

Alara Resources

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT TO SHAREHOLDERS

Date and Time of Meeting: 9:00 am (Perth time)
on Wednesday, 23 November 2016

Place of Meeting: Mining Corporate
Level 11, London House
216 St Georges Terrace
Perth, Western Australia

PURPOSE OF THIS DOCUMENT

This Notice of Annual General Meeting and Explanatory Statement has been prepared for the purpose of providing shareholders with all the information known to the Company that is material to the shareholders' decision on how to vote on the proposed resolutions at the Annual General Meeting. Shareholders should read this Notice of Annual General Meeting and Explanatory Statement in full to make an informed decision regarding the resolutions to be considered at this Annual General Meeting.

The Chairman of the Annual General Meeting will vote open proxies received in favour of all resolutions to be considered at the Annual General Meeting.

This Notice of Annual General Meeting and Explanatory Statement is dated 13 October 2016.

ENQUIRIES

If you have any questions regarding the matters set out in this Notice of Annual General Meeting and Explanatory Statement, please contact the Company or your professional advisers.



ASX Code: AUQ

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A.B.N. 27 122 892 719

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Alara Resources Limited A.B.N. 27 122 892 719 (**Alara or Company**) will be held at **Mining Corporate, Level 11, 216 St Georges Terrace, Perth, Western Australia at 9:00am (Perth time) on Wednesday, 23 November 2016.**

AGENDA

1. 2016 Annual Report

To consider and receive the 2016 Directors' Report, Financial Statements and Audit Report of the Company.

The 2016 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2016 Annual Report may be viewed and downloaded from the Company's website: www.alararesources.com or emailed to shareholders upon request to info@alararesources.com, when available.

2. Resolution 1 - Adoption of 2016 Remuneration Report

To consider, and if thought fit, pass, the following resolution as an advisory non-binding resolution:

"That the Remuneration Report as detailed in the Directors' Report for the financial year ended 30 June 2016 be adopted."

Note: The vote on Resolution 1 is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this resolution.

Voting Exclusion: The Company will disregard any votes cast (in any capacity) on Resolution 1 by or on behalf of a "Key Management Personnel" (as defined in the Accounting Standards) and their "Closely Related Parties" (as defined in the *Corporations Act 2001 (Cth)*) (together, the **Restricted Voters**).

Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report (which is included in the 2016 Annual Report). A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company, or a company the KMP controls.

However, a Restricted Voter may cast a vote on Resolution 1 as a proxy, for a person other than a Restricted Voter, and either:

- (a) the Proxy Form specifies the way the proxy is to vote on the resolution; or
- (b) the proxy is the Chair of the meeting and the Proxy Form expressly authorises the Chair of the meeting to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP for the Company.

Shareholders should note that if it appoints the Chair as a proxy, or the Chair is appointed by default under the Proxy Form, and the Chair is not directed as to how to vote on Resolution 1, then on the poll for that item, the Chair intends to vote any undirected proxies in favour of Resolution 1. Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting on this resolution.

3. Resolution 2 - Re-Election of James Phipps as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That James Phipps, (having been appointed by the Board since the last Annual General Meeting), being eligible, be re-elected as a Director of the Company."

4. Resolution 3 - Re-Election of Vikas Jain as Director

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Vikas Jain, (having been appointed by the Board since the last Annual General Meeting), being eligible, be re-elected as a Director of the Company."

5. Resolution 4 – Appointment of Bentleys Audit and Corporate (WA) Pty Ltd as Auditor

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That for the purposes of Section 327C of the Corporations Act and for all other purposes, Bentleys Audit & Corporate (WA) Pty Ltd, having been appointed as Auditors under the casual vacancy on 20 July 2016 be ratified"

6. Resolution 5 – Approval of Grant of Options to James Phipps

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to a maximum of 24,000,000 Director Options to James Phipps subject to the achievement of certain key milestones and on terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- (a) James Phipps (or his nominee); and
- (b) an associate of James Phipps (or his nominee).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. Resolution 6 – Approval of Grant of Options to Justin Richard

To consider, and if thought fit, pass with or without amendment the following as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to a maximum of 24,000,000 Director Options to Justin Richard subject to the achievement of certain key milestones and on terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- (a) Justin Richard (or his nominee); and
- (b) an associate of Justin Richard (or his nominee).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

8. Resolution 7 – Approval of Grant of Options to Atmavireshwar Sthapak

To consider, and if thought fit, pass with or without amendment the following as an ordinary resolution:

“That, for the purposes of Listing Rule 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue up to a maximum of 24,000,000 Director Options to Atmavireshwar Sthapak subject to the achievement of certain key milestones and on terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by:

- (a) Atmavireshwar Sthapak (or his nominee); and
- (b) an associate of Atmavireshwar Sthapak (or his nominee).

