



**Alara Resources Limited**  
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**Monday, 16 January 2012**

# MARKET ANNOUNCEMENT

## Investor Update Presentation

Alara Resources Limited is pleased to attach a copy of an Investor Update presentation.

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### Further information:

Shanker Madan  
Managing Director  
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### NOTE:

*The information in this announcement 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 announcement of the matters based on his information in the form and context in which it appears.*

ASX Code | **AUQ**



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# Alara Resources Limited

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**Investor Update Presentation**  
January 2012



ASX: AUQ

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# Company Profile

## Directors

### Ian Williams AO Chairman

- 40+ years mining experience
- Hamersley Iron, Rio Tinto, Century Zinc & Pasminco
- Awarded Order of Australia for services to Indigenous communities

### Shanker Madan Managing Director

- 35+ years mining industry experience
- BHP, Rio Tinto & Hamersley Iron

### Doug Stewart

- 35+ years mining industry and capital markets advisory experience
- Territory Iron, Teck Corporation, NM Rothschild and Sons, Australia

### Farooq Khan

- 20+ years capital markets experience
- Management of ASX-listed companies
- Corporate law background

### William Johnson

- 20+ years experience in senior management and executive roles in public companies in Australia, New Zealand and S.E. Asia

## Stock

<b>ASX Code</b>	<b>AUQ</b>
<b>Market Cap (11 January 2012)</b>	<b>\$ 58.9M</b>
<b>Issued Capital</b>	
- Shares	<b>210.5M</b>
- Options	<b>42.65M</b>
<b>Cash (30 September 2011)</b>	<b>\$ 29M</b>

## Top Shareholders

<b>Colonial</b>	<b>13.8%</b>
<b>Aviva</b>	<b>10.0%</b>
<b>Northcape</b>	<b>9.0%</b>
<b>Kinetic</b>	<b>7.4%</b>
<b>Contango</b>	<b>5.7%</b>



# Management Team



Management Team	
<b>Shanker Madan</b> Managing Director	<ul style="list-style-type: none"> <li>• 35+ years mining industry experience with BHP, Rio Tinto &amp; Hamersley Iron.</li> </ul>
<b>Eduardo Valenzuela</b> General Manager, Projects	<ul style="list-style-type: none"> <li>• 30+ years experience in mine operations, project management, technical services with BHP and project financing with world bank.</li> </ul>
<b>Sohan Singh Rathore</b> Manager, Project Development	<ul style="list-style-type: none"> <li>• 35+ years experience in mining and management. Head of Vedanta Group, Australia for 2 years. GM Zawar zinc and lead mine, India.</li> </ul>
<b>Alan Dickson</b> Principal Engineer, Projects	<ul style="list-style-type: none"> <li>• 30+ years as consultant on feasibility studies and mine design and planning, Key projects Western Metals (8 years) and Yakabindoe Nickel Project (2.5 years).</li> </ul>
<b>Ganesh Krishnamurthy</b> General Manager, Exploration	<ul style="list-style-type: none"> <li>• 20+ years, with 4 years in exploration and development in Oman, 8 years with Rio Tinto Iron in Australia.</li> </ul>
<b>Juan Carlos Toro Taylor</b> General Manager, Chile Project	<ul style="list-style-type: none"> <li>• 35+ years experience mainly in copper, gold and iron ore in South America and South Africa. Previously Senior Geologist with Codelco (Chile).</li> </ul>
<b>Ravi Sharma</b> Resources Consultant	<ul style="list-style-type: none"> <li>• 20+ years exploration and mining. Previously Chief Geologist with Barrick at 350,000oz/year Bulyanhulu gold mine, Tanzania.</li> </ul>
<b>AV Sthapak</b> Exploration Manager	<ul style="list-style-type: none"> <li>• 20+ years exploration and feasibility experience in and Australia. Discoverer of the Year award, Rio Tinto 2010.</li> </ul>
<b>Fazle Haq</b> Project Manager (Seconded from Manajem)	<ul style="list-style-type: none"> <li>• 30+ years experience, geotechnical, environment, exploration and project management.</li> </ul>

# Relationships - Contractors

## Ausenco

- DFS Lead Engineers
- Process Design
- Process Plant
- Materials Handling
- Infrastructure
- Cost Estimation



- Environment and Social
- Hydrogeology
- Mine Dewatering
- Project Water Supply

## srk consulting

- Geology Models and JORC Resources
- Mining Study and Ore Reserves
- Geochemical Study and Waste Rock Classification
- Study on Co-Disposal of Filtered Tails and Waste Rock

