Licence Area No. 7 (Block 7) comprising the Daris Copper-Gold Project in which Alara has an interest (refer Figure 12)
- Alara is targeting Cyprus type VMS deposits in close proximity to known deposits. The VMS prospectivity model of Block 8 has identified five target areas along the strike extension of known copper occurrences
- The first priority target area of ~15 kms² is located immediately adjoining the Daris "Block 7" Project to the west where Alara has previously announced significant copper and gold mineralisation at the Daris 3A-5 and Daris East prospects
- The Awtad Project area is ~120km by paved highway from an operating copper concentrator and smelter in Sohar

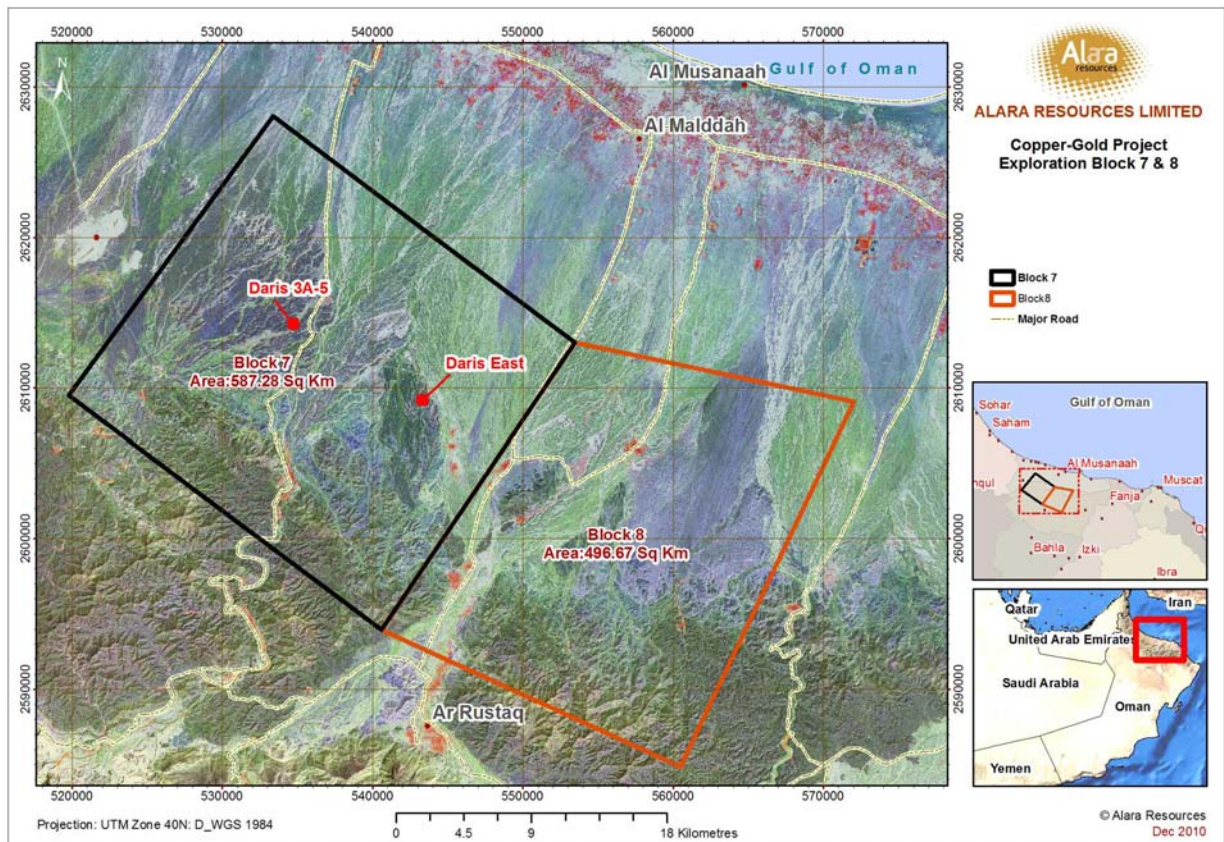


Figure 12: Awtad "Block 8" Project Location Adjacent to Daris "Block 7" Project

¹⁴ Refer Alara market announcement dated 27 April 2011 and entitled "[Project Acquisition- Awtad Copper-Gold Project in Oman](#)"



COMPANY PROJECTS

Joint Venture Agreement

The key terms of the Shareholders Agreement (dated 24 April 2011) executed with the Omani vendors were outlined in an Alara market announcement dated 27 April 2011 and entitled "[Project Acquisition- Awtad Copper-Gold Project in Oman](#)" and are also in Alara's March 2011 Quarterly Report.