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

9. Resolution 8 – Approval for Additional Placement Capacity

To consider, and if thought fit, pass with or without amendment the following as a special resolution:

“That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totaling up to 10% of the number of ordinary Shares on issue by way of placements over a 12 month period, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2; and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a person (and any associates of such a person) who may participate in the 10% Placement Facility and a person (and any associates of such a person) who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED THIS 13TH DAY OF OCTOBER 2016

**BY ORDER OF THE BOARD
ELIZABETH HUNT
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement is provided to the shareholders of Alara Resources Limited (**Alara** or **Company** or **AUQ**) pursuant to and in satisfaction of the *Corporations Act (Cth) 2001* (**Corporations Act**) and the Listing Rules of the Australian Securities Exchange (**ASX**). This Explanatory Statement is intended to be read in conjunction with the Notice of Annual General Meeting (**AGM**).

1. 2016 ANNUAL REPORT

Section 317 of the Corporations Act requires the Directors of the Company to lay before the AGM the Directors' Report, Financial Report and the Auditor's Report for the last financial year that ended before the AGM. These reports are contained within the Company's 2016 Annual Report.

A copy of the 2016 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2016 Annual Report may be viewed and downloaded from the Company's website: www.alararesources.com or the ASX website (www.asx.com.au) under ASX Code: AUQ or emailed to shareholders upon request to info@alararesources.com, when available.

Shareholders will be provided with a reasonable opportunity as a whole to ask questions or make statements in relation to these reports and on the business and operations of the Company but no resolution to adopt the reports will be put to shareholders at the AGM.

2. ADVISORY NON-BINDING RESOLUTION 1 - ADOPTION OF 2016 REMUNERATION REPORT

Resolution 1 seeks shareholder approval to adopt the 30 June 2016 Remuneration Report as disclosed in the Company's 2016 Annual Report (refer above for information on accessing the report).

Section 250R(2) of the Corporations Act requires the Company to present to its shareholders for adoption the Remuneration Report.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to "Key Management Personnel" (being the Company's Directors and Executives identified in the Remuneration Report) (**KMP**), sets out remuneration details for each KMP and any service agreements and sets out the details of any performance based and equity based benefits provided to KMP (where applicable).

Shareholders attending the AGM will be given a reasonable opportunity as a whole to ask questions about, or make comments on, the Remuneration Report.

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

Directors' Recommendations

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that **shareholders vote in favour of Resolution 1** to adopt the Remuneration Report.

Voting Exclusion

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of AGM. In particular, the Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP. The Chair will use any undirected/open proxies to vote in favour of this resolution.

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, in relation to each resolution, including Resolution 1. If shareholders have appointed the Chair of the Meeting as their proxy (or the Chair of the Meeting becomes their proxy by default), shareholders can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on Resolution 1 by marking the appropriate Voting Direction box opposite that resolution. However, if the Chair of the Meeting is proxy under the Proxy Form and shareholders do not mark any of the Voting Direction boxes opposite Resolution 1, shareholders are, in effect, directing the Chair to vote "FOR" the resolution as the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 1. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this resolution.

3. ORDINARY RESOLUTION 2 - RE-ELECTION OF JAMES PHIPPS AS DIRECTOR

Resolution 2 seeks shareholder approval for the re-election of Mr James Phipps as a Director of the Company.

The Board appointed Mr Phipps as Non-Executive Director in November 2014 and subsequently appointed as Non-Executive Chairman on 31 July 2015. The Board considers Mr Phipps an independent director.

The Company's constitution requires a Director appointed by the Board since the last AGM to retire at the following AGM. Mr Phipps retires at this AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Phipps' qualifications and experience are detailed in the Directors' Report in the Company's 2016 Annual Report.

Recommendation

The Board (other than Mr Phipps who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr James Phipps to the Board of Directors of the Company and recommends that **shareholders vote in favour of Resolution 2**.

4. ORDINARY RESOLUTION 3 - RE-ELECTION OF VIKAS JAIN AS DIRECTOR

Resolution 3 seeks shareholder approval for the re-election of Mr Vikas Jain as a Director of the Company.