## ALS Ammtec

World Class Bankable Metallurgy

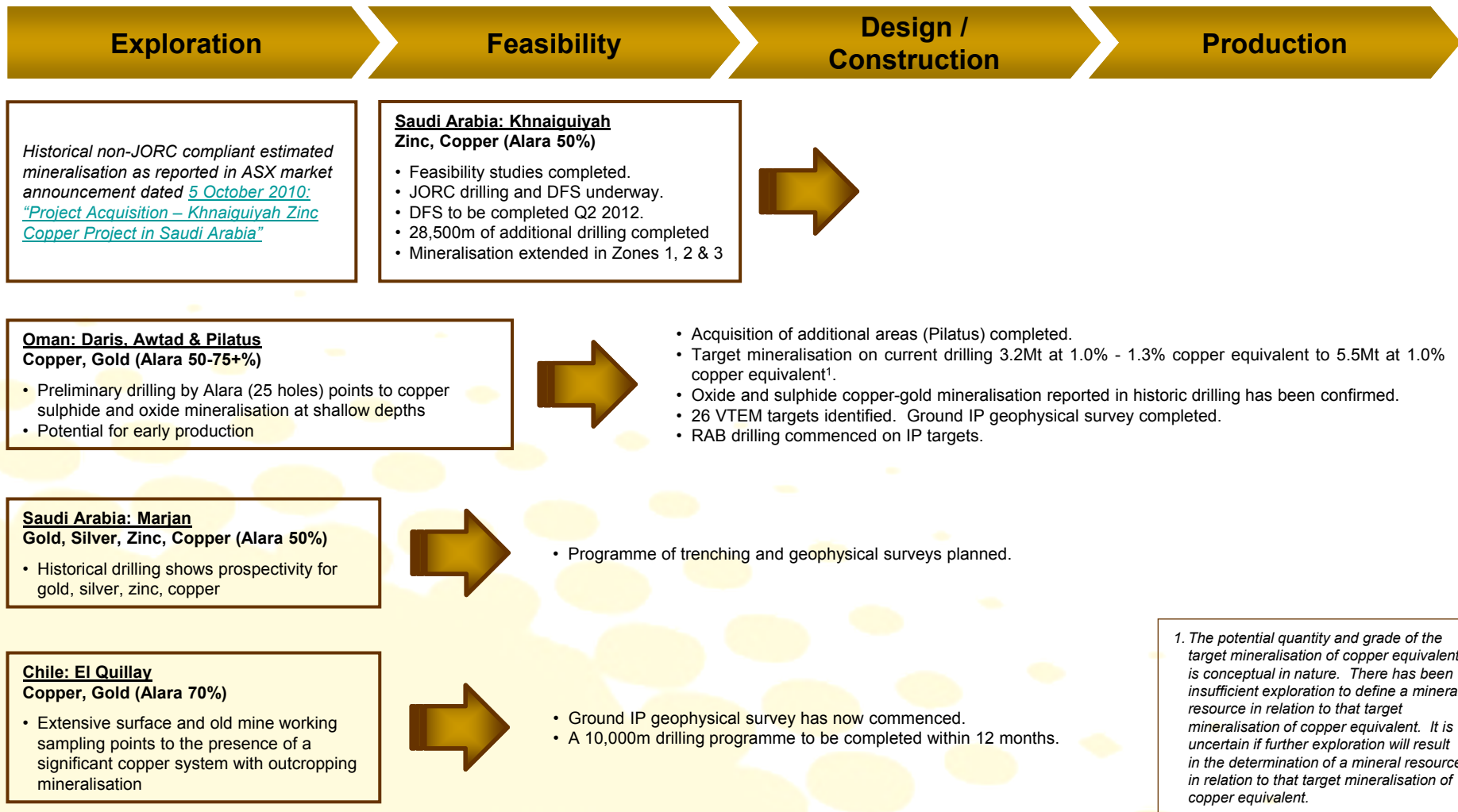
- Metallurgical Testwork

## Alegra Safety

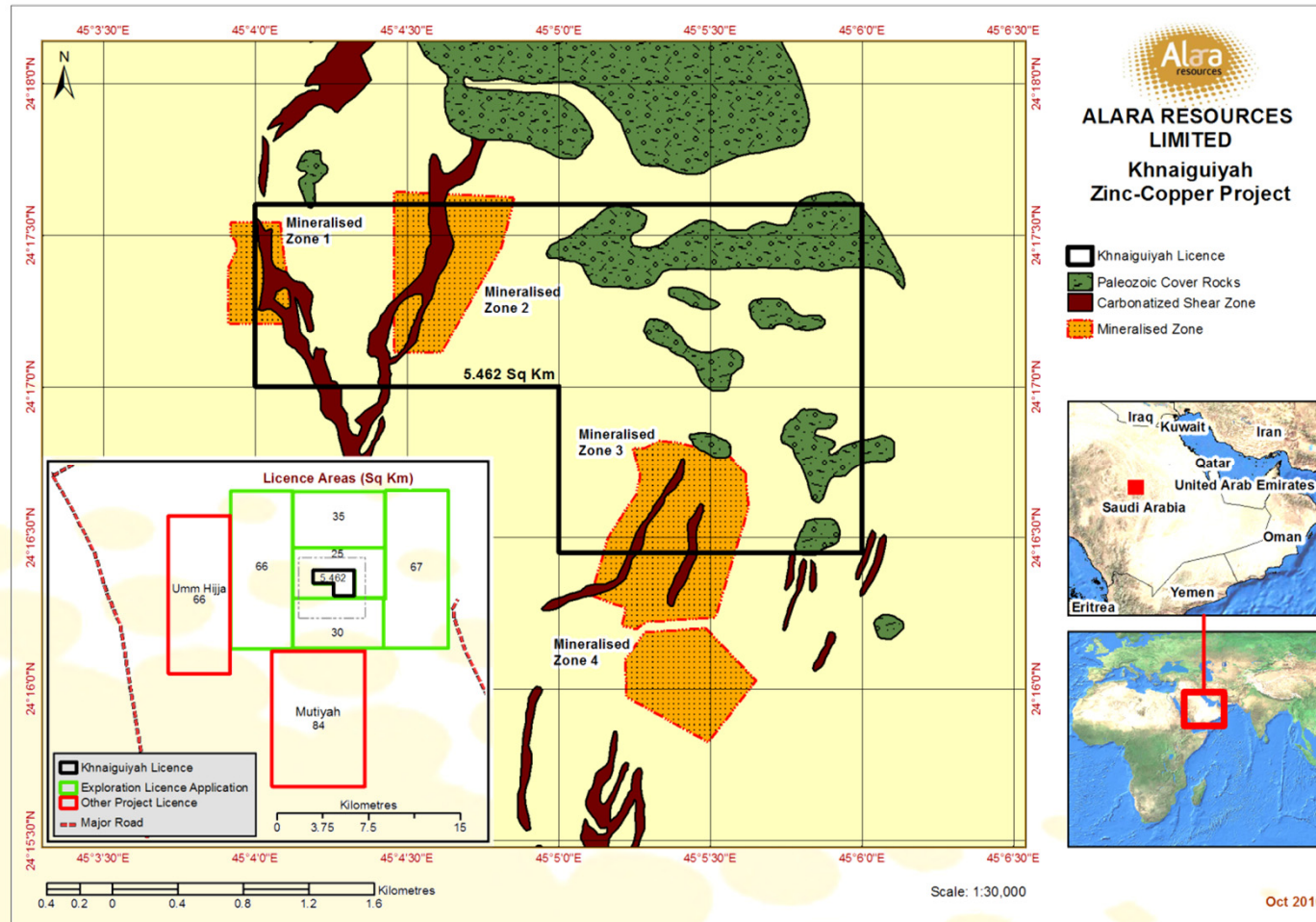
- Site Safety Management, Auditing and Support
- Emergency Management
- Incident Investigation

# Pipeline

## Alara has a strong pipeline of base metal development projects



# Saudi Arabia – Khnaiguiyah Project



# Joint Venture Partner - Manajem



## Directors

**Engr. Mohamad Abdalah Al Hatlani**  
Founder/Board Member  
Chairman and Chief Executive Officer  
Senior Consultant

Founder and Owner of:

- Delta Consulting Group
- Metals Corners Holding Co.
- Naga Metals Co.
- Nassaf Metals Co.

**Engr. Mohammad Hussain Al Assaf**  
Board Member

Founder and Owner of:

- Andas Telecommunication Est.
- Rick Trading Est.
- Indipco Ductile Pipes Co.

**Mr. Nassir Ali Al Agel**  
Board Member  
Executive Director  
Finance & Administration

Founder and Owner of:

- Metals Corners Holding Co.
- Naga Metals Co.
- Nassaf Metals Co.

**Engr. AbdulRahman Abdalah Al Hatlani**  
Founder/Board Member  
Consultant

Partner:

- Delta Consulting Group

## Company Profile

United Arabian Mining Company (Manajem) was established in June 2004 and is comprised of a group of successful engineers and businessmen with experience in the Industrial, Construction and Engineering fields.

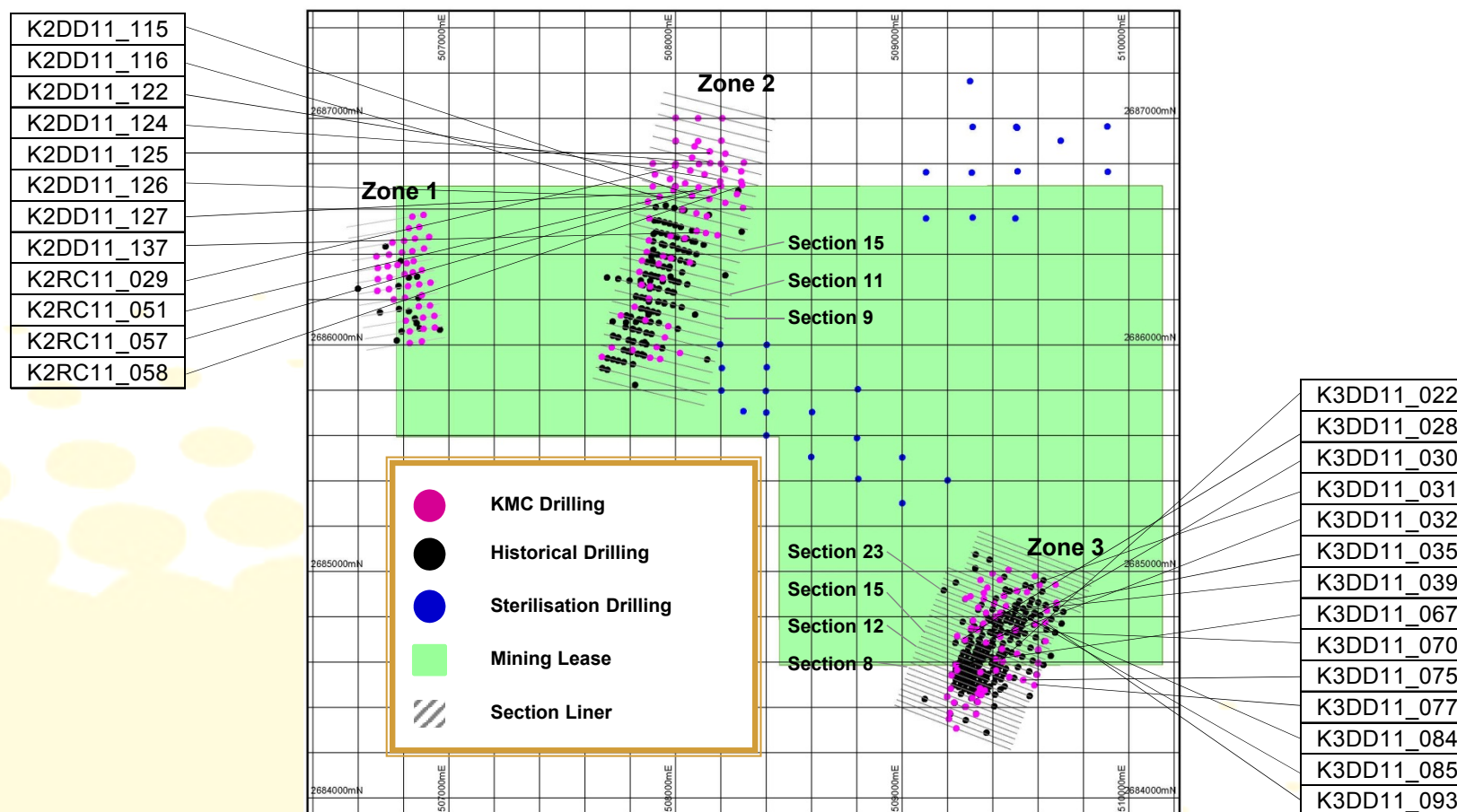




# Saudi Arabia: The Khnaiguiyah Project



The Khnaiguiyah Project comprises a Mining Licence (granted), 2 Exploration Licences and 5 Exploration Licence Applications covering 380 sq. km



Recent drilling adds additional zinc and copper mineralisation. Results summarised in Slide 17.



