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31 March 2013 Quarterly Activities Report

Quarterly Highlights

- Maiden JORC Reserve Statement for Khnaiguiyah Zinc-Copper Project announced on 18 April 2013**:**
  - Proved Ore Reserves of 17.7 Mt at 3.4% Zinc and 0.29% Copper; and
  - Probable Ore Reserves 8.4 Mt at 3.1% Zn and 0.13% Copper
- Completion of Khnaiguiyah DFS announced on 30 April 2013 confirms **a** technically and financially robust mining operation with a mine life of 13 years at 2Mtpa throughput with production forecast to commence in Q4, 2015 when zinc prices are expected to significantly strengthen:
  - Project direct capital expenditure of US$257 million (including owner's cost and contingency)
  - Production of 1,410,000t of zinc concentrate (775,000t of zinc metal) and 210,000t of copper concentrate (52,000t of copper metal) for LOM
  - First 7 years of full production show an average of 79,750t of zinc metal as concentrate and 5,750t of copper metal as concentrate with peak production at 99,000t of zinc metal and 8,250t of copper metal respectively as concentrates
  - Project revenue A$2,074 million
  - EBITDA A$873 million
  - Project NPV of A$170 million at an IRR of 23%
  - Payback of 2.8 years
  - LOM zinc operating costs including treatment and refining charges (TC/RC) of US$0.50/lb after copper credits and US$0.46/lb in the first 7 years with copper price assumed at an average of US$6,114/t
  - First full year zinc production (2016) costs forecast (after copper credits) to be in the 2nd quartile of cash costs for the western world mines with copper costs forecast to be in the bottom quartile
- Additional drilling at the Washihi Copper-Gold Project since the announcement of the Maiden JORC Resource Statement on 15 October 2012 targeting further extensions of mineralisation to the northwest and southeast included the following Copper assay results (including shallow intersections of copper sulphide mineralisation):
  - WH12DD015: 18.7m @ 1.99% Cu and 1.92 g/t Au from 116m
  - WH12DD016: 88m @ 1.75% Cu and 0.19 g/t Au from 67m (includes 30m @ 2.99% Cu from 77m)
  - WH13DD023: 107.1m @ 1.22% Cu from 109.7m (gold assay results pending) (includes 5m @ 2.10% Cu from 140m)
  - WH13DD022: 49.1m @ 0.86% Cu from 63.5m (gold assay results pending) (includes 29m @ 1.15% Cu from 78m)
  - WH12DD020: 109m @ 0.84% Cu and 0.21 g/t Au from 71m (includes 58m @ 1.23% Cu and 0.15 g/t Au from 79m)
  - WH13DD021: 65.5 m @ 0.63% Cu from 45.5m (gold assay results pending) (includes 27m @ 1.03% Cu from 66m)
- Cash reserves of AUD $6.2M as at 31 March 2013

Dated: 30 April 2013

FOR FURTHER INFORMATION:

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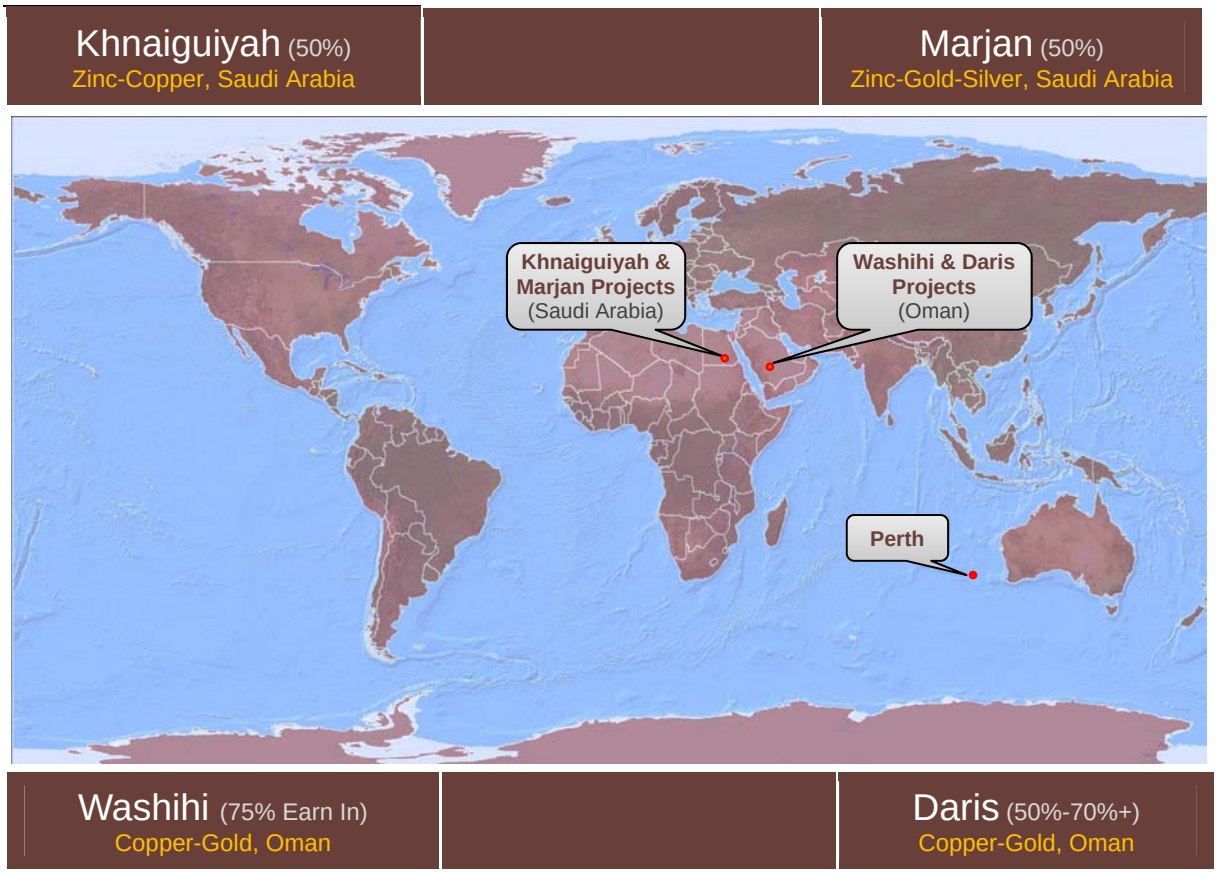
ASX Code | **AUQ**

COMPANY PROFILE

Alara (ASX Code: AUQ) is an Australian-based minerals exploration and development company.

Alara has recently completed a DFS on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and has a portfolio of other early stage exploration projects in Saudi Arabia and Oman:

	PROJECTS	LOCATION	STATUS
(1)	Khnaiguiyah Zinc-Copper Project[1]	Saudi Arabia	DFS Completed
(2)	Washihi-Mullaq-Al Ajal Copper-Gold Project[2]	Oman	Exploration
(3)	Daris Copper-Gold Project[3]	Oman	Exploration
(4)	Marjan Precious and Base Metals[4]	Saudi Arabia	Exploration



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 announcement dated 8 December 2011 and entitled "Project Acquisition - Al Ajal-Washihi-Mullaq Copper-Gold Project in Oman"

3 Refer Alara market announcement dated 30 August 2010 and entitled "Project Acquisition - Daris Copper Project in Oman"

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

COMPANY PROJECTS

Saudi Arabia

Khnaiguiyah Zinc-Copper Project

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

Completion of Positive DFS

On 30 April 2013, Alara announced the completion of a positive Definitive Feasibility Study (**DFS**) on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia (**Project**).