On 29 July 2011, the conditions precedent under the shareholders' agreement were declared by Alara to be satisfied or waived (where applicable).

NOTES:

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been 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.



CORPORATE

Changes Within the Board

On 16 May 2011, the Company announced the appointment of Ian Williams AO as Chairman of Alara. Ian has considerable experience in the development and operation of large scale base metal mining operations, including responsibility for the development and commissioning of the world class Century lead/ zinc mine in north western Queensland. Ian joined the Alara Board in November 2010 as a Non-Executive Director.

In addition, Executive Directors Farooq Khan and William Johnson have transitioned to become Non-Executive Directors of Alara. As a consequence, the Board of Alara is now structured with a majority of Non-Executive Directors as follows:

Ian Williams AO	Non-Executive Chairman and Chairman of the Remuneration and Nomination Committee
Shanker Madan	Managing Director
Doug Stewart	Non-Executive Director and Chairman of the Audit Committee
Farooq Khan	Non-Executive Director
William Johnson	Non-Executive Director

Farooq Khan and William Johnson will contribute strategic and corporate advice and services to Alara on a part time basis (in addition to their duties as Non-Executive Directors).

Cash Position and Listed Securities

The Alara group's cash (and investments in listed securities) position as at 30 June 2011 was \$32.2 million (31 March 2011: \$8.1 million).

As at 30 June 2011, Alara's investment in listed securities had a total value of \$0.9 million (31 March 2010: \$1.3 million).

Completion \$30.24 Million / 84 Million Shares Capital Raising

Alara announced on 14 April 2011¹⁵ that it had undertaken a placement of 84 million shares at \$0.36 per share to raise a total of \$30.24 million (**Placement**). The Placement was managed by Petra Capital Pty Ltd (**Petra Capital**) and was accepted by sophisticated, professional and other institutional investors. Petra Capital received a commission on the gross funds raised under the Placement.

The new shares issued under the Placement comprise two tranches:

- (1) **Tranche 1:** 18 million shares (raising \$6,480,000 gross) issued on 20 April 2011 within the Company's 15% placement capacity under ASX Listing Rule 7.1¹⁶; and
- (2) **Tranche 2:** 66 million shares (raising \$23,760,000 gross) issued on 2 June 2011 under ASX Listing Rule 7.1¹⁷ following shareholder approval at a General Meeting held on 26 May 2011¹⁸.

¹⁵ Refer Alara market announcement dated 14 April 2011 and entitled "[Completion of \\$30 Million Capital Raising](#)"

¹⁶ Refer Alara market announcement dated 21 April 2011 and entitled "[Completion of Tranche 1 \\$6.48 Million Share Placement and Updated Top 20 Shareholders](#)" and [ASX Appendix 3B New Issue Announcement lodged on 27 April 2011](#)

¹⁷ Refer Alara market announcement dated 3 June 2011 and entitled "[Completion of Tranche 2 \\$23.76M Share Placement and Top 20 Shareholders](#)" and [ASX Appendix 3B New Issue Announcement lodged on 3 June 2011](#)

¹⁸ Refer Alara [Notice of Meeting and Explanatory Statement dated 15 April 2011](#) and Alara market announcement dated 26 May 2011 and entitled "[Results of General Meeting - 26 May 2011](#)"



CORPORATE

Issue of Unlisted Options

During the quarter, the Company issued 250,000 unlisted options to each of Non-Executive Directors, Ian William and Douglas Stewart, after receiving shareholder approval at a general meeting held on 26 May 2011¹⁹:

No. of Options Issued	Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ²⁰
500,000	26 May 2011	\$0.60 (25 May 2014) Directors' Options	\$0.60	25 May 2014	100% on date of issue