# Previous Studies

## Previous Khnaiguiyah studies have confirmed the potential for commercial development of the project

- Historical non-JORC compliant estimate<sup>2</sup> as reported in Alara ASX market announcement dated [5 October 2010](#)<sup>1)</sup>
- The PFS (1990's) indicates the project was commercially viable at a price assumption for Zinc of US\$1,200 per tonne – considerably lower than today's price of ~USD\$1,945 per tonne<sup>3</sup>
- Mineralised Zones 1, 2 and 3 may be mined by open cut method and Zone 4 may be mined partly by open cut and the rest by underground methods
- Low salinity water is available in a large aquifer within 15kms
- 33KVA power line is available on site
- Direct sealed road access

<sup>1</sup> Refer: Alara ASX market announcement dated [5 October 2010](#) and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)"

<sup>2</sup> Source: BRGM Geoscientists 1993, Khnaiguiyah Zinc- Copper deposit – pre-feasibility study – 1,2 and 3, Saudi Arabian Directorate General of Mineral Resources Technical Report BRGM TR 13-4, 651p, 209 figs, 171 tables, 78 appendices and 23 photo plates

<sup>3</sup> LME Zinc cash price as at 12 January 2012 (<http://www.lme.com/zinc.asp>)



# Previous Work and Studies

## **Alara's Definitive Feasibility Study (DFS) scheduled for completion in Q2 2012 is building on a considerable amount of previous work**

- Exploration and Pre-feasibility Study conducted by BRGM and further studies conducted by Manajem (the Vendor) include the following works:
  - Total drilling in excess of 45,000m in 345 core and percussion holes, across four mineralised zones within 3km<sup>2</sup>
  - BRGM completed 25,193m of percussion and core drilling in 192 drill holes on profiles 100m x 25m / 50m
  - Additional infill drilling on profiles 50m x 25m / 12.5m grid spacing confirms the structure and the mineralisation (Manajem in-house feasibility study)
  - Other works done include two deep shafts for bulk sample, test work on a 15t bulk sample, pit design and financial modelling

# Access, Camp and Drilling Activities



The Khnaiguiyah Zinc-Copper Project has excellent road power and camp infrastructure



# Alara Board visits Khnaiguiyah



Alara Board members at the Khnaiguiyah core yard



Core examination at Khnaiguiyah Zone 3 drill site



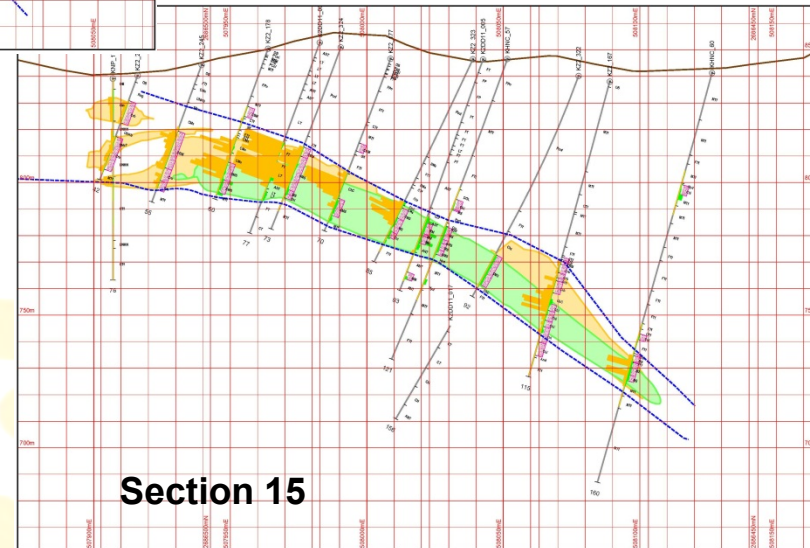
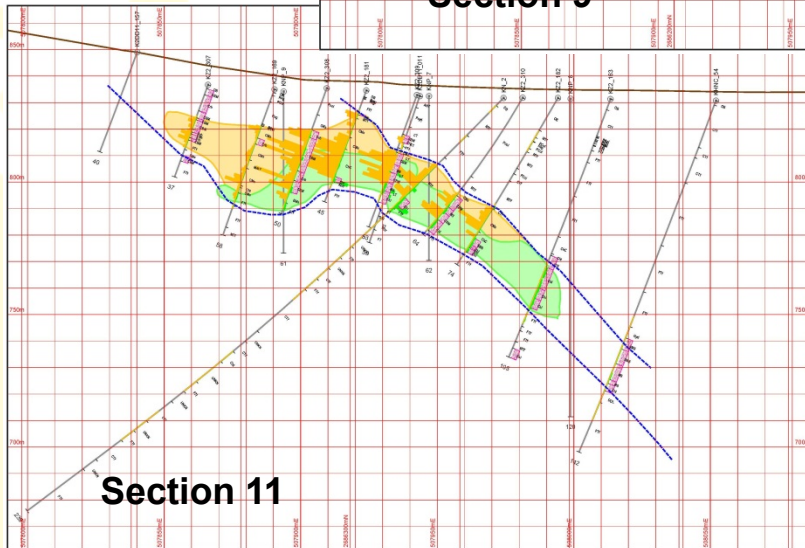
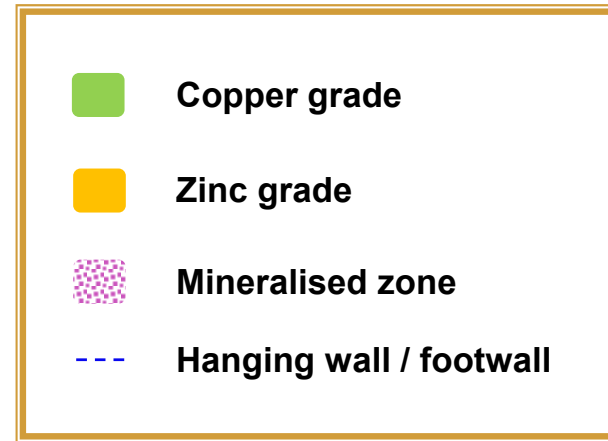
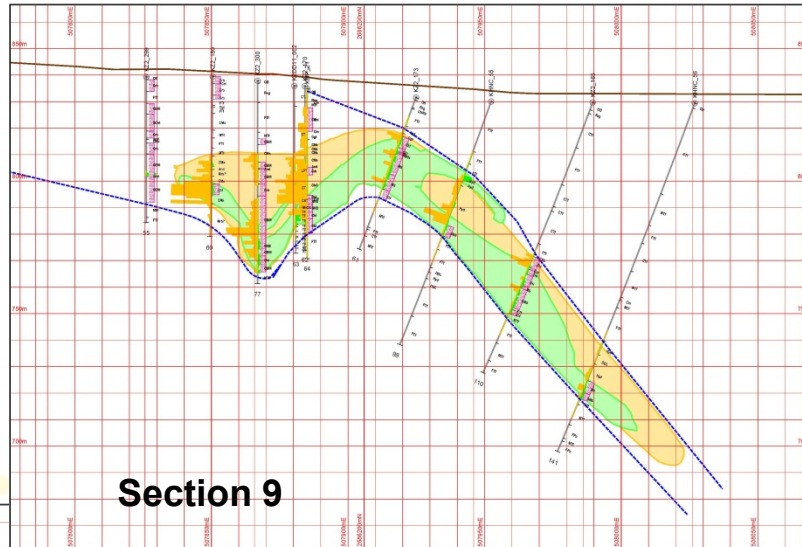
High grade zinc and copper intersections in Drill Hole K3DD11\_032 at Zone 3