The DFS has defined a 13 year mine life producing approximately 1,462,000t of zinc concentrate (775,000t of zinc metal) and 210,000t of copper concentrate (52,500t of copper metal) for the LOM with average annual concentrate production of 108,000t of zinc and 16,000t of copper delivering a LOM EBITDA of A$873 million.

Please refer to Quarterly Highlights (on the cover page of this Quarterly Report) and Alara's ASX market announcement dated 30 April 2013 and entitled "Positive Definitive Feasibility Study Confirms Khnaiguiyah Project as Technically and Financially Robust" for further details.

A summary of the key results of the DFS are outlined in Tables 1 and 2 below:

Table 1: Khnaiguiyah DFS Financial Summary

Definitive Feasibility Study Financial Summary			
	Tonnes		
Zinc Production LOM	775,000		
Copper Production LOM	52,000		
Average Annual Production LOM	Zinc concentrate 108,000 dry metric tonnes Copper concentrate 16,000 dry metric tonnes		
Average first 7 Years of Full Production	Zinc concentrate 145,000 dry metric tonnes (79,750t of zinc metal) Copper concentrate 23,000 dry metric tonnes (5,750t of copper metal)		
LOM Project Revenue Using Base Case Zn/Cu Pricing	A$2,074 million		
Forecast LOM EBITDA Using Base Case Zn/Cu Pricing	A$873 million		
	Base Case	**High Case**	**Market Price***
Zn	US$2,315/t	US$2,373/t	US$2,335/t
Cu	US$6,114/t	US$7,070/t	US$7,070/t
TC/RC	US$180/t	US$180/t	US$203/t
NPV	A$170 million	A$255 million	A$120 million
IRR	23%	31%	18%
Assumed A$ to US$ over LOM	A$0.90 to US$1.00	A$0.90 to US$1.00	A$1.00 to US$1.00

** Market Price based on Forecast LME Price for 2015*

COMPANY PROJECTS

Table 2: Khnaiguiyah DFS Production Summary

Definitive Feasibility Study Production Summary			
Ore Reserves	**Tonnes**	**Zn**	**Cu**
Proved Reserves	17,730,000	3.4%	0.29%
Probable Reserves	8,350,000	3.1%	0.13%
Total Proved and Probable	26,080,000	3.3%	0.24%
	The average grade of the feed to the process plant for the first 7 years is expected to be 4.36% Zinc and in the first 9.5 years approximately 3.95% Zinc		
Mining Method	Open Cut - consisting of three pits (K1, K2 and K3)		
Mining operation	Drill and Blast, Excavator and Dump Truck Haulage: • 90t Excavator – Ore • 160t Excavator – Waste & Ore • 90t Off highway Dump Trucks – Ore, Waste and Tailings		
Pit Depths	K1 Pit: 95 metres K2 Pit: 155 metres K3 Pit: 220 metres		
Process	Conventional Differential Floatation including Crushing, Grinding, Floatation, Thickening and Filter press		
Civil and Engineering Works	Infrastructure: • Fencing and security. Accommodation Village, Run of Mine (**ROM**) pads and Low Grade Stockpiles (**LGS**) • Buildings include Workshops, Offices, Prayer rooms, Training crib rooms, Security and Medical facilities Process Plant: • 2Mt per annum throughput Process Plant including crushers, grinding circuit, floatation circuits, thickeners and filtration units for copper and zinc, conveyors, modern integrated fibre optics based real time communication system and control room, weighbridge, laboratory Power Generation: • Diesel Power Plant: 12 x 1.825 MW Water production and delivery: • Bores, pumping station, 15 km pipeline and water storages Mining: • Development of the K1, K2 and K3 Pits • Tailings and waste disposal will be a Co-disposal facility (**CDF**)		
Employment	Construction workforce – Total = 325: • Owners Team – 25 • Construction work force – 300 (Peak) supplied under EPC contracting terms Permanent work force – Total = 475: • Mining – 184 (Peak) • Process – 112 • Management and Admin and support staff – 114 Site Services: • Village catering and cleaning - 40 • Village Maintenance – 12 • Power and bore fields – 13		
Volume Extracted	TOTAL: 160 Mt comprising (approx.): • 20 Mtpa (for Years 1, 2, 3, 7) • 14 Mt (Year 4) • 17 to 18 Mtpa (for Years 5, 6, 8, 9), decreasing to 0.3 Mtpa (Year 10) Processing stockpiles occurs from Years 10 to 13		