During the quarter, the Company issued the following unlisted options to Company personnel, as part of their remuneration package²¹:

No. of Options Issued	Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria
500,000	26 May 2011	\$0.50 (25 May 2014) Options	\$0.50	25 May 2014	100% on date of issue
425,000	26 May 2011	\$0.60 (25 May 2014) Options	\$0.60	25 May 2014	100% on date of issue
425,000	26 May 2011	\$0.70 (25 May 2014) Options	\$0.70	25 May 2014	100% on date of issue

Corporate Governance Review

On 16 May 2011, the Company announced that it had revised its Corporate Governance Statement and developed a Code of Conduct, both of which can be viewed on the Company's website, www.alararesources.com.

¹⁹ Terms and conditions of issue are set out in a terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 15 April 2011](#) for a General Meeting held on 26 May 2011 and in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)

²⁰ Options which have vested may be exercised at any time thereafter, up to their expiry date

²¹ Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)



MINERAL CONCESSIONS

KHNAIGUIYAH ZINC COPPER PROJECT IN SAUDI ARABIA

The Khnaiguiyah Zinc Copper Project is located adjacent to a bitumen road ~170km west of Riyadh, the capital of Saudi Arabia near the major Riyadh to Jeddah highway. The project comprises one Mining Licence (granted in December 2010), 3 Exploration Licences and 5 Exploration Licence applications pending grant totalling ~380km².

Alara Saudi Operations Pty Limited has a 50% interest in a joint venture company, "Khnaiguiyah for Mining Company" (incorporated on 10 January 2011), which will hold these mineral licences (after transfers have been processed by relevant authorities).

Refer to Alara market announcements dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)" and dated 25 October 2010 and entitled "[Execution of Joint Venture Agreement - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)."

Also refer to Alara's 2010 Annual Report (at page 8) for further information on the Khnaiguiyah Project joint venture terms.

DARIS COPPER-GOLD PROJECT IN OMAN

The Daris Copper Project is located ~150km west of Muscat, the capital of Oman and comprise a mineral excavation licence of ~587km². Alara Oman Operations Pty Limited has a 50% interest (with a right to increase this to 70%+) in a new joint venture company, Daris Resources LLC (incorporated on 1 December 2010), which holds the exclusive right to manage, operate and commercially exploit the exploration licence.

Alara Oman Operations Pty Limited also has a 70% interest in a separate joint venture company in Oman, Alara Resources LLC (incorporated on 2 October 2010), which has lodged applications for exploration licences over several prospects.

Refer to Alara market announcements dated 30 August 2010 and entitled "[Project Acquisition - Daris Copper Project in Oman](#)."

Also refer to Alara's 2010 Annual Report (at page 32) for further information on the Daris Resources LLC and Alara Resources LLC joint venture terms.

EL QUILLAY COPPER-GOLD PROJECT IN CHILE

The El Quillay Copper-Gold Project in Chile is located south of the town of El Quillay, ~350km north of Santiago, the capital of Chile. The project comprises 68 mineral concessions totalling ~15km² across four sub-project areas (El Quillay (North, Central and South prospects), Lana-Corina, Vaca Muerta and La Florida) located within a radius of ~10km.

Alara Chile Operations Pty Ltd and the Vendors have signed a binding term sheet and are progressing towards the execution of the more definitive joint venture agreements.

Refer to Alara market announcement dated 25 August 2010 and entitled "[Project Acquisition – El Quillay Copper Gold Project in Chile](#)".

Also refer to Alara's 2010 Annual Report (at pages 36 to 37) for further information on the El Quillay joint venture terms.

MARJAN PRECIOUS AND BASE METALS PROJECT IN SAUDI ARABIA

The Marjan Precious and Base Metals Project (Alara 50%) is located ~30km south south-west of the Khnaiguiyah Project. The project comprising 3 Exploration Licences (totalling 260km²) prospective for gold, silver, copper and zinc.

Alara Marjan Operations Pty Limited will have a 50% interest in a new joint venture company to be formed ("Marjan Mining Company" (MMC)), which will hold these licences (after Alara has completed a minimum US\$1 million funding and transfers have been processed by relevant authorities).