The Board appointed Mr Jain as Non-Executive Director on 6 April 2016.

The Company's constitution requires a Director appointed by the Board since the last AGM to retire at the following AGM. Mr Jain retires at this AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Jain's qualifications and experience are detailed in the Directors' Report in the Company's 2016 Annual Report.

Recommendation

The Board (other than Mr Jain who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr Vikas Jain to the Board of Directors of the Company and recommends that **shareholders vote in favour of Resolution 3**.

5. ORDINARY RESOLUTION 4 - APPOINTMENT OF BENTLEYS AUDIT AND CORPORATE (WA) PTY LTD AS AUDITOR

Resolution 4 seeks shareholder approval for the appointment of Bentleys Audit and Corporate (WA) Pty Ltd as the Company's auditor.

Under the Corporations Act, the Directors of the Company were required to appoint an auditor within one month of the casual vacancy occurring.

The Directors have considered this matter and now recommend that Bentleys Audit and Corporate (WA) Pty Ltd be appointed as auditor of the Company and that Shareholders consider this resolution at the Company's Annual General Meeting. The Company acknowledges that Bentleys Audit and Corporate (WA) Pty Ltd have consented in writing to being appointed as the Company's auditor.

In accordance with the Corporations Act, Justin Richard, a Shareholder, has nominated Bentleys Audit and Corporate (WA) Pty Ltd to be appointed auditor of the Company. A copy of that nomination is attached to the Notice of Annual General Meeting (Annexure A).

Recommendation

The Board supports the appointment of Bentleys Audit and Corporate (WA) Pty Ltd as auditor of the Company and recommends that **shareholders vote in favour of Resolution 4**.

6. ORDINARY RESOLUTIONS 5, 6 AND 7 - APPROVAL OF GRANT OF OPTIONS TO JAMES PHIPPS, JUSTIN RICHARD AND ATMAVIRESHWAR STHAPAK

Resolutions 5, 6 and 7 seek shareholder approval for the grant of up to 72,000,000 Director Options to James Phipps, Justin Richard and Atmavireshwar Sthapak (Directors), subject to achievement of the following Milestones.

- Milestone 2 - being the securing a new mining licence in respect of the Al Hadeetha Copper -Gold Projects on or before 31 October 2016
- Milestone 3 - being that a 'Decision to Mine' has been made by the Company and the completion of 'Total Financing' on the Al Hadeetha Copper – Gold Project on or before 31 December 2016.
- Milestone 4 - being the 'Commencement of Construction' in respect of the Khnaiguiyah Zinc-Copper Project after completion of 'Total Financing' on or before 31 December 2016

ASX Listing Rule 10.11

ASX listing rule 10.11 requires a listed company to obtain shareholder approval prior to issuing **Related Party Securities**. The following information is provided to shareholders for the purpose of ASX listing 10.13:

Director	No. of \$0.04 Options expiring 3 years from the date of grant upon attainment of Milestone 2	No. of \$0.04 Options expiring 3 years from the date of grant upon attainment of Milestone 3	No. \$0.10 Options expiring 3 years from the date of grant upon attainment of Milestone 4	Total
James Phipps (or nominee)	7,000,000	7,000,000	10,000,000	24,000,000
Justin Richard (or nominee)	7,000,000	7,000,000	10,000,000	24,000,000
Atmavireshwar Sthapak (or nominee)	7,000,000	7,000,000	10,000,000	24,000,000
Total	21,000,000	21,000,000	30,000,000	72,000,000

- the terms and conditions of the Director Options are set out in Annexures B, C and D;
- subject to above, options will be granted for no consideration on a date no later than one month after the date of this Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules); and
- no funds will be raised from grant of the Director Options as the Director Options are being granted to James Phipps, Justin Richard and Atmavireshwar Sthapak. Any funds raised in the event of exercise of the Director Options will be applied towards working capital.

Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act. However, irrespective of whether an exception applies, shareholder approval is being sought in any case.

The grant of the Related Party Securities constitutes giving a financial benefit and James Phipps, Justin Richard and Atmavireshwar Sthapak are related parties of the Company by virtue of them being Directors (**Related Parties**).