COMPANY PROJECTS

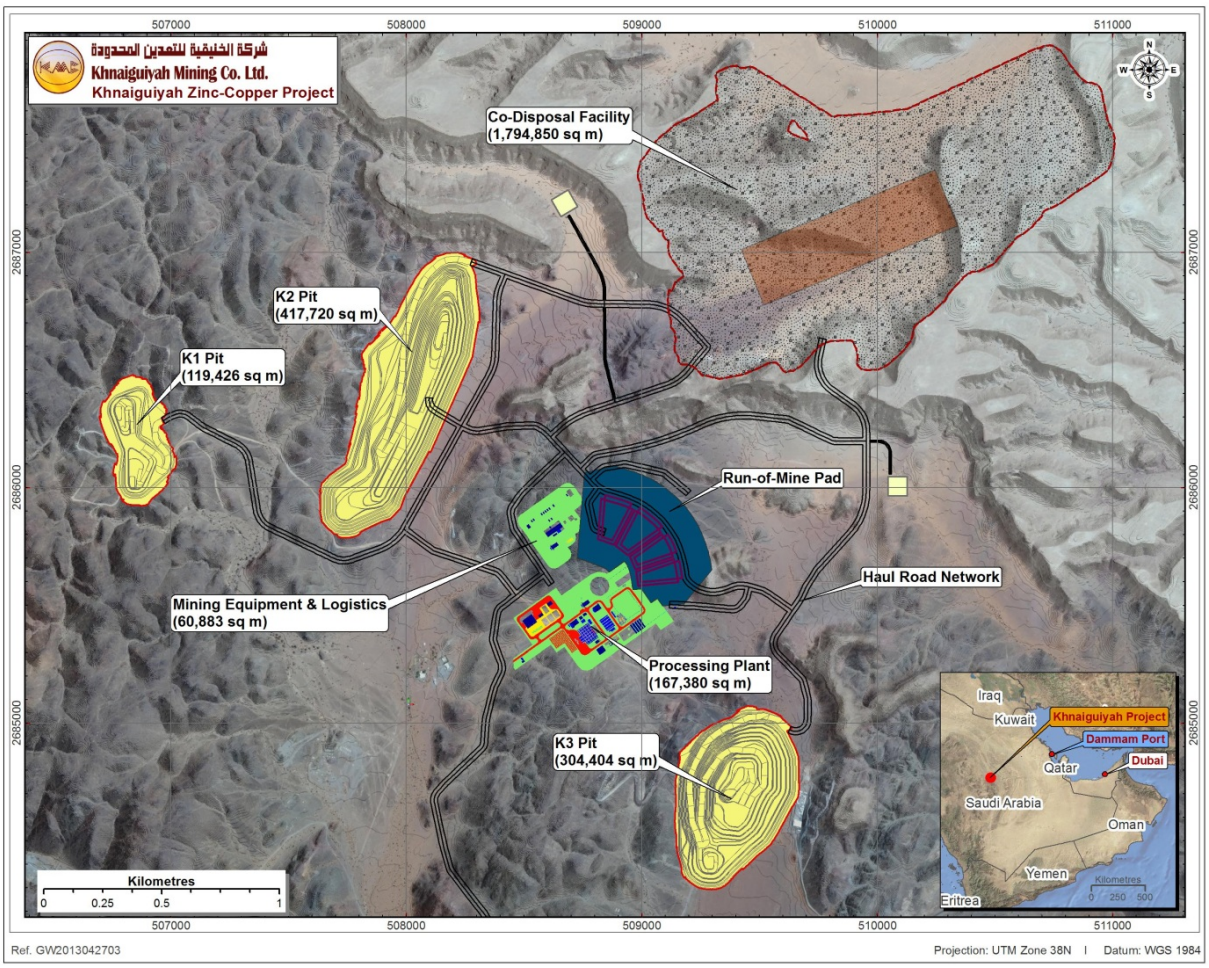
Definitive Feasibility Study Production Summary	
Total Ore Processed	26.08 Mt
Processing	2mpta years 1 – 9 direct feed from ROM 2mpta years 10 – 13 direct feed from LGS
Tailings	25 Mt / LOM
Waste Rock	134 Mt / LOM
Volume in Co-Disposal	13 year waste rock and tailings totalling 159 Mt
Construction and Commissioning, Mine Development	Construction – 24 months consisting of: • 18 months – Engineering, Procurement and Construction • 4 months – Commissioning including wet commissioning Mine Development: • 6 months – Mining Ramp up. Commencing 16 months into the construction cycle ***First production is forecast for Q4 2015***
Life-of-Mine	Mining (Years 1 to 9) Stockpile Processing (Years 10 to 14) 2 year rehabilitation: • Rehabilitation to start at the end of mining: - Pits – 18 months - Co-Disposal Facility (CDF) – 6 months
Waste to Ore Ratio	5.2:1
Mining Equipment	• 2 x 160t excavators for waste • 1 x 90t excavator for ore • 1 x 50t excavator for batter scaling • 23 x 90t dump trucks of which 2 are planned for haulage of dry tails • 5 drill machines for drill and blast Other equipment includes graders, dozers, wheel loaders, water carts and tyre handlers

COMPANY PROJECTS

Mine Operations

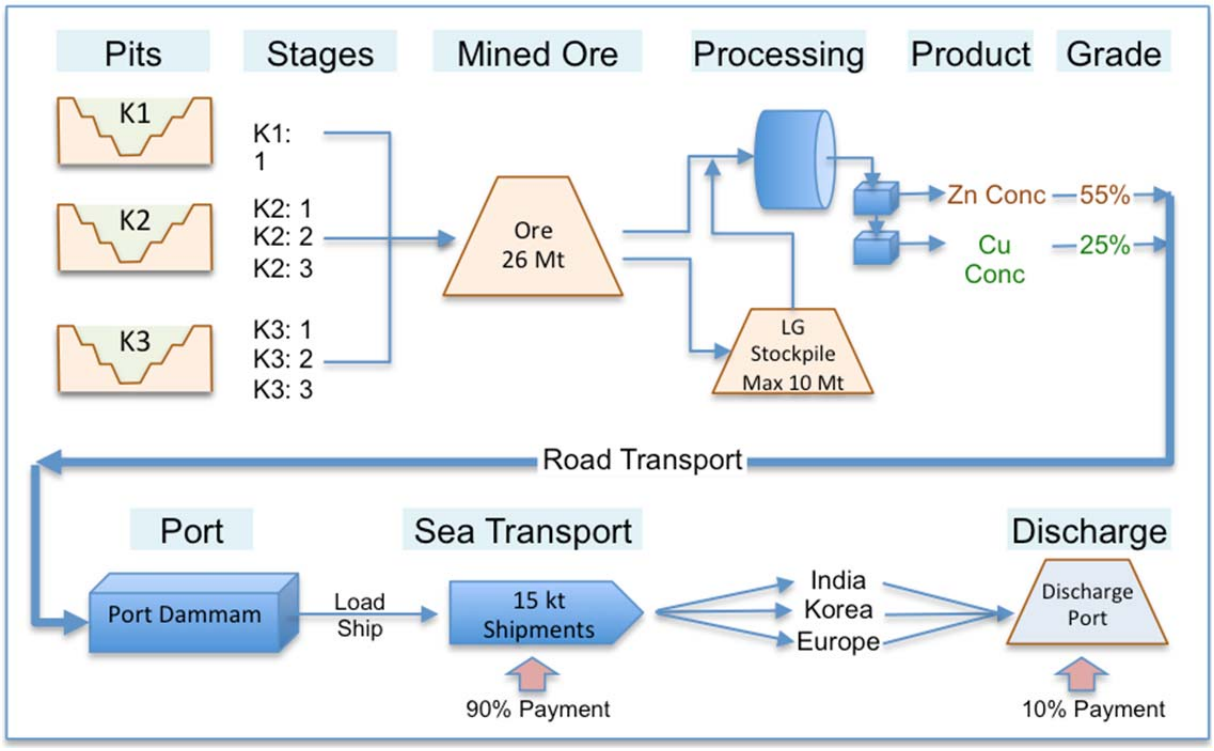
The DFS contemplates three open cut pits (K1, K2 and K3) within 3 km distance of each other and a centrally located ROM pad and processing facility. It is envisaged that 100% drill and blasting for ore and waste will occur with truck and shovel operation occurring on an owner operator basis.

Figure 1: *Khnaiguiyah Zinc–Copper Project Surface Layout*



COMPANY PROJECTS

Figure 2: *Khnaiguiyah Zinc–Copper Project from Pit to End User*



Capital Cost Estimate

The capital cost estimate for the Project has been calculated at US$257 million as outlined in Table 3 below:

Table 3: Capital Cost Estimate

Cost Centre	US$ Millions
Process Plant	158
Infrastructure	66
Services • Bore field 6 • CDF 4 • Fuel Farm 1 • Mob/Demob 1	12
Owners Team / Contingency	21
Total	**257**

The estimate is based principally on a fixed price lump sum (Q3, 2013 base) tender submission under the internationally accepted FIDIC (International Federation of Consulting Engineers) Silver Book (First Edition 1999) EPC/Turnkey General Conditions contracting model which covers the engineering design, procurement, construction and commissioning for a 2Mtpa process plant, 24MW power station, mine village and water bore field.