Refer to Alara market announcement dated 18 April 2011 and entitled "[Acquisition of Interest in Marjan Project in Saudi Arabia](#)".

AWTAD COPPER-GOLD PROJECT IN OMAN

The Awtad Copper Gold Project is located immediately adjacent to the Daris Project and comprises a mineral excavation licence of ~497km².

Alara Oman Operations Pty Limited will have an initial 10% interest (with a right to increase to 51% and subsequently to 70%+) in the concession owner, Awtad Copper LLC.

Refer to Alara market announcement dated 27 April 2011 and entitled "[Project Acquisition- Awtad Copper-Gold Project in Oman](#)".



MINERAL CONCESSIONS

AUSTRALIAN MINERAL TENEMENTS

Project	Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km ²)	Area (hectares)	Location / Property Name	State	Company's Interest
Bigrlyi South	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 ²²
	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	
Canning Well	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 ²³
	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)
	Granted	E46/801	06/09/10	05/09/15	19	60	60,000	Canning Well	WA	100% (Alara Resources Limited)

PERUVIAN MINERAL CONCESSIONS

During the June 2011 quarter, the Company forfeited its Peruvian concessions as it was unable to secure farm-outs in respect of the same and had determined to focus Company management and financial resources on other projects in its portfolio.

The forfeited concessions were as follows:

Concession	Code	Application/Grant Date	Area (Hectares)	National Map	LOCATION		
					District	Province	Department
Lituania 1	01-02481-07	31 July 2007	600	29-X	Crucero	Carabaya	Puno
Lituania 2	01-02482-07	10 September 2007	1000	29-X	Crucero	Carabaya	Puno
Lituania 3	01-02483-07	25 September 2007	1000	29-X	Crucero	Carabaya	Puno
Lituania 8	10029708	27 June 2008	500	29-X	Putina	Sn. Antonio de Putina	Puno
Cochacucho 1	01-02461-07	5 September 2007	800	28-V	Ituata/Coasa	Carabaya	Puno
Cochacucho 2	01-02463-07	31 July 2007	800	28-V	Coasa/Ituata	Carabaya	Puno
Cochacucho 3	01-02463-07	31 July 2007	800	28-V	Ituata/Coasa	Carabaya	Puno
Lituania 4	01-02484-07	5 September 2007	800	29-X	Coasa	Carabaya	Puno

²²

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 Exploration](#)"

²³

Under an agreement dated March 2010, Process Minerals International Pty Ltd (PMI) will determine the feasibility of a manganese mining operation on the Canning Well Exploration Licence 46/629 tenement. If the operation is feasible, PMI will acquire the manganese rights in the tenement and develop an operation to mine and process manganese from the tenement. Upon commencement of mining, PMI will 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.

SECURITIES INFORMATION

as at 28 July 2011



ISSUED SECURITIES

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	210,507,500	-	210,507,500
\$0.55 (26 July 2012) Unlisted Options ²⁴	-	500,000	500,000
\$0.35 (16 September 2013) Unlisted Options ²⁵	-	16,400,000	16,400,000
\$0.35 (16 September 2013) Unlisted Options ²⁵	-	1,000,000	1,000,000
\$0.35 (25 October 2014) Unlisted Options ²⁶	-	3,650,000	3,650,000
\$0.60 (25 October 2014) Unlisted Options ²⁶	-	2,000,000	2,000,000
\$0.35 (22 August 2015) Unlisted Options ²⁷	-	400,000	400,000
\$0.60 (25 May 2014) Unlisted Directors' Options ²⁸	-	500,000	500,000
\$0.50 (25 May 2014) Unlisted Options ²⁹	-	500,000	500,000
\$0.60 (25 May 2014) Unlisted Options ²⁹	-	425,000	425,000
\$0.70 (25 May 2014) Unlisted Options ²⁹	-	425,000	425,000
Total	210,507,500	25,800,000	236,307,500