Drill Hole core from Zone 3 showing chalcopyrite veins

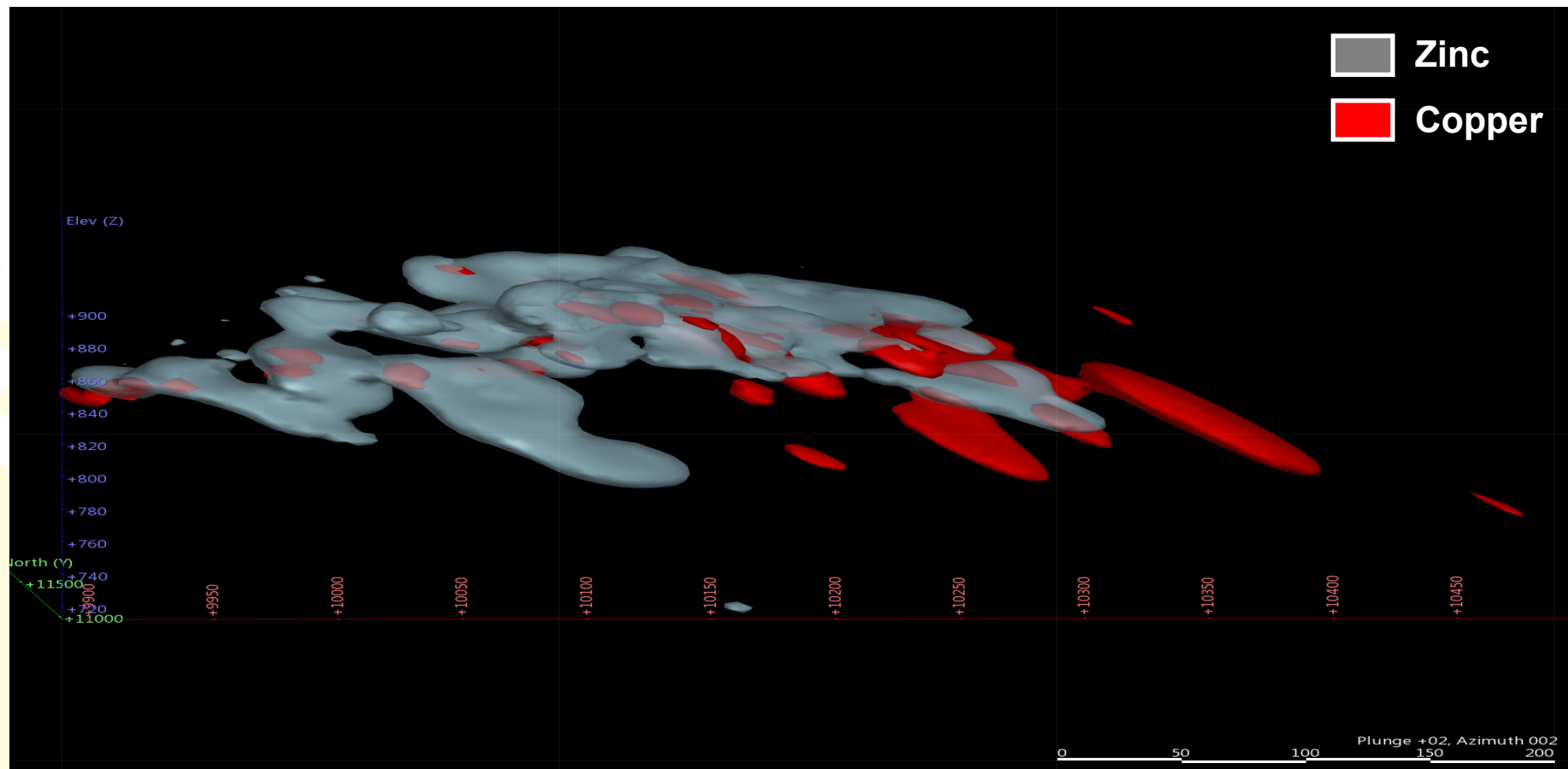
# Mineralisation

Mineralisation in Zone 2 is flat lying and shallow, deepening to the east



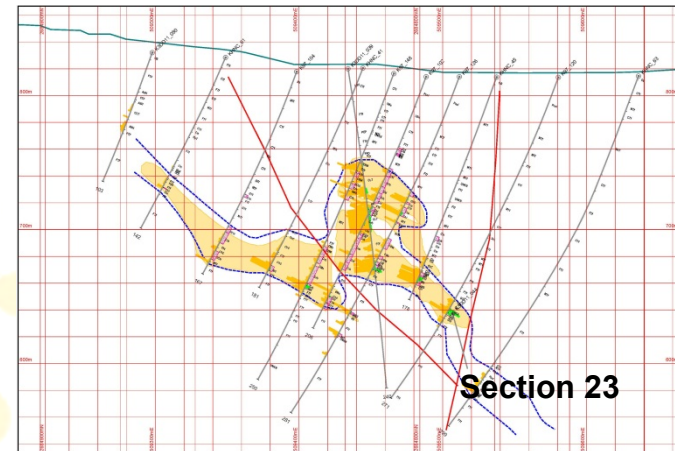
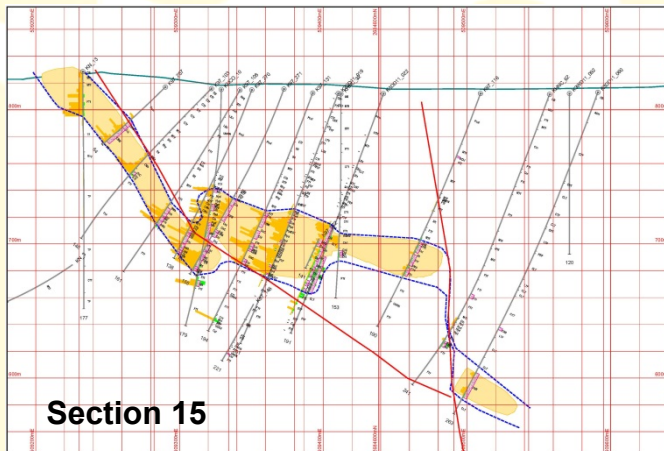
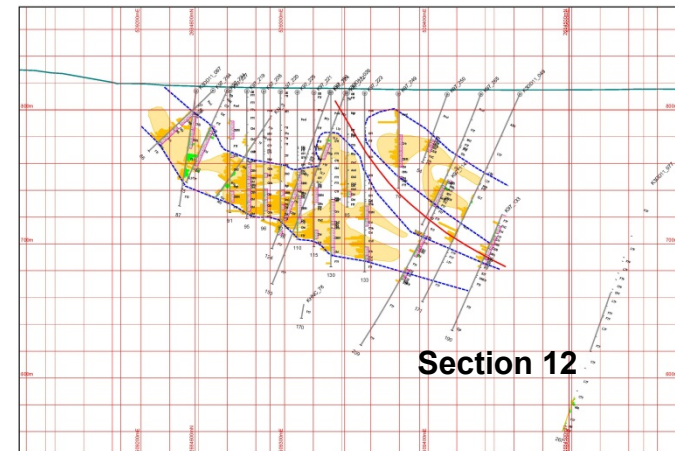
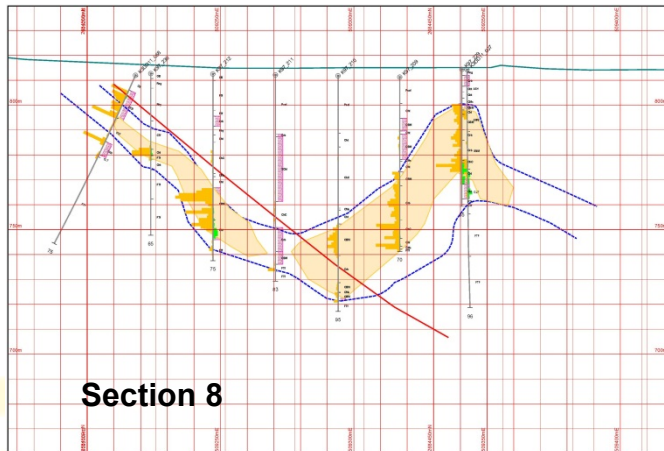
# Mineralisation

**Recent drilling aimed at copper mineralisation and strike extensions**  
**A stacked 3D model of Mineralised Zone 2 shows the flat and shallow disposition of the mineralisation**



# Mineralisation

**Mineralisation is thick, high grade, open and has good continuity**  
**Mineralised Zone 3 is thicker and close to the surface on the east limb but generally**  
**Copper rich and towards the west**

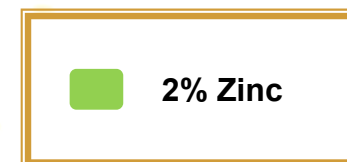
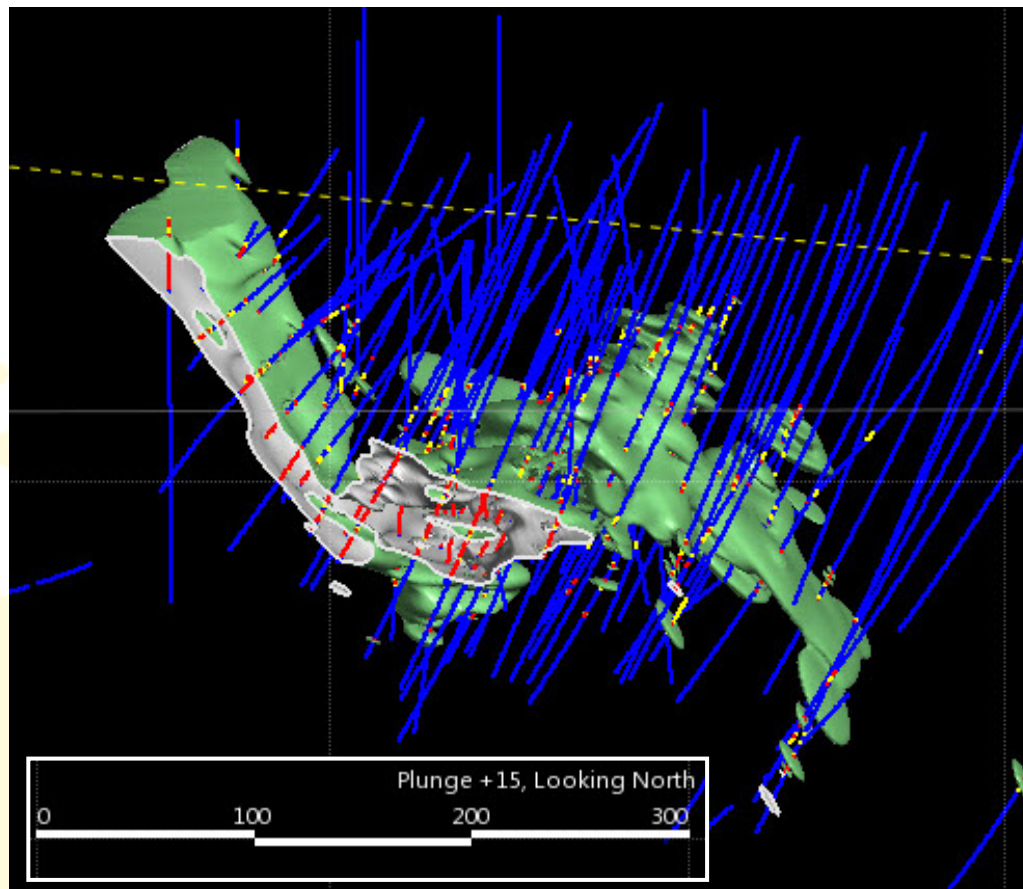