COMPANY PROJECTS

Operating Costs Estimate

Total operating costs over the LOM including sustaining capital and mining equipment leasing costs have been estimated at US$43.20 (+/- 15% accuracy) per tonne of ore using conservative equipment availability and productivity estimates as outlined in Table 4 below:

Table 4: Operating Costs Estimate

Operating Cost Summary		
Unit Operating Costs		
	US$/t ore	**LOM Total US$/Million**
Waste mining	7.89	206
Ore mining	1.42	37
Additional ore mining costs*	2.83	74
Processing cost (variable)	7.33	191
Processing cost (fixed)	5.53	144
Transport, TC / RC (variable)	18.20	475
Total operating cost	43.20	1,127

**Management, Grade Control, Rehandle, Tailings*

The amounts incorporated in Table 4 above include treatment and refining (TC/RC) charges. These costs will likely vary over time and are partly correlated to zinc prices quoted on the London Metals Exchange (**LME**).

Financial Analysis

Based upon the analysis conducted by CRU Strategies (an international marketing and market forecasting firm) together with further data from other sources relating to both long term Zinc and Copper price forecasts and associated treatment and refining costs (TC/RC), the financial analysis undertaken in the DFS has confirmed the Khnaiguiyah Project as providing a financially robust mining operation

The following key assumptions used in the preparation of a financial model for the Project include a:

(a) Base Case; and

(b) Two scenarios in which the Base Case assumptions are changed to reflect different assumptions on Zinc and Copper pricing and TC/RC.

The variable parameters used in each case reflecting Zinc and Copper prices and well as TC/RC are detailed in Table 5 below:

Table 5: Pricing and Refining/Treatment Assumptions for Life of Mine

Pricing and Refining/Treatment Assumptions for Life of Mine						
Case Scenarios	**Assumptions**	**Zn US$/t**	**Cu US$/t**	**Zn TC/RC per US$t**	**Cu TC per US$t**	**Cu RC per US c/lb**
High	Use CRU Prices, for Zn; Adjust Cu Prices and TC/RC	2,373	7,070	180	64	6.4
Base	Use Consensus Prices for Zn and Cu; Adjust TC/RC	2,315	6,114	180	64	6.4
Market Price	LME 2015 Prices for Zn and Cu and TC/RC as forecast by CRU	2,335	7,070	203	64	6.4

For Zinc, the DFS developed a consensus price based on the CRU estimate and estimates from BDO and Morgan Stanley.

For Copper, the DFS developed a consensus price based on the CRU estimate and estimates from BDO, JP Morgan and Morgan Stanley.

COMPANY PROJECTS

The Base Case adopts:

- **Zinc price** of US$2,315 average for mine life based on forward LME 2015 prices for zinc. Most analysts forecast rising prices to 2018 with falls thereafter;
- **Copper price** of US$6,114 average for mine life;
- **Zinc Concentrate TC/RC** weighted average of US$180/t assuming a reduction of US$23/t over LOM from the LME Forecast Negotiated TC/RC for Zinc for 2015 of US$203/t (Source: CRU Strategies). The price differential between spot and contract prices for recent years has also been taken into account (Source: Teck, Boliden);
- **Copper Concentrate Treatment Charge** reduced for Spot discounted to weighted average US$64/dmt. It is also in line with LME futures forecast for 2015 (Source: CRU Strategies);
- **Copper Concentrate Refining Charge** reduced for Spot (in line with LME futures forecast for 2015 (Source: CRU Strategies)) discounted to average US6.4 cents/lb.

Using the Base Case parameters, the Project financials[5] could be as follows:

- **EBITDA of A$873 million will generate sufficient cash flow to repay all the CAPEX associated with construction in 2.8 years**
- **NPV of A$170 million at weighted average cost of capital (WACC) of 9.10% (taking into account the low cost of capital in Saudi Arabia).**

Using the High Case[6] and the lower Market Price Case[7] scenarios, the Project shows:

- A payback of CAPEX of between 2 and 3.8 years respectively;
- NPV of between A$255m[6] (High Case) to A$120m (also US$120m)[7] respectively.

Table 6: Summary of NPV given variable Zinc and Copper price and treatment charges:

Pricing Assumptions for Life of Mine					
Case	**Assumptions**	**EBITDA A$ million**	**NPV A$ million**	**IRR**	**Payback years**
High[6]	Use CRU Prices, for Zn; Adjust Cu Prices and TC/RC	1,004	255	31%	2.0
Base[5]	Use Consensus Prices for Zn and Cu; Adjust TC/RC	873	170	23%	2.8
Market Price[7]	LME 2015 Prices for Zn and Cu and TC/RC as forecast by CRU Strategies	791	120	18%	3.8

Table 7: Summary of Project Revenues across various cases:

Revenue Assumptions for Life of Mine				
Case	**Assumptions**	**Revenue A$ million**	**Cost A$ million**	**EBITDA Yr 1 to 7 of Full Production**
High[6]	Use CRU Prices, for Zn; Adjust Cu Prices and TC/RC	2,205	1,201	831
Base[5]	Use Consensus Prices for Zn and Cu; Adjust TC/RC	2,074	1,201	696
Market Price[7]	LME 2015 Prices for Zn and Cu and TC/RC as forecast by CRU Strategies	1,899	1,107	609

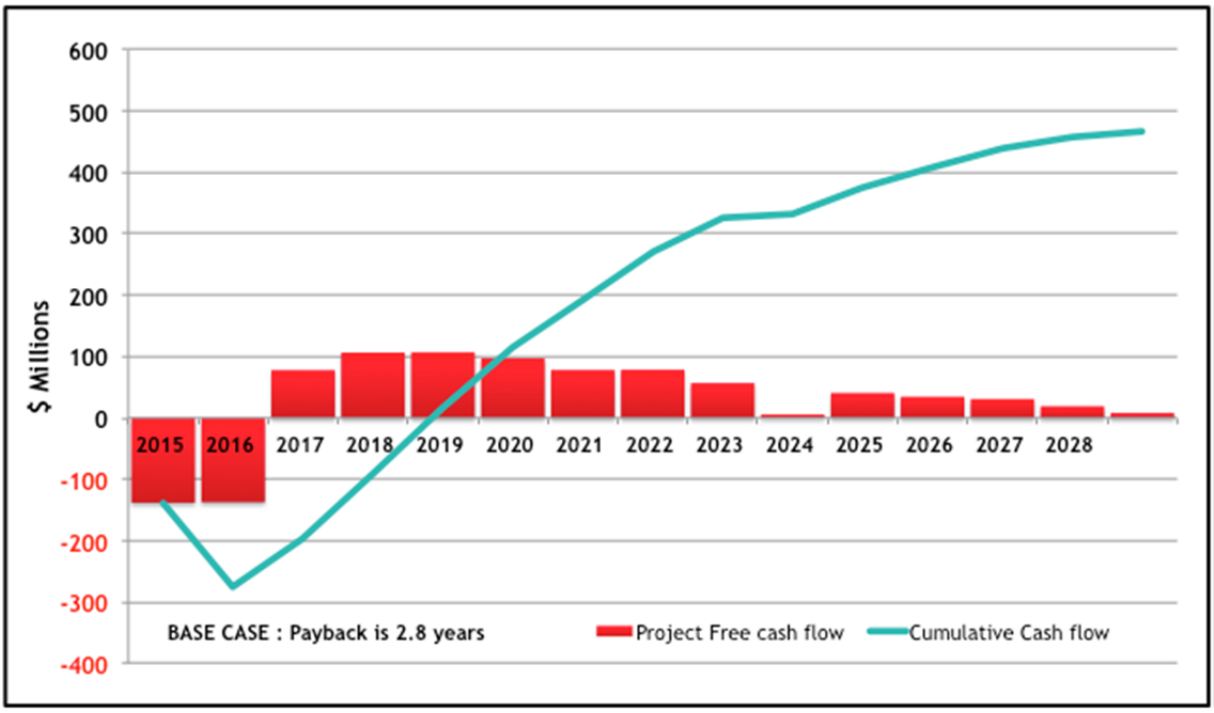
5 Assuming an average US$ to A$ conversion of A$0.90 to US$1.00 over LOM