Pursuant to the requirements of section 219 of the Corporations Act, the following information is provided in respect of the proposed issue of the Related Party Securities:

- the related parties to whom a financial benefit will be given are James Phipps, Justin Richard and Atmavireshwar Sthapak, who are related parties by virtue of being Directors;
- the maximum number of Related Party Securities (being the nature of the financial benefit being provided and the interest in the outcome of the resolution) to be issued to the Related Parties is 72,000,000 (as detailed in the table above);

- (c) the Directors, who do not have a material personal interest in the outcome of Resolutions 5, 6 and 7 respectively (other than James Phipps for Resolution 5, Justin Richard for Resolution 6 and Atmavireswar Sthapak for Resolution 7), recommend that Shareholders vote in favour of Resolutions 5, 6 and 7 as they are of the view that the issue the Director Options upon achievement of key milestones is an appropriate form of incentive with the aim of enhancing shareholder value and based on the exercise price, only likely to be exercised if there is sustained upward movement in Company's share price;
- (d) in addition to the information under ASX listing rule 10.11 above, further information that is reasonably required to make a decision and that is known to the Company and any of its Directors, is provided as follows:

(i) Effect on capital structure

If the Resolutions 5, 6 and are passed, and Milestones 2, 3 and 4 are met within the prescribed timeframe, then the Company would grant a total of 72,000,000 options.

As at the date of this notice, the Company has 592,506,073 shares on issue and 233,804,321 \$0.02 quoted rights issue options.

If all of the options proposed to be granted were exercised into shares and assuming all of the current options on issue are exercised into shares, this would dilute the shareholding of existing shareholders by 8.7% and raise ~\$9,356,086 cash for the Company.

If all of the options proposed to be granted were exercised into shares and assuming no other options currently on issue are exercised, this would dilute the shareholding of existing shareholders by 12% and raise \$4,680,000.

(ii) Company's recent share price

The market price of the Company's shares during the period of the options will normally determine whether or not option holders exercise their options. Thus, the options proposed to be granted are only likely to be exercised if the Company's shares subsequently trade at a price which is higher than the exercise price. The following table sets out the trading history of the Company's shares on the ASX over the past 12 months.

	Price
Highest	\$0.03 on 10, 13 & 16 May & 7 - 8 June 2016
Lowest	\$0.009 on 22, 27 - 30 October & 2, 4 - 6, 9 - 13 & 16 November 2016
Last	\$0.02 on 4 October 2016

(iii) Director's relevant interest in securities of the Company

As at the date of this Notice the relevant interests of the Related Parties in securities of the Company are as follows:

Related Party	Shares	Options (exercisable at \$0.02 expiring 30 April 2017)
James Phipps	Nil	Nil
Justin Richard	26,678,572	18,750,000
Atmavireswar Sthapak	900,000	Nil

(iv) Valuation of Options

The Directors consider, on the basis of the calculation methodology set out below, that the Director Options will have an indicative total value of \$90,000 (at \$0.002 per option in respect to Milestone 2 and 3 and \$0.0002 per option in respect to Milestone 4).

This valuation has been calculated using the Black-Scholes option pricing model applying the following assumptions:

- The Company's share price being \$0.02 per share (which is the last sale price as at 6 October 2016);
- A risk-free rate of return of 1.5%; and
- An estimated future volatility of the Company's share price of 42% (based on implied volatility of the Company's listed options).

This valuation assumes that the issue date is within one month this General Meeting. This valuation may not be a representative valuation of the options at the proposed date of issue, which expected to be as soon as practicable after the date of achieving the Milestone.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 5, 6 and 7.

The Company will disregard any votes cast on this Resolution by James Phipps, Justin Richard and Atmavireswar Sthapak or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

7. SPECIAL RESOLUTION 8 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

General

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities totalling up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting (**10% Placement Capacity**).

Resolution 8 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 8 for it to be passed.

An Eligible Entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an Eligible Entity because (as at 18 October 2016) it is not included in the S&P/ASX 300 and has a market capitalisation of less than \$300m.

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has 2 classes of quoted Equity Securities on issue, being the Shares (ASX Code: AUQ) and Options (AUQO).

If Shareholders approve Resolution 8, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 8 will be to allow the Directors to issue Equity Securities totalling up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during a period of up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Board believes that Resolution 8 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this resolution.

ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity. The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company current has one class of quoted Equity Securities on issue being its 592,506,073 Shares (fully paid ordinary).