# Mineralisation

## Structural continuity demonstrated

A stacked 3D model of Mineralised Zone 3 shows structural continuity



# Progress



## Highlights of recent drilling

Alara has completed 28,500m in 220 drill holes since February 2011.

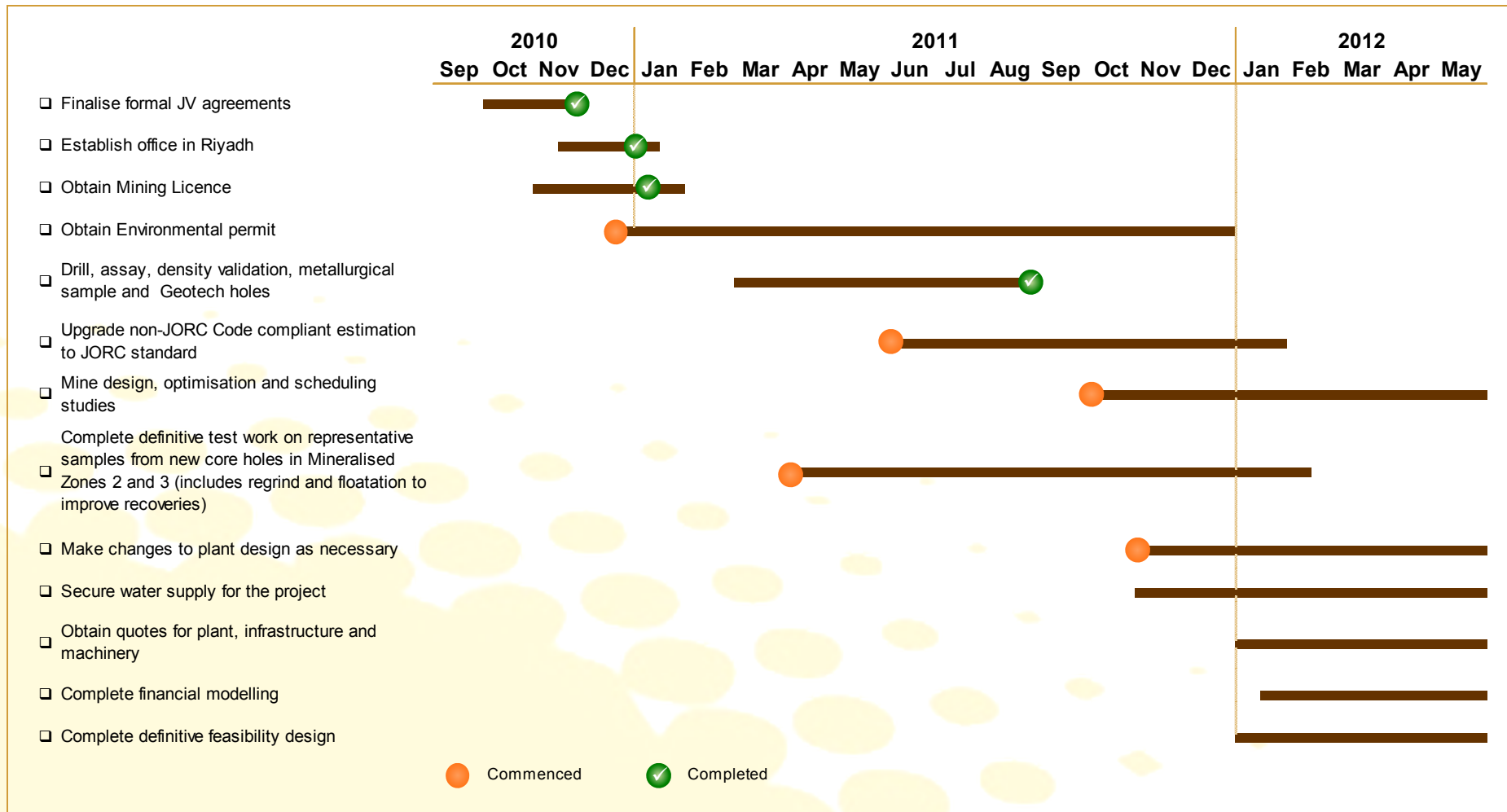
Assay results from recently completed drill-holes in Zones 2 and 3 continue to correlate with historic holes, and adding new mineralisation – still open.

Drill Hole	From (m)	Length (m)	Zinc %	Copper %
K2DD11_115	62	13	4.62	
	66	3	10.60	
K2DD11_116	45	6		0.83
	46	3		1.15
K2DD11_122	116.85	15.15	6.79	
	119	8	10.16	
K2DD11_124	61	13	5.69	
	67	6	8.15	
K2DD11_124	73	9		1.14
	74	4		1.98
K2DD11_125	57	8		0.56
	59	3		0.94
K2DD11_126	108	18	4.16	
	114	5	7.06	
K2DD11_126	114	20		0.85
	119	2		5.17
K2DD11_127	126	11	7.54	
	128	6.1	11.12	
K2DD11_127	133	23		0.91
	150	3.2		3.77
K2DD11_137	109	17	5.49	
	118	6	9.30	
K2RC11_029	26	6		0.89
	28	4		1.25
K2RC11_051	89	7		1.26
K2RC11_057	144	5	5.98	
	144	4	6.61	
K2RC11_058	170	6	13.94	

Drill Hole	From (m)	Length (m)	Zinc %	Copper %
K3DD11_022	107	7	5.45	0.22
K3DD11_022	132	21		2.32
K3DD11_028	18	21	10.18	0.58
K3DD11_030	82	54	8.33	0.39
		9	20.19	1.52
K3DD11_030	168	13	7.39	1.27
		6		2.06
K3DD11_031	155	9	8.68	0.47
		6	11.75	0.59
K3DD11_032	122	65	9.86	1.24
		12	15.31	3.09
K3DD11_035	84	35	7.65	0.18
		3	38.60	0.87
K3DD11_035	125	21	7.03	0.16
		1	44.40	0.78
K3DD11_039	71	84	13.30	0.39
		19	30.39	0.95
K3DD11_067	28	37		1.92
K3DD11_070	62	11	5.05	0.13
	67	6	7.41	0.23
K3DD11_075	157	3	0.21	0.66
	157	1	0.03	1.16
K3DD11_077	241	5	0.46	0.84
	244	2	0.45	1.72
K3DD11_084	110	2	7.27	0.22
	111	1	12.25	0.38
K3DD11_085	172	19	5.14	0.15
	185	6	13.11	0.64
K3DD11_093	255	7	8.33	0.64
	256	5	11.03	0.72

# DFS Completion

## Alara is targeting completion of Khnaiguiyah DFS in Q2 2012



# DFS Progress

## Highlights of Metallurgical Test Work

- Initial locked cycle flotation test work results from the metallurgical test-work program, on Zone 2 master composite, based on a relatively coarse primary grind product size of P80 < 106µm, delivered recoveries of 87% for Cu and 91.5% for Zn, at concentrate grades of around 30% for Cu and 57% for Zn.
- Comminution data shows moderate hardness of the order of 14kWh/t energy requirement during grinding.
- It is anticipated that in the next few weeks grinding and flotation process design criteria will be delivered to Ausenco Engineering thereby commencing the plant process design process.

## Highlights of Environmental Studies

- 17 species of birds and 16 species of reptiles were found but none of the species are endangered. The area is not part of a wild life sanctuary.
- 44 species of flora were found but none is rare or endangered.
- There are no rehabilitation issues and the Project is seen as positive for the region.
- Sterilisation of tailings dam is complete. No mineralisation was found in the selected area.