6 Assuming an average US$ to A$ conversion of A$0.90 to US$1.00 over LOM

7 Assuming an average US$ to A$ conversion of A$1.00 to US$1.00 over LOM

COMPANY PROJECTS

Chart 1: Base Case Cash Free Cash Flow and Payback



Future Growth and Opportunities

The DFS is based on currently known ore reserves.

All ore bodies are open along strike and depth. Significant upside exists for further discoveries along the host shear zones which have been mapped for several additional kilometres within the Exploration Licences. Many ancient workings remain unexplored.

Plant throughput rate is based on conservative assumptions. To access high grade ores in the first few years mining rate has been planned to be at a rate higher than the plant throughput rate of 2Mtpa such that mining will be completed in approximately 9 years and the last four year's production will be derived entirely from lower grade stockpiles. It is expected that some or most of this production may be brought forward with minimum additional expenditure.

Project Financing

Alara has held a number of discussions with potential providers of project finance. In particular, representatives from the Saudi Industrial Development Fund (**SIDF**) have indicated that this organisation may be prepared to advance up to 75% of the total capital required for the Project.

Discussions with potential supplier and off-take partners has also given Alara confidence that additional levels of non-equity financing may also be available from these parties, further reducing the amount of equity which Alara will be required to raise to advance the Project.

These discussions will be advanced now that the DFS has been completed.

COMPANY PROJECTS

Maiden JORC Reserve Statement

Alara announced its Maiden JORC Ore Reserve Statement for the Khnaiguiyah deposit on 18 April 2013[8]:

- Proved Ore Reserves of 17.7 Mt at 3.4% Zinc and 0.29% Copper
- Probable Ore Reserves 8.4 Mt at 3.1% Zn and 0.13% Copper

Table 8: JORC Ore Reserves

Mineralised Zone	Proved			Probable			Proved + Probable		
	Mt	Zn%	Cu%	Mt	Zn%	Cu%	Mt	Zn%	Cu%
K1	0.78	4.2	0.23	1.07	4.3	0.25	1.85	4.3	0.24
K2	8.75	2.6	0.32	1.20	3.8	0.44	9.95	2.7	0.34
K3	8.21	4.1	0.27	6.08	2.7	0.05	14.28	3.5	0.17
Total (All Pits)	**17.73**	**3.4**	**0.29**	**8.35**	**3.1**	**0.13**	**26.08**	**3.3**	**0.24**

The Ore Reserves were determined using the Net Smelter Return (**NSR**) method to generate an economic cut-off. This method was considered to provide the best representation of value contained within the JORC Mineral Resources. The NSR cut-off was estimated on a mine gate sale basis and accounts for pricing assumptions, process plant recovery, transport costs, TC/RC and smelter deductions.

Please refer to Table 15 in the JORC Code Competent Person Statements Section (at pages 21 to 23 of this report) and Alara's ASX market announcement dated 18 April 2013 and entitled "Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project" for further details.

Permits and Licences

Approvals currently granted to Manajem include the Mining Licence (**ML**), Environmental Licence, Water Pipeline Route, Quantities (undefined) of Water for the Mining Village, Industrial Investment Licence and Commercial Registration (in the process of annual renewal).

The transfer of licences for exploration or exploitation of the same is covered by a Shareholders Agreement between Alara and Manajem and a Mining Rights Agreement between Alara, KMC and Manajem. The latter, among other things, contemplates KMC's rights to exploit the ML and its extensions as if these were held by KMC.

The Environmental Licence will be amended to include the construction of the co-disposal facility (**CDF**) in lieu of the approved waste dumps and tailings storage facility and the inclusion of the K1 pit.

Approvals that are currently pending include the Exploration Licence Applications (the area of which cover parts of the proposed pit for Orebodies K1, K2 and K3), the expansion of the ML and Industrial Water Extraction Rights.

Approvals still to be applied for include the Environmental Certificate (Ports), Export Licence and Explosives Permits.

[8] Refer ASX market announcement dated 18 April 2013: Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project

COMPANY PROJECTS

JORC Resource Statement

The Khnaiguiyah Project comprises four ore bodies/mineralised zones located within 1 to 2 km from a central area and approximately 3 km from each other (refer *Figure 3*).

Alara notes that as reported in its maiden JORC Resource announcement of 21 February 2012[9]:

- The Khnaiguiyah Project comprises four ore bodies/mineralised zones located within one to two kilometres from a central area and approximately three kilometres from each other *(*refer *Figure 3)*.
- The mineralisation in Zones 1, 2, 3 and 4 is distributed as three distinct 'Domains':
  - "Domain 1" - has Zinc but no Copper;
  - "Domain 2" - has Zinc and Copper; and
  - "Domain 3" - has Copper but no Zinc.

The current JORC Zinc, Zinc/Copper and Copper Resources at Khnaiguiyah on an individual Measured, Indicated and Inferred basis across the four zones and three domains are as follows[10]:

***Table 9:* JORC Measured and Indicated Zinc (Domain 1) and Zinc/Copper (Domain 2) Resources**

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Measured	1 and 2	1, 2	9.65	3.37	0.16	1.50
		3	6.37	5.28	0.25	1.50
Indicated		1, 2	3.12	4.45	0.30	1.50
		3	6.18	3.55	0.05	1.50
Measured and Indicated		1, 2 and 3	25.32	4.03	0.17	1.50

Table 10: JORC Measured and Indicated Copper (Domain 3) Resources

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Copper %	Cu Cut-off (%)
Measured	3	1, 2	4.70	0.72	0.00
		3	1.07	0.63	0.00
Indicated		1, 2	1.59	0.54	0.00
		3	1.16	0.43	0.00
Measured and Indicated		1, 2 and 3	8.53	0.64	0.00

Table 11: JORC Inferred Zinc (Domain 1) and Zinc/Copper (Domain 2) Resources

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Inferred	1 and 2	4	4.32	2.90	0.03	1.50