SUMMARY OF UNLISTED DIRECTORS' AND EMPLOYEE OPTIONS

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ³⁰	No. of Options
27 Jul 2007	\$0.55 (27 July 2012) Options	\$0.55	26 Jul 2012	1/3 on 27 January 2008, 1/3 on 27 July 2008, 1/3 on 27 January 2009	500,000
17 Sep 2008	\$0.35 (16 September 2013) Options	\$0.35	16 Sep 2013	75% on grant, 25% on 17 September 2009	16,400,000
17 Sep 2008	\$0.35 (16 September 2013) Options	\$0.35	16 Sep 2013	50% on 17 March 2009, 25% on 17 September 2009, 25% on 17 March 2010	1,035,000
26 Oct 2009	\$0.60 (25 October 2014) Options	\$0.60	25 Oct 2014	100% on date of issue	1,000,000
30 Nov 2009					1,000,000
26 Oct 2009	\$0.35 (25 October 2014) Options	\$0.35	25 Oct 2014	100% on date of issue	1,650,000
30 Nov 2009					2,000,000
23 Aug 2010	\$0.35 (22 August 2015) Options	\$0.35	22 Aug 2015	100% on date of issue	400,000
26 May 2011	\$0.60 (25 May 2014) Directors' Options	\$0.60	25 May 2014	100% on date of issue	500,000
26 May 2011	\$0.50 (25 May 2014) Options	\$0.50	25 May 2014	100% on date of issue	500,000
26 May 2011	\$0.60 (25 May 2014) Options	\$0.60	25 May 2014	100% on date of issue	425,000
26 May 2011	\$0.70 (25 May 2014) Options	\$0.70	25 May 2014	100% on date of issue	425,000

²⁴ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 21 June 2007](#) for a General Meeting held on 7 July 2007 and in an [ASX Appendix 3B New Issue Announcement lodged on 3 August 2007](#).

²⁵ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 18 August 2008](#) for a General Meeting held on 17 September 2008 and in an [ASX Appendix 3B New Issue Announcement lodged on 24 September 2008](#).

²⁶ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 26 October 2009](#) for an Annual General Meeting held on 30 November 2009 and in ASX Appendix 3B New Issue Announcements lodged on [26 October 2009](#) and [1 December 2009](#).

²⁷ Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcements lodged on 23 August 2010](#).

²⁸ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 15 April 2011](#) for a General Meeting held on 26 May 2011 and in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#).

²⁹ Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#).

³⁰ Options which have vested may be exercised at any time thereafter, up to their expiry date.

SECURITIES INFORMATION

as at 28 July 2011



DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	1,215	483,927	0.230
1,001	-	5,000	403	986,709	0.469
5,001	-	10,000	263	2,271,515	1.079
10,001	-	100,000	502	17,358,144	8.246
100,001	-	and over	126	189,407,205	89.976
Total			2,509	210,507,500	100%

TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares	% Issued Capital
1	J P MORGAN NOMINEES AUSTRALIA LIMITED JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	41,377,125 3,378,919 Sub-total	44,756,044 21.261
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	23,469,335 10,582,382 25,351 Sub-total	34,077,068 16.188
3	NATIONAL NOMINEES LIMITED	29,434,014	13.982
4	CITICORP NOMINEES PTY LIMITED CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>	18,418,229 1,000,000 Sub-total	19,418,229 9.224
5	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <BKCUST A/C> RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C> RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <NMSMT A/C>	7,785,554 30,962 3,365 Sub-total	7,819,881 3.715
6	ORION EQUITIES LIMITED	6,332,744	3.008
7	MR PETER KELVIN RODWELL	2,744,818	1.304
8	MRS LINDA SALA TENNA & MRS LISA SHALLARD	2,700,000	1.283
9	GWYNVILL TRADING PTY LTD	2,664,605	1.266
10	FLANNERY FOUNDATION PTY LTD <THE FLANNERY FOUNDATION A/C>	2,580,000	1.226
11	COGENT NOMINEES PTY LIMITED	2,198,600	1.044
12	THORPE ROAD NOMINEES PTY LTD <IAN TREGONING FAMILY 2 A/C>	2,104,814	1.000
13	MR LUCAS JAMES KOEKOEK	2,000,000	0.950
14	EXELMONT PTY LTD	1,424,000	0.676
15	BLUEFLAG HOLDINGS PTY LTD <THE BLUEFLAG A/C>	1,053,000	0.500
16	HOUVAN PTY LTD	1,000,000	0.475
17	MR ANDREW BRUCE RICHARDS	1,000,000	0.475
18	COVELANE GOLD COAST PTY LTD <COVELANE SUPER FUND A/C>	929,561	0.442
19	MF CUSTODIANS LTD	825,000	0.392
20	GURRAVEMBI INVESTMENTS PTY LTD	806,438	0.383
Total		165,868,816	78.794%

Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

Alara Resources Limited and controlled entities

ACN or ARBN

122 892 719

Quarter Ended

30 June 2011

Consolidated statement of cash flows

Cash flows related to operating activities

1.1 Receipts from product sales and related debtors

1.2 Payments for

(a) exploration and evaluation

(b) development

(c) production

(d) administration

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes paid

1.7 Other (provide details if material)

Net operating cash flows

Consolidated	
Current Quarter June 2011 \$' 000	Year to Date 12 months \$' 000
-	-
(2,043)	(3,095)
-	-
(903)	(3,405)
-	-
72	218
-	-
-	-
-	-
(2,874)	(6,282)

		Consolidated	
		Current Quarter June 2011 \$' 000	Year to Date 12 months \$' 000
1.8	Net operating cash flows (carried forward)	(2,874)	(6,282)
Cash flows related to investing activities			
1.9	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	(3,814)
	(c) other fixed assets	-	(51)
1.10	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(21)	(21)
1.11	Loans to other entities	(332)	(332)
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material) Joint venture company loans	-	13
Net investing cash flows		(353)	(4,205)
1.14	Total operating and investing cash flows	(3,227)	(10,487)
Cash flows related to financing activities			
1.15	Proceeds from issues of shares, options, etc.	30,240	40,820
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material) Share issue costs	(1,663)	(2,250)
Net financing cash flows		28,577	38,570
Net increase (decrease) in cash held		25,350	28,083
1.21	Cash at beginning of quarter/year to date	6,798	4,332
1.22	Exchange rate adjustments to item 1.20	51	(216)
1.23	Cash at end of quarter	32,199	32,199

**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 2011 \$' 000
1.24 Aggregate amount of payments to the parties included in item 1.2	(166)
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	(5,100)
4.2	Development	-
4.3	Production	-
4.4	Administration	(800)
Total		(5,900)

Reconciliation of cash

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

	Consolidated	
	Current Quarter \$' 000	Previous Quarter \$' 000
5.1 Cash on hand and at bank	5,093	6,725
5.2 Deposits at call	27,152	73
5.3 Bank overdraft	-	-
5.4 Other (Bank Bills)	-	-
Total: cash at end of quarter (item 1.22)	32,245	6,798

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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)
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+	126,507,500	126,507,500		
7.4 Changes during quarter				
(a) Increases through issues	84,000,000	84,000,000		
(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 \$0.35 (22 August 2015) Options	400,000	-	35 cents	22 August 2015
7.8 Issued during quarter				
Unlisted \$0.60 (25 May 2014) Directors' Options	500,000	-	60 cents	25 May 2014
Unlisted \$0.50 (25 May 2014) Options	500,000	-	50 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Options	425,000	-	60 cents	25 May 2014
Unlisted \$0.70 (25 May 2014) Options	425,000	-	70 cents	25 May 2014
7.9 Exercised during quarter		-	-	-
7.10 Cancelled during quarter		-		
Unlisted \$0.35 (16 September 2013) Options	35,000	-	35 cents	16 September 2013
7.11 Debentures (totals only)				
7.12 Unsecured notes				

Compliance statement

- 1 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).
- 2 This statement does give a true and fair view of the matters disclosed.

31 July 2011

Melvin Campbell
Chief Financial Officer

Notes:

The Company currently holds the following listed share investments:

	30-Jun-11	31-Mar-11
	Market Value	Market Value
Listed securities	\$875,603	\$1,304,469
	<u>\$875,603</u>	<u>\$1,304,469</u>

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

+ See Chapter 19 for defined terms

NOTES

- 1) 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
- 2) 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
- 3) 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.
- 4) The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5) 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.
- 6) The Company holds foreign currencies denominated in US dollars and Peruvian Nuevo Soles. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 31 December 2010.