Technical information required by ASX Listing Rule 7.1A

The Company initially obtained shareholder approval for additional placement capacity under ASX Listing Rule 7.1A at its 2012 Annual General Meeting. The Company did not issue any shares under ASX Listing Rule 7.1A capacity in the 12 months preceding the date of this Notice of Meeting as the ASX Listing Rule 7.1A capacity had not been put to shareholders at the 2015 Annual General Meeting.

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 8:

- **ASX Listing Rule 7.1 and ASX Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under ASX Listing Rule 7.1A is in addition to the entity's 15% placement capacity under ASX Listing Rule 7.1. At the date of this Notice, the Company has on issue 592,506,073 Shares and has capacity to issue 77,375,911 Equity Securities under ASX Listing Rule 7.1. The actual number of Equity Securities that the Company will have capacity to issue under ASX Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

- **Minimum Issue Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the date below, the date on which the Equity Securities are issued.

- **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- 12 months after the date of the Annual General Meeting; and
- the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

- **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 8 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.01 (50% decrease in current issue price)	Funds raised based on issue price of \$0.02 (Current issue price)	Funds raised based on issue price of \$0.03 (50% increase in current issue price)
592,506,073 (Current)	59,250,607	\$592,506.07	\$1,185,012.15	\$1,777,518.22
888,759,110 (50% increase)*	88,875,911	\$888,759.11	\$1,777,518.22	\$2,666,277.33
1,185,012,146 (100% increase)*	118,501,215	\$1,185,012.15	\$2,370,024.29	\$3,555,036.44

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- The current Shares on issue are the Shares on issue as at 19 September 2016.
- The issue price set out above is the issue price for the Rights Issue completed on 9 August 2016.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares (it does not include Partly Paid Shares even though Partly Paid Shares may be issued under the 10% Placement Capacity). It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
- This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

- **Purpose of Issue under 10% Placement Capacity**

The Company may decide to issue Equity Securities under the 10% Placement Capacity to raise funds for the purpose of developing existing resource projects and/or acquiring additional JORC compliant resource projects. Funds may also be raised to fund working capital requirements of the Company relevant at, or about, the time of the issue.

The Company may also issue Equity Securities for non-cash consideration, such as for the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release on valuation of the non-cash consideration that demonstrates that the deemed issue price of the Equity Securities complies with Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities under Listing Rule 7.1A.

- **Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the Company's circumstances, including, but not limited to, its financial position and solvency;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

- **Compliance with ASX listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- the information required by Listing Rule 3.10.5A for release to the market.

Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 8.

Recommendation

The Board supports the approval of the additional placement capacity and recommends that **shareholders vote in favour of Resolution 8.**

ANNEXURE A

NOMINATION OF AUDITOR

25 May 2016

The Board of Directors
Alara Resources Limited
Level 11, London House
216 St Georges Terrace
Perth WA 6000

Dear Board of Alara Resources Limited

Nomination of Auditors

In accordance with the provision of Section 328B of the Corporations Act, I, Justin Richard, being a member of Alara Resources Limited, hereby nominate Bentleys Audit & Corporate (WA) Pty Ltd ("Bentleys") for appointment as auditor of the Company subject to ASIC consent.

Yours sincerely



Justin Richard
Director and Shareholder

ANNEXURE B

TERMS AND CONDITIONS OF DIRECTOR OPTIONS: MILESTONE 2

The terms and conditions of the Options are set out below.

- **Exercise price**
4.00 cents (\$0.04)
- **Vesting period**
Each Option will vest upon the attainment of Milestone 2 (being the securing a new mining licence in respect of the Al Hadeetha Copper -Gold Projects) on or before 31 October 2016.
- **Entitlement**
Each Option shall entitle the holder the right to subscribe (in cash) for one Share.
- **Option period**
The Options will expire at 5.00pm (WST) 3 years from the date of grant (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and any not exercised shall automatically expire on the Expiry Date.
- **Ranking of Shares allotted on exercise**
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- **Voting**
A registered holder of an Option (**Optionholder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Optionholder, a Shareholder.
- **Transfer**
Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- **Method of exercise**
 - The Company will provide to each Optionholder a notice that is to be completed when exercising the Options (Exercise Notice). Options may be exercised by the Optionholder completing the Exercise Notice and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Exercise Notice must state the number of Options being exercised and the consequent number of Shares to be allotted; which number of Options must be a multiple of 2,500 if only part of the Optionholder's total Options are exercised, or if the total number of Options held by an Optionholder is less than 2,500, then the total of all Options held by that Optionholder must be exercised.
 - The Exercise Notice of Options by an Optionholder must be accompanied by payment in full for the relevant number of Shares being subscribed, being at a 25% premium over the share price of the Shares issued in Resolution 1 per Share.
 - Subject to paragraph (g)(i) above, the exercise of less than all of an Optionholder's Options will not prevent the Optionholder from exercising the whole or any part of the balance of the Optionholder's entitlement under the Optionholder's remaining Options.
 - Within 14 days from the date the Optionholder properly exercises Options, the Company shall issue and allot to the Optionholder that number of Shares so subscribed for by the Optionholder.
 - The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
 - The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- **ASX listing**
The Options will not be listed on the ASX.
- **Reconstruction**
In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- **Participation in new Share issues**
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that the record date for the purposes of determining entitlements to any new issue will be at least seven (7) Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Optionholder an opportunity to exercise the Options held by the Optionholder.
- **No change of exercise price or number of underlying Shares**
There are no rights to change the exercise price of the Options or the number of underlying Shares.