Marjan Precious and Base Metals Project

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

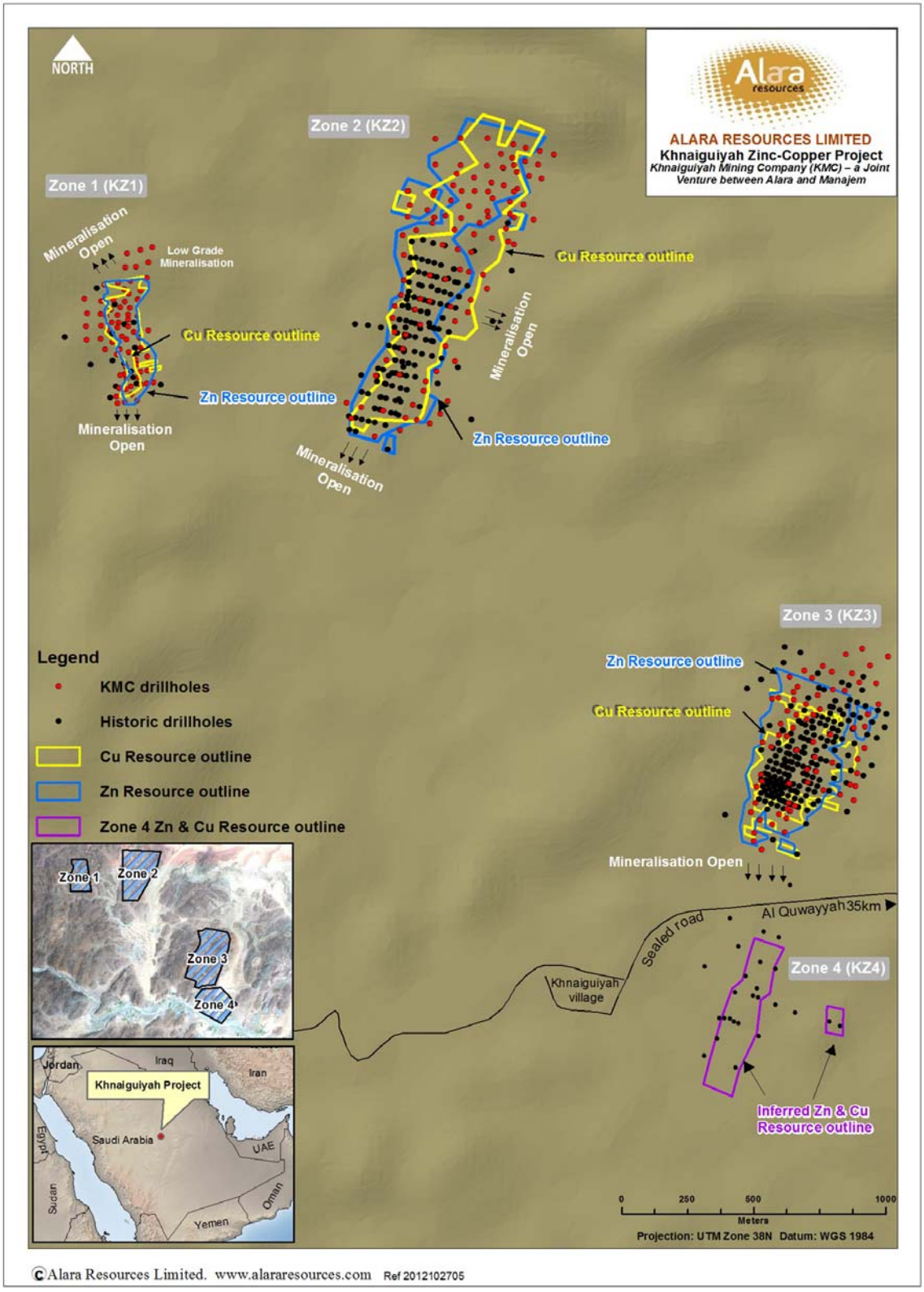
No work was completed during the quarter.

[9] Refer ASX market announcement dated 21 February 2012: Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project

[10] Refer ASX market announcements dated 12 October 2012: JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project and 30 October 2012: JORC Resource Upgrade and Update for Khnaiguiyah Zinc-Copper Project

COMPANY PROJECTS

Figure 3: *Location of Mineralised Zones 1 to 4 (KZ1 to KZ 4), Resource Outlines and Drill Hole Locations*



COMPANY PROJECTS

Oman

Alara has joint venture interests in four exploration licenses in Oman extending over 692 km^2 (refer *Figure 4*).

Alara's strategy in Oman is to build a critical mass of mineralisation across its projects/prospects to support a feasibility study for development of a copper-gold mining operation in the country.

The Daris (Block 7) Project is located ~170km northwest of Muscat (the capital of Oman). The Washihi/Mullaq prospects are located ~100km south-southeast of Daris. Both projects/ prospects are located on or very close to high quality bitumen roads.

Alara's objective is to delineate a core resource at the Washihi prospect and high grade satellite deposits that can be trucked to a central process plant, taking advantage of low fuel costs in Oman.

Summary of JORC Resources

Washihi Prospect

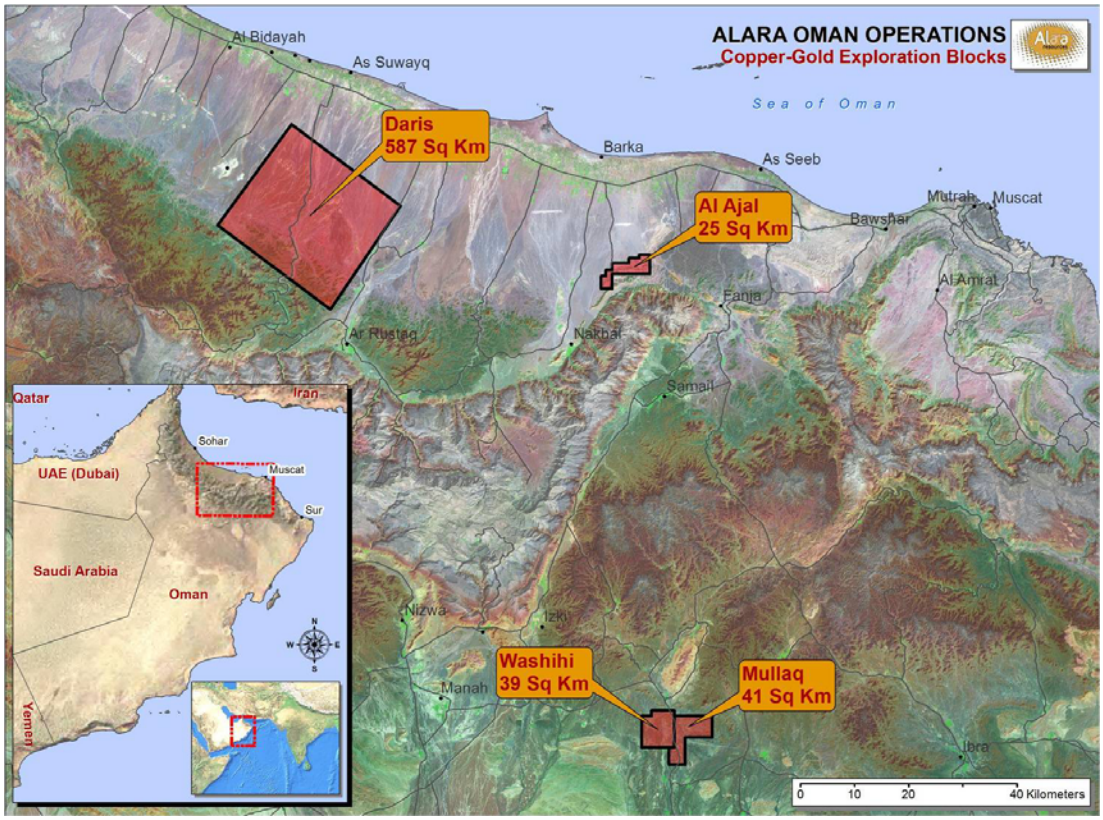
- 6.9Mt Inferred Resource at 0.76% copper and 0.16g/t gold; and
- 2.1Mt Indicated Resource at 0.70% copper and 0.17g/t gold.