# DFS Progress

## Resource Modelling and Mining Studies

- QA / QC of historic data has taken longer than envisaged but to date the results are encouraging and BRGM data is well documented. Distribution of Ma'aden data matches very well with the 2011 data from recent drilling.
- Interpretation of both Zones 2 and 3 have been completed and these have been handed over to the mining engineers for Mining Studies.

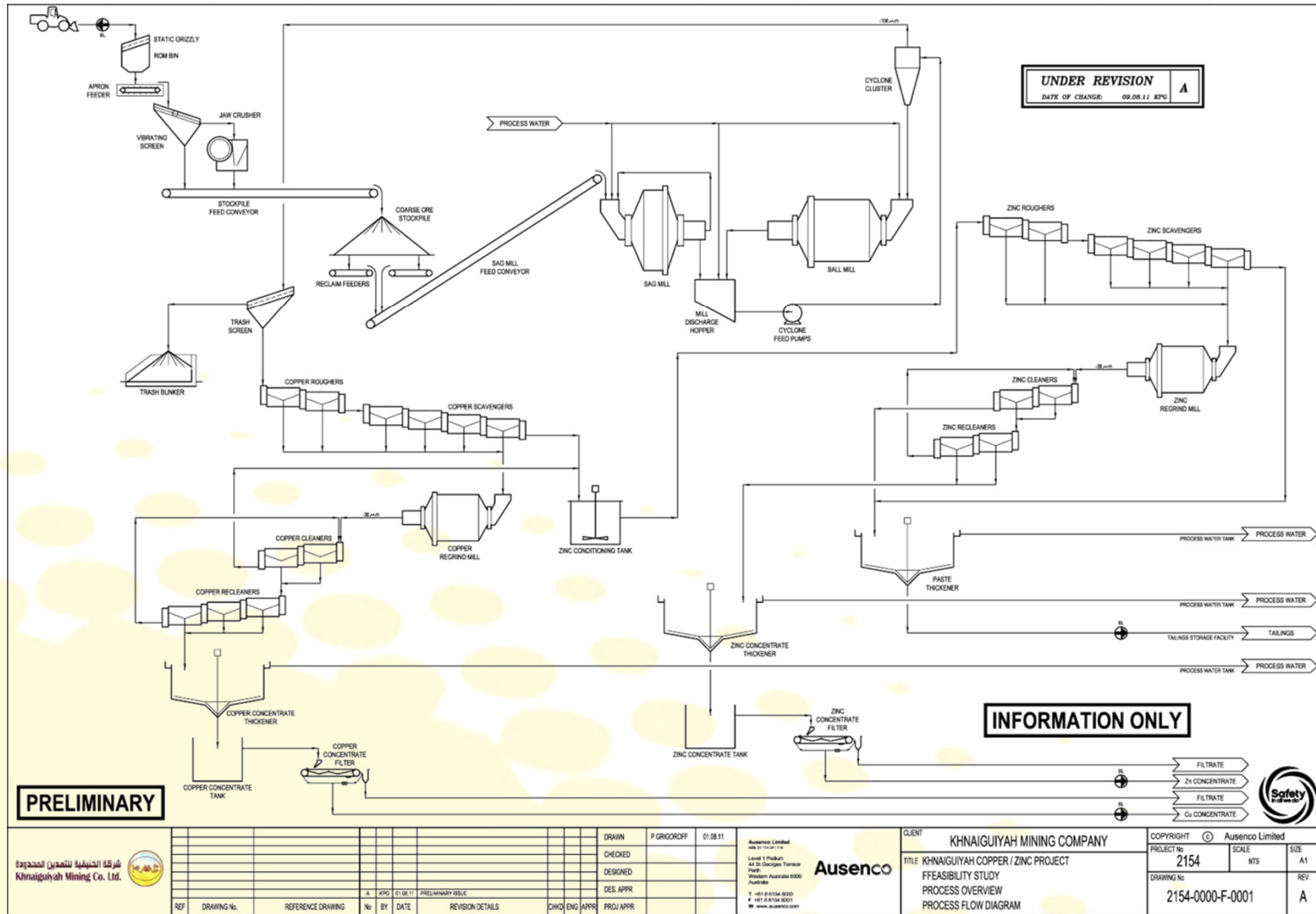
## Highlights of Hydrological, Geotechnical and Transportation Studies

- Mine water drilling has commenced and drilling completed to date shows mine water is unlikely to be an issue.
- All geotechnical drilling has been completed. Rocks appear to be hard and quite competent. Pit wall angles established for Zones 2 and 3.
- Infrastructure and transportation studies have commenced. Both rail road transport options for transporting concentrate are being considered.

## Highlights of water resource

- A contract has been entered into to purchase land and source water supply for the project. Geophysical survey has been completed. Drilling for water and pump tests are being finalised for drilling to commence this month.

# Preliminary Plant Flow Sheet



**PRELIMINARY**

**INFORMATION ONLY**

شركة الخيشية للمعادن المحدودة  
Khnaiguiyah Mining Co. Ltd.

REF	DRAWING No.	REFERENCE DRAWING	No	BY	DATE	REVISION DETAILS	CHKD	ENG	APPR	PROJ	APPR
				J.A	01/08/11	PRELIMINARY ISSUE					

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Checked: [ ]  
Designed: [ ]  
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Proj. Appr: [ ]

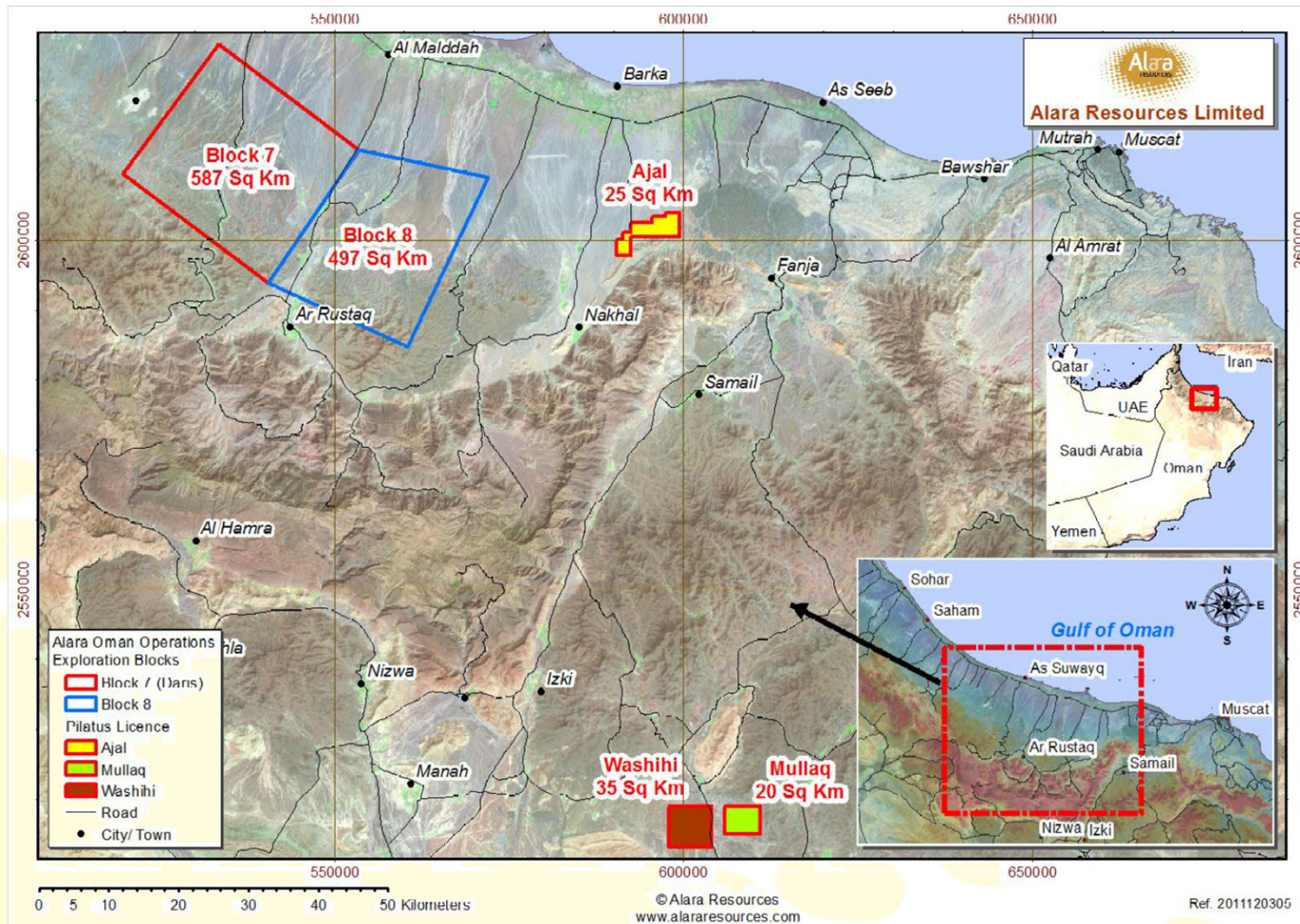
CLIENT: KHNAIGUIYAH MINING COMPANY  
TITLE: KHNAIGUIYAH COPPER / ZINC PROJECT  
FFEASIBILITY STUDY  
PROCESS OVERVIEW  
PROCESS FLOW DIAGRAM

COPYRIGHT © Ausenco Limited  
PROJECT No: 2154  
SCALE: NTS  
SIZE: A1  
DRAWING No: 2154-0000-F-0001  
REV: A

# Oman: Copper Gold Projects



The Oman Copper Gold Projects are located in a region with several examples of VMS Copper Deposits in the Ophiolites and close to a nearby Copper Smelter



## Alara is targeting discovery and development of Copper-Gold in Oman

Alara has completed +5,000m of drilling in the project areas.