ANNEXURE C

TERMS AND CONDITIONS OF DIRECTOR OPTIONS: MILESTONE 3

The terms and conditions of the Options are set out below.

- **Exercise price**
4.00 cents (\$0.04)
- **Vesting period**
Each Option will vest upon the attainment of Milestone 3 (being that a 'Decision to Mine' has been made by the Company and the completion of 'Total Financing' on the Al Hadeetha Copper – Gold Project) on or before 31 December 2016.
- **Entitlement**
Each Option shall entitle the holder the right to subscribe (in cash) for one Share.
- **Option period**
The Options will expire at 5.00pm (WST) 3 years from the date of grant (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and any not exercised shall automatically expire on the Expiry Date.
- **Ranking of Shares allotted on exercise**
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- **Voting**
A registered holder of an Option (**Optionholder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Optionholder, a Shareholder.
- **Transfer**
Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- **Method of exercise**
 - The Company will provide to each Optionholder a notice that is to be completed when exercising the Options (Exercise Notice). Options may be exercised by the Optionholder completing the Exercise Notice and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Exercise Notice must state the number of Options being exercised and the consequent number of Shares to be allotted; which number of Options must be a multiple of 2,500 if only part of the Optionholder's total Options are exercised, or if the total number of Options held by an Optionholder is less than 2,500, then the total of all Options held by that Optionholder must be exercised.
 - The Exercise Notice of Options by an Optionholder must be accompanied by payment in full for the relevant number of Shares being subscribed, being at a 25% premium over the share price of the Shares issued in Resolution 1 per Share.
 - Subject to paragraph (g)(i) above, the exercise of less than all of an Optionholder's Options will not prevent the Optionholder from exercising the whole or any part of the balance of the Optionholder's entitlement under the Optionholder's remaining Options.
 - Within 14 days from the date the Optionholder properly exercises Options, the Company shall issue and allot to the Optionholder that number of Shares so subscribed for by the Optionholder.
 - The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
 - The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- **ASX listing**
The Options will not be listed on the ASX.
- **Reconstruction**
In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- **Participation in new Share issues**
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that the record date for the purposes of determining entitlements to any new issue will be at least seven (7) Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Optionholder an opportunity to exercise the Options held by the Optionholder.
- **No change of exercise price or number of underlying Shares**
There are no rights to change the exercise price of the Options or the number of underlying Shares.

ANNEXURE D

TERMS AND CONDITIONS OF DIRECTOR OPTIONS: MILESTONE 4

The terms and conditions of the Options are set out below.