Daris-East Prospect

Table 12: JORC Measured, Indicated and Inferred Resources- Daris-East

Ore type	Cut-off grade Cu%	Measured		Indicated		Measured and Indicated		Inferred	
		Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%
Sulphides	0.5	129,155	2.48	110,870	2.24	240,024	2.37	30,566	2.25
Oxides	0.5	96,526	0.77	86,839	0.66	183,365	0.72	1,712	0.61

Figure 4: *Location Map of Alara's Exploration Licence Areas in Oman*



COMPANY PROJECTS

Scoping Study

A Scoping Study has been completed based on a 500,000 Mtpa throughput mining operation (with an 8 year mine life) at the Washihi prospect and incorporating copper-gold mineralisations delineated at the Daris (Block 7), Mullaq and Al-Ajal prospects. Alara notes that:

- The study indicates the potential for a robust project with relatively low capital investment and an early payback of capital development costs.
- The study was initiated in Q2 2012 at which time the full extent of the current Washihi JORC Resource incorporating the encountered thick intersections and additional mineralisation was not included.
- Alara believes that the incorporation of subsequent completed drilling and the resource estimates since the Scoping Study kick-off date will significantly enhance the economics and scope of the project.

The Washihi, Mullaq and Al Ajal Project comprises 3 prospects/exploration licences (Washihi, Mullaq and Al Ajal) totalling ~80km^2 located approximately 80 to 160km east and southeast of Alara's Daris Copper-Gold Project (refer *Figure 4*).

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

Three Mining Licence applications covering 6.95 km^2 at Washihi, 1 km^2 at Mullaq and 1.5 km^2 at Al Ajal have been filed during the half year.

Washihi-Mullaq-Al Ajal Copper- Gold Project

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

On 15 October 2012[11], Alara announced an initial JORC Resource at its Washihi Copper-Gold Project as follows:

- 6.9Mt Inferred @ 0.76% Cu and 0.16g/t Au; and
- 2.1Mt Indicated @ 0.70% Cu and 0.17g/t Au.

Since the above resource estimate, an additional 3,970m in 22 drill holes (11 core and 11 RC-cum-Core) have been drilled, targeting further extensions of mineralisation to the northwest and southeast. Alara has so far completed 6,155m of drilling in 23 diamond core and 11 RC-cum-Core drill holes at Washihi (refer Table 13).

The northwest extension drilling results include large intersections of high grade copper mineralisation, confirming the continued expansion of the mineralisation in that direction and highlights include[12]:

- WH12DD015: 18.7m @ 1.99% Cu and 1.92 g/t Au from 116m
- WH12DD016: 88m @ 1.75% Cu and 0.19 g/t Au from 67m
  (includes 30m @ 2.99% Cu from 77m)
- WH13DD023: 107.1m @ 1.22% Cu from 109.7m (gold assay results pending)
  (includes 5m @ 2.10% Cu from 140m)
- WH13DD022: 49.1m @ 0.86% Cu from 63.5m (gold assay results pending)
  (includes 29m @ 1.15% Cu from 78m)
- WH12DD020: 109m @ 0.84% Cu and 0.21 g/t Au from 71m
  (includes 58m @ 1.23% Cu and 0.15 g/t Au from 79m)
- WH13DD021: 65.5 m @ 0.63% Cu from 45.5m (gold assay results pending)
  (includes 27m @ 1.03% Cu from 66m)

WH13DD023 (107.1m @1.22% Cu) has repeated the large thickness of 100+m Cu intersections earlier reported on 19 February 2013[12] (109m @ 0.84% Cu in WH12DD020) and on 23 August 2012[12] (112m @ 0.78% Cu in WH12DD010).

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11 Refer ASX market announcement dated 15 October 2012: Initial JORC Resource – Washihi Project in Oman

12 Refer ASX market announcements dated 9 January 2013: Washihi Copper Mineralisation Continues To Expand, 19 February 2013: 109m Copper Sulphide Intersection – Oman Drilling Update and 18 March 2013: Drilling Success Continues at Washihi – Oman Project Update

COMPANY PROJECTS

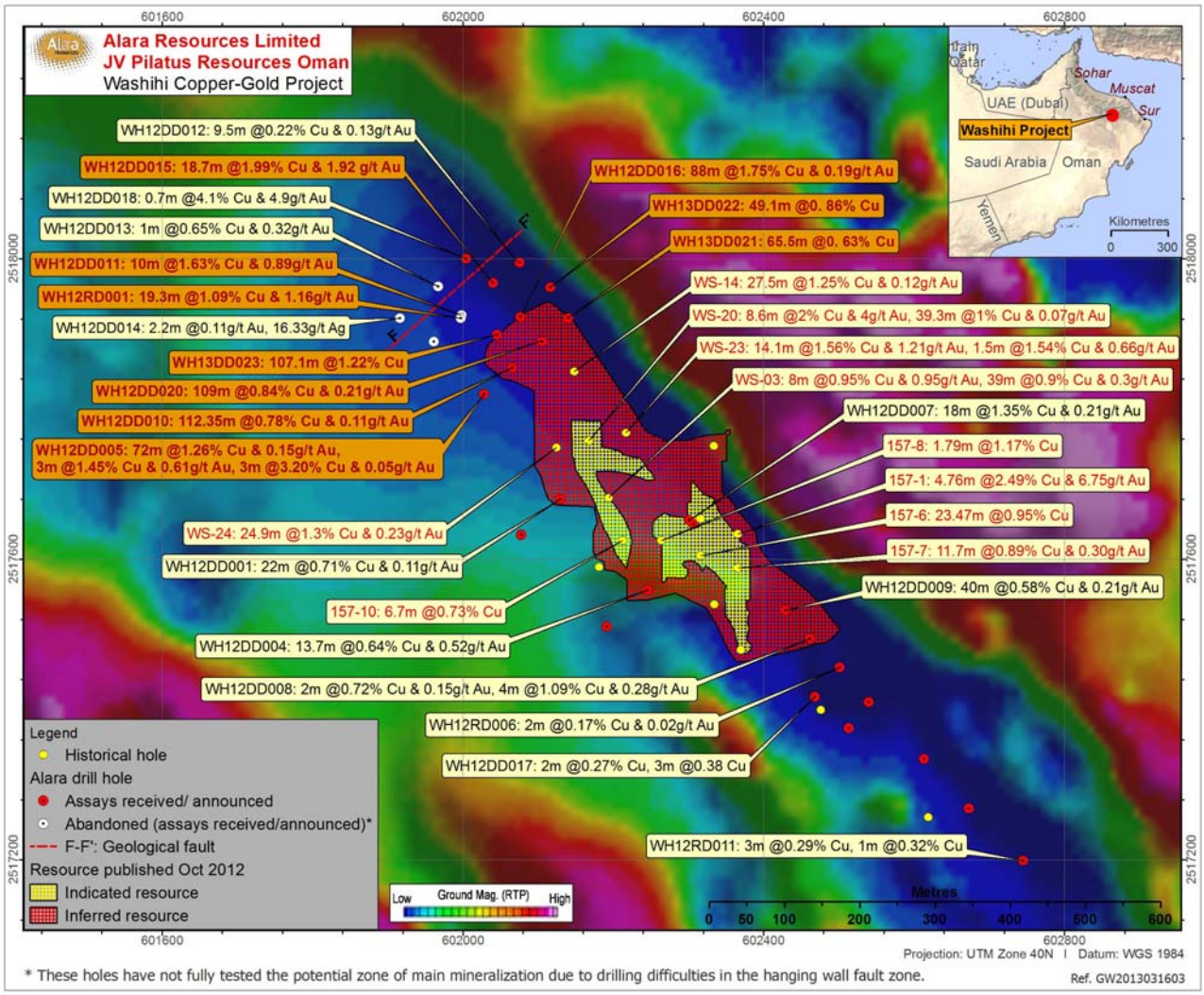
Shallow intersections of 65.5m @ 0.63% Cu from 45.5m depth in WH13DD021 and 49.1m @ 0.86% Cu from 63.5m depth in WH13DD022 also have higher grade inclusions of 27m @ 1.03% Cu and 29m @ 1.15% Cu respectively within this primary mineralisation.