Target mineralisation based on previous drilling and geophysics (the latter recently undertaken by Alara) of **3.2 million tonnes at 1.0% to 1.3% copper equivalent to 5.5 million tonnes at 1% copper equivalent** (which includes gold credits) across the existing areas of drilling within all licence areas. Geophysics indicates mineralisation is open along strike and depth at Washihi.<sup>1</sup>

New RAB drilling has uncovered new gossans for further significant expansion of resources.

Previous drill intersections from Daris are summarised below:

- 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)
- 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

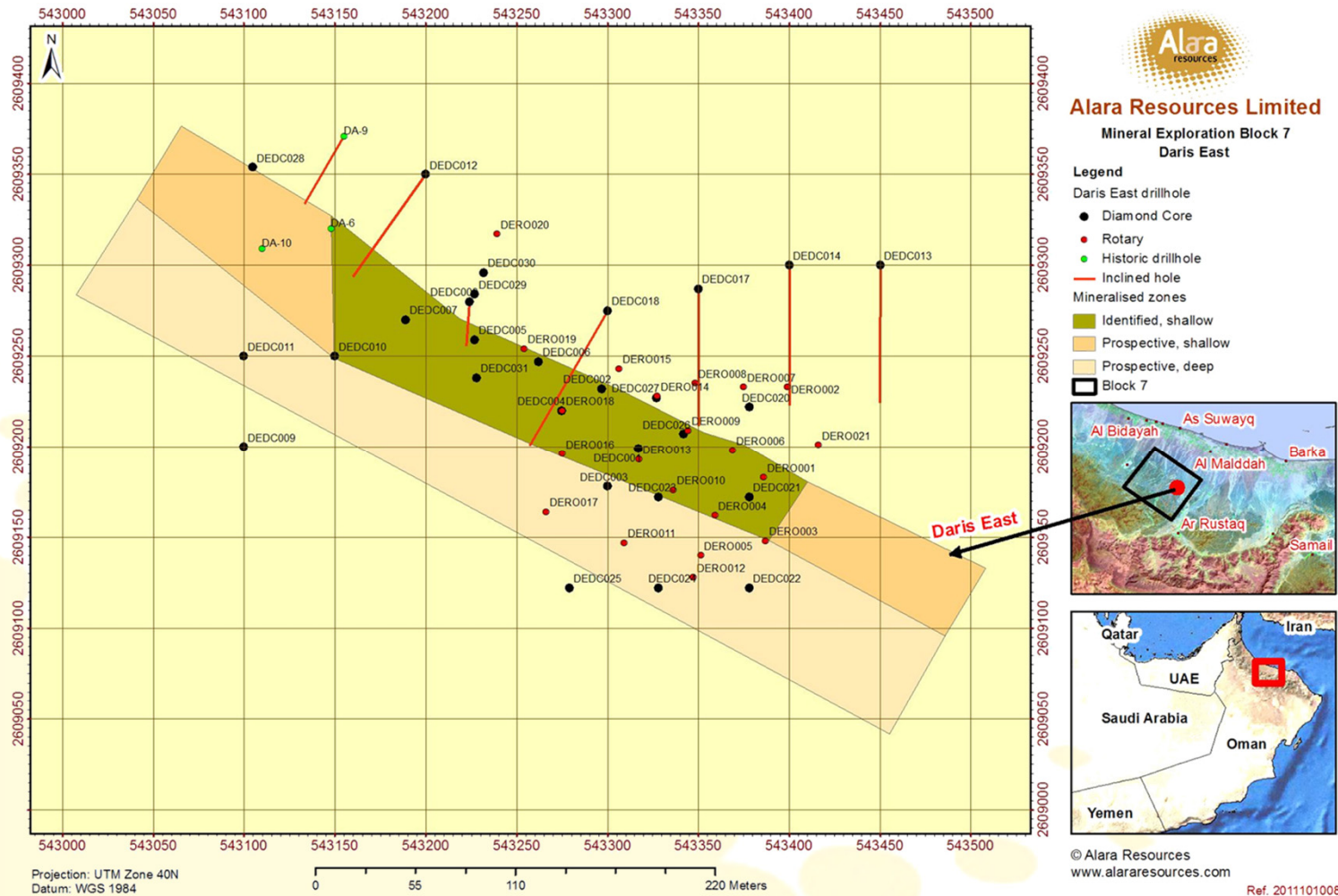
1. *The potential quantity and grade of the target mineralisation of copper equivalent is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target mineralisation of copper equivalent. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target mineralisation of copper equivalent.*



# Daris East: Block 7

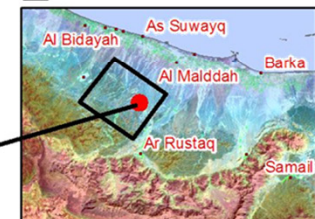


## Recent Drilling



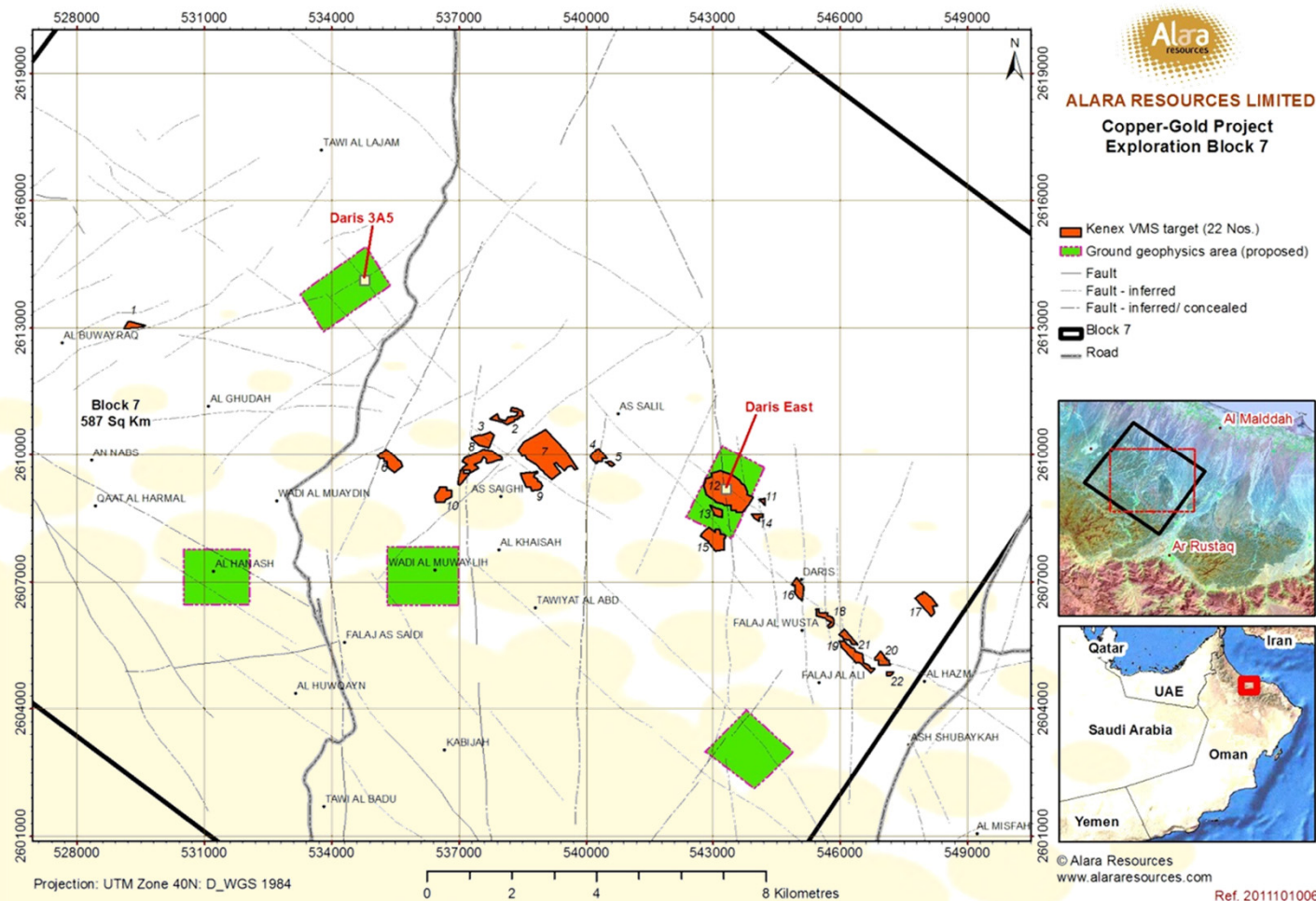
### Alara Resources Limited Mineral Exploration Block 7 Daris East

- Legend**
- Daris East drillhole
  - Diamond Core
  - Rotary
  - Historic drillhole
  - Inclined hole
  - Mineralised zones
  - Identified, shallow
  - Prospective, shallow
  - Prospective, deep
  - Block 7



# Mineralisation

**A helicopter-borne VTEM survey has been completed over Daris and the adjoining Awtad areas. New targets have been identified**



- VTEM survey and reconnaissance has confirmed 26 new conductors.
- IP survey on some of the remaining conductors has been completed.
- RAB drilling has commenced on the VTEM and IP targets.