- **Exercise price**
10.00 cents (\$0.10)
- **Vesting period**
Each Option will vest upon the attainment of Milestone 4 (being the 'Commencement of Construction' in respect of the Khnaiguiyah Zinc-Copper Project after completion of 'Total Financing') on or before 31 December 2016.
- **Entitlement**
Each Option shall entitle the holder the right to subscribe (in cash) for one Share.
- **Option period**
The Options will expire at 5.00pm (WST) 3 years from the date of grant (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and any not exercised shall automatically expire on the Expiry Date.
- **Ranking of Shares allotted on exercise**
Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.
- **Voting**
A registered holder of an Option (**Optionholder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Optionholder, a Shareholder.
- **Transfer**
Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.
- **Method of exercise**
 - The Company will provide to each Optionholder a notice that is to be completed when exercising the Options (Exercise Notice). Options may be exercised by the Optionholder completing the Exercise Notice and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Exercise Notice must state the number of Options being exercised and the consequent number of Shares to be allotted; which number of Options must be a multiple of 2,500 if only part of the Optionholder's total Options are exercised, or if the total number of Options held by an Optionholder is less than 2,500, then the total of all Options held by that Optionholder must be exercised.
 - The Exercise Notice of Options by an Optionholder must be accompanied by payment in full for the relevant number of Shares being subscribed, being at a 25% premium over the share price of the Shares issued in Resolution 1 per Share.
 - Subject to paragraph (g)(i) above, the exercise of less than all of an Optionholder's Options will not prevent the Optionholder from exercising the whole or any part of the balance of the Optionholder's entitlement under the Optionholder's remaining Options.
 - Within 14 days from the date the Optionholder properly exercises Options, the Company shall issue and allot to the Optionholder that number of Shares so subscribed for by the Optionholder.
 - The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
 - The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.
- **ASX listing**
The Options will not be listed on the ASX.
- **Reconstruction**
In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.
- **Participation in new Share issues**
There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that the record date for the purposes of determining entitlements to any new issue will be at least seven (7) Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Optionholder an opportunity to exercise the Options held by the Optionholder.
- **No change of exercise price or number of underlying Shares**
There are no rights to change the exercise price of the Options or the number of underlying Shares.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning:

2016 Annual Report means the Company's annual report for the year ended 30 June 2016, which can be downloaded from the Company's website at potashwest.com.au.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 724 791) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules or **Listing Rules** means the official Listing Rules of ASX.

Board means the board of directors of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- a spouse or child of the member;
- a child of the member's spouse;
- a dependent of the member or the member's spouse;
- anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- a company the member controls; or
- a person prescribed by the Corporations Regulations.

Company means Alara Resources Limited (ABN 27 122 892 719).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act 2001* (Cth).

Director mean a director of the Company.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means the explanatory statement to this Notice.

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Meeting means the meeting convened by the Notice.

Notice or **Notice of Meeting** means the notice of meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2016 Annual Report.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

WST means Western Standard Time, being the time in Perth, Western Australia.

TIME AND PLACE OF AGM AND HOW TO VOTE

Venue

The Annual General Meeting of the shareholders of Alara Resources Limited will be held at **Mining Corporate, Level 11, 216 St Georges Terrace, Perth, Western Australia at 9:00am (Perth time) on Wednesday, 23 November 2016.**

Voting Rights (subject to the voting exclusions noted in the Notice of AGM)

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- by facsimile to (08) 9463 6103;
- by mail to Alara Resources Limited, GPO Box 2517, Perth, Western Australia 6831;
- by hand delivery to Alara Resources Limited, Level 11, 216 St Georges Terrace, Perth, Western Australia; or
- by e-mail to cosec@alararesources.com,

so that it is received **not later than 9:00 am (Perth time) on Monday, 21 November 2016.**

Proxies received after that time will not be effective.

Bodies Corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of an appropriate "Appointment of Corporate Representative" should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

Voting by Attorney

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the Annual General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the Annual General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Annual General Meeting all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 5:00pm (Perth time) on Friday 11 November 2016 (**Voting Entitlement Time**). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXY FORM

Annual General Meeting

Alara Resources Limited

A.B.N. 27 122 892 719

Website: www.alararesources.com

LODGE YOUR VOTE

By Mail: Alara Resources Limited

GPO Box 2517

Perth WA 6831

By Facsimile: (08) 9463 6103

ENQUIRIES: (08) 9481 0389 or cosec@alararesources.com

A. Appointment of Proxy

I/We being a member/s of Alara Resources Limited and entitled to attend and vote hereby appoint

The Chair of the Meeting

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chair of the Meeting.

or failing the person named, or if no person is named, the Chair of the Meeting (by default), as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Alara Resources Limited to be held at **Mining Corporate, Level 11, 216 St Georges Terrace, Perth, Western Australia at 9:00am (Perth time) on Wednesday, 23 November 2016.**

and at any adjournment of such Annual General Meeting.

IMPORTANT:

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against each resolution in Section B.

If you leave Section A blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy by default.