The drill hole location map (*Figure 5*) and a tabulation of significant intersection results assayed to date (Table 13), are below.

The mineralisation in the north-western part is still open, albeit affected by the presence of a complex growth fault displacing mineralisation and associated with clay rich alteration zone saturated in ground water as observed in the holes WH12DD011 and WH12RD001 which had to be abandoned in mineralisation due to drilling difficulties. The downward structural dislocation of mineralisation was also observed in another abandoned hole WH12DD014 which intersected top of mineralisation at 279m depth before closure

The southeast extension drilling results appears to have defined the limit of significant mineralisation in that direction, where several RC holes have returned thin and low grade Cu-Au intersections.

Figure 5: *Drill hole locations at the Washihi Copper Gold Prospect*



COMPANY PROJECTS

Table 13: Washihi Significant Intersection Results from Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS - WASHIHI PROSPECT						
	Significant Mineralisation				Mineralised Zone	
Drill Hole	**Intersections**	**From (m)**	**To (m)**	**Length (m)**	**Cu (%)**	**Au (g/t)**
WH12DD001	Primary	137	159	22	0.71	0.11
	Inclusion	*144*	*153*	*9*	*1.08*	*0.15*
WH12DD004	Primary	120.3	134	13.7	0.64	0.52
	Inclusion	*120.3*	*127*	*6.7*	*0.78*	*0.93*
	Inclusion	*126*	*128*	*2*	*1.16*	*0.61*
WH12DD005	Primary	160	232	72	1.26	0.15
	Inclusion	*168*	*169*	*1*	*3.57*	*0.21*
	Inclusion	*187*	*188*	*1*	*4.66*	*0.08*
	Primary	206	209	3	1.45	0.61
	Primary	229	232	3	3.20	0.05
WH12DD007	Primary	62	80	18	1.35	0.21
	Inclusion	*62*	*66*	*4*	*2.26*	*0.12*
	Inclusion	*77*	*78*	*1*	*1.26*	*0.51*
WH12DD008	Primary	74	76	2	0.72	0.15
	Primary	82	86	4	1.09	0.28
	Inclusion	*84*	*85*	*1*	*3.19*	*0.48*
WH12DD009	Primary	52	92	40	0.58	0.21
	Inclusion	*55*	*58*	*3*	*1.08*	*0.27*
WH12DD010	**Primary**	**112.65**	**225**	**112.35**	**0.78**	**0.11**
	Inclusion	*112.65*	*180*	*67.35*	*1.00*	*0.13*
WH12DD011	Primary	155	165	10	1.63	0.89
	Inclusion	*159*	*165*	*6*	*2.6*	*0.86*
WH12DD015	**Primary**	**116**	**134.7**	**18.7**	**1.99**	**1.92**
	Inclusion	129	131	2	4.14	1.60
WH12DD016	**Primary**	**67**	**155**	**88**	**1.75**	**0.19**
	Inclusion	77	107	30	3.00	0.22
WH12RD001	Primary	151	170.3	19.3	1.09	1.16
	Inclusion	*151*	*165*	*14*	*1.41*	*1.16*
WH12RD008	Primary	48	64	16	0.32	0.05
	Inclusion	*54*	*56*	*2*	*1.24*	*0.01*
WH12DD020	**Primary**	**71**	**180**	**109**	**0.84**	**0.21**
	Inclusion	*79*	*137*	*58*	*1.23*	*0.15*
WH13DD021	**Primary**	**45.5**	**111**	**65.5**	**0.63**	Pending
	Inclusion	66	93	27	1.03	Pending
WH13DD022	**Primary**	**63.5**	**112.6**	**49.1**	**0.86**	Pending
	Inclusion	78	107	29	1.15	Pending
WH13DD023	**Primary**	**109.7**	**216.8**	**107.1**	**1.22**	Pending
	Inclusion	140	145	5	2.10	Pending

Notes:

- The cut-off grade is 0.2% Cu. In addition to cut-off, a natural break in assay (a marked change in grade) was also considered in calculation of intersections. Assays less than 0.2% Cu within primary interval are included as internal dilution.
- Drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modeling stage. The drill intersections are approximately perpendicular to mineralisation and no significant difference is expected in true and intersection thicknesses.
- WH12DD011 and WH12RD001 were drilled at the same location and abandoned due to drilling difficulties in the hanging wall fault zone after intersecting the top of main mineralisation. WH12DD013, WH12DD014 and WH12DD019 were also abandoned due to drilling difficulties in the hanging wall fault zone. WH12DD014 had intersected relatively anomalous Au, Ag and Zn values at 279m depth while WH12DD013 intersected an isolated 1m low grade Cu bearing vein above the fault zone. These five holes have not fully tested the potential zone of main mineralisation.
- WH12DD006 was abandoned at 61.7m due to technical reasons and WH12DD007 is a re-drill at the same location.
- WH12RD006, WH12RD010 and WH12RD011 intersected low grade mineralization.
- WH12DD002, WH12DD003, WH12DD012, WH12DD017 WH12DD018, WH12RD007 and WH12RD009 did not intersect significant mineralisation.
- WH12RD002, WH12RD003, WH12RD004 and WH12RD005 were drilled 0.5-1km northwest of the main mineralisation to test geophysical anomalies. No mineralisation was intercepted in these holes.

COMPANY PROJECTS

Mullaq Prospect

No work was undertaken during the quarter.

Daris Copper-Gold Project (Block 7)

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

No work was undertaken during the quarter.