# Targets



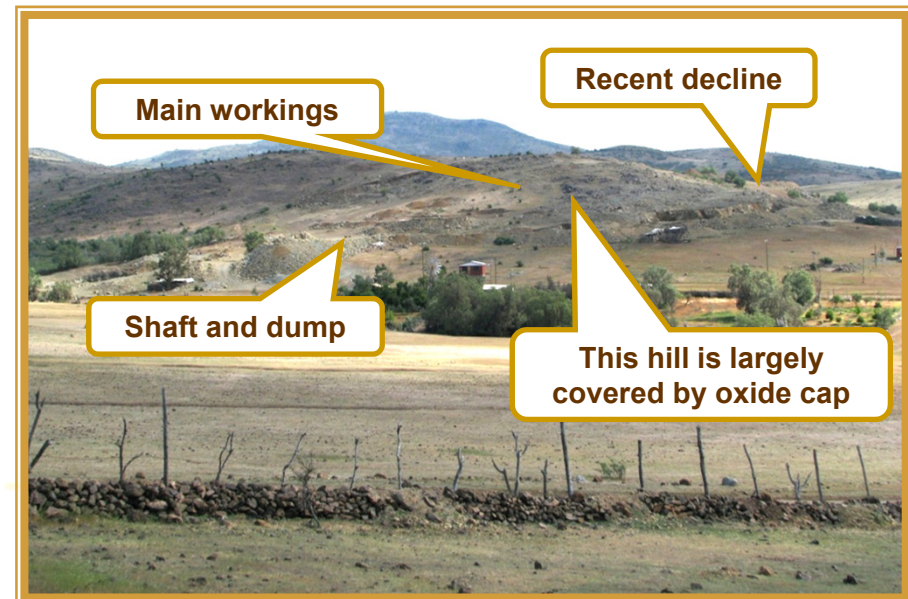
## In Chile, Alara is targeting Copper-Gold prospects in an area with extensive previous workings and walk up drill targets

- Five Copper, Copper-Gold and Copper Molybdenum IOCG type and porphyry prospects.
- Deep workings along a 6km strike are located along a major fault system in andesitic lavas and in diorite.
- Target mineralisation<sup>1</sup>:
  - 8Mt to 10Mt of oxide cap at 0.7% to 1.0% Copper to 30m depth, and 20Mt to 40Mt+ at 1.5% Copper equivalent as Copper Sulphides, Gold and Silver below oxide cap (based on surface widths and projections) (“**El Quillay**” Prospect).
  - 30Mt to 60Mt at 0.7% to 0.8% Copper equivalent in breccia pipes and porphyry (based on two drill holes, one of which intersected 180m at 0.7% Copper and up to 200ppm Molybdenum) (“**Lana and Corina**” Prospects).
- Alara is earning a 70% interest over three years.
- **IP geophysical survey on El Quillay has been mobilised and ready to commence in January.**
- **Drilling is targeted to commence in March.**

1. *The potential quantity and grade of the target mineralisation of Copper equivalent is conceptual in nature, based on 500+ surface samples conducted by the vendor's geologist and a representative portion of which has since validated by Alara's consultants. There has been insufficient exploration to define a mineral resource in relation to that target mineralisation of Copper equivalent in Copper and Gold. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target mineralisation of Copper equivalent in Copper and Gold.*

# Prospects

In the “El Quillay” Prospect, numerous workings exist over 1km strike and up to 85m depth. Outcrops and workings have been extensively sampled

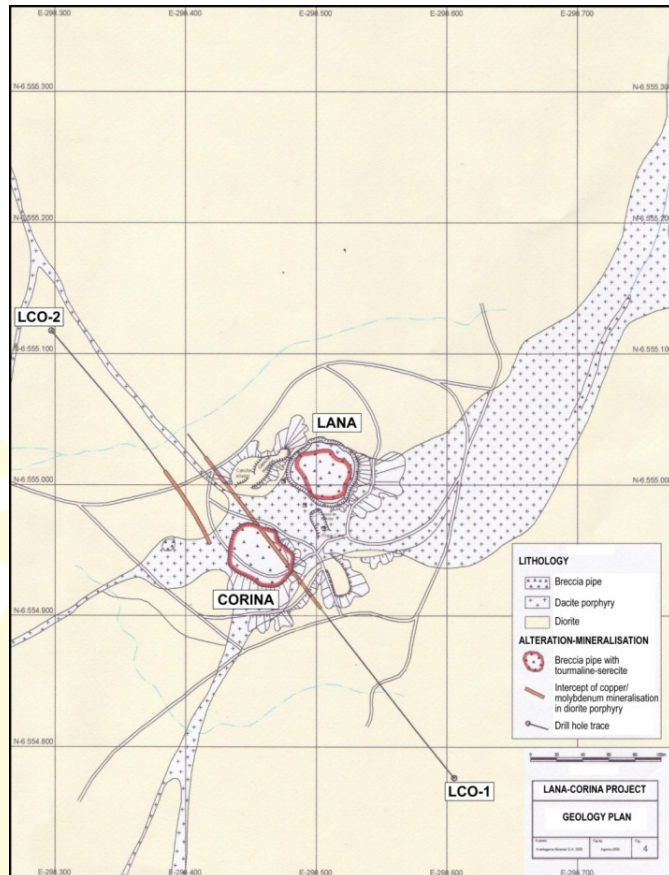


A half spiral decline dug in 2008 is wide enough to take regular trucks and loaders to sulphide mineralisation below the oxide cap which covers most of the hill

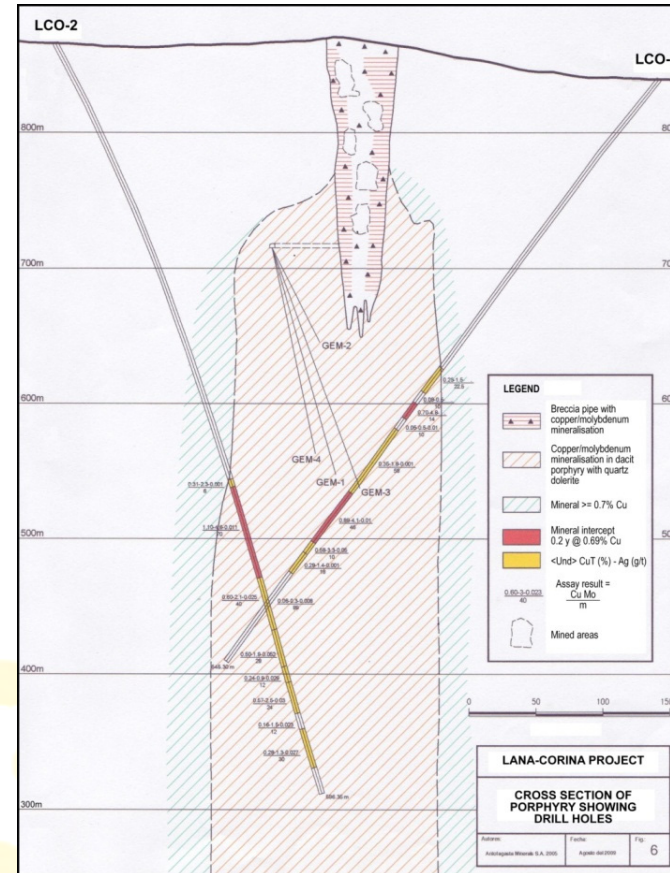


# Prospects

At “Lana and Corina” Prospect, significant drill intersections confirm the prospectivity of breccia pipes, with porphyry below



Lana-Corina Project Area Geology Plan



Lana-Corina Project Area Cross

Two drill holes intersected 180m and 130m of mineralisation respectively, at 0.7% Copper and up to 200ppm Molybdenum

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