If the Chair of the Meeting becomes your proxy (by specific appointment or by default), you can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on the Resolutions by marking the appropriate Voting Direction boxes in Section B below. However, note that under Section A, if the Chair of the Meeting is your proxy and you do not mark any of the Voting Direction boxes in Section B below, you are, in effect, directing the Chair to vote "For" Resolutions 2 to 8 (inclusive) as the Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 2, 3, 4, 5, 6, 7 and 8.

YOUR ACKNOWLEDGEMENTS ON REMUNERATION RELATED RESOLUTION

Chair's intention to vote undirected proxies: I/We acknowledge that the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 1.

Direction to Chair for voting on Resolution 1: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair of the Meeting becomes my/our proxy by default), but I/we have not marked any of the boxes opposite Resolution 1 in Section B below, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 1 even though the Chair is, and those items are connected directly or indirectly with the remuneration of, a member of key management personnel for the Company.

B. Voting directions to your proxy – please mark to indicate your directions

RESOLUTIONS

	For	Against	Abstain*
(1) Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(2) Re-election of James Phipps as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(3) Re-election of Vikas Jain as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(4) Appointment of Bentleys Audit and Corporate (WA) Pty Ltd as Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(5) Approval of Grant of Options to James Phipps	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(6) Approval of Grant of Options to Justin Richard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(7) Approval of Grant of Options to Atmavireswar Sthapak	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(8) Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

* If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

C. Change of Address and Annual Report Election (refer notes 1 and 2 overleaf)

- mark if you want to make any changes to your address details
- mark if you wish to receive a printed Annual Report by post
- mark if you wish to receive an electronic Annual Report by email and specify your email address below

D. Please Sign Here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

Email Address

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Change of Address

Your pre-printed name and address is as it appears on the share register of Alara Resources Limited. If this information is incorrect, please mark the box at **Section C** of the proxy form and make the correction at the top of the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Annual Report Elections

Companies are no longer required to mail out printed annual reports to shareholders. Instead, shareholders can now make an election as follows:

- (a) make a written request for a hard copy annual report to be mailed to you; or
- (b) make a written request for an electronic copy of the annual report to be emailed to you.

If you wish to update your annual report elections, please complete **Section C** of the Proxy Form.

3. Voting on Remuneration Matters

The Company will disregard any votes cast on Resolution 1 (Adoption of Remuneration Report) by or on behalf of a "Key Management Personnel" (as defined in the Accounting Standards) and their "Closely Related Parties" (as defined in the *Corporations Act 2001*) (**Restricted Voter**). Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company, or a company the KMP controls. The Company need not disregard a vote if a vote is cast by a KMP on Resolution 1 as a proxy, for a person other than a Restricted Voter, and either:

- (a) you directed the KMP the way they are to vote on Resolution 1; or
- (b) if the Chair is your proxy, you expressly authorise him to vote as he sees fit on Resolution 1 under the Proxy Form even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Shareholders may also choose to direct the Chair to vote against these resolutions or to abstain from voting.

- 4. You may direct your proxy how to vote by marking one of the voting direction boxes opposite each resolution. If you do not mark a voting direction box your proxy may, to the extent permitted by law, vote as they choose. If you mark more than one voting direction box on a resolution your vote will be invalid on that resolution.
- 5. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
- 6. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
- 7. A proxy need not be a shareholder of the Company.
- 8. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
- 9. If a representative of a company shareholder is to attend the meeting, a properly executed original (or certified copy) of the appropriate 'Appointment of Corporate Representative' should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

10. Signing Instructions

You must sign this form as follows in the spaces provided at **Section D**:

- Individual:** Where the holding is in one name, the holder must sign.
- Joint Holding:** Where the holding is in more than one name, all of the shareholders should sign.
- Power of Attorney:** If you are signing under a Power of Attorney, you must lodge an original or certified copy of the appropriate Power of Attorney with your completed Proxy Form and produce a properly executed original (or certified copy) of that Power of Attorney at the General Meeting.
- Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

11. Lodgement of a Proxy

This Proxy Form (and the original or certified copy of any Power of Attorney under which it is signed) must be received at the address below not later than **9:00am (Perth time) on Monday, 21 November 2016** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the meeting. **Proxy Forms may be lodged** by posting, delivery, facsimile or e-mail to the addresses below:

BY POST:
Alara Resources Limited
GPO Box 2517
Perth WA 6831

BY DELIVERY:
Alara Resources Limited
Level 11, 216 St Georges Terrace
Perth, Western Australia

BY FACSIMILE:
+61 8 9463 6103

BY E-MAIL:
cossec@alararesources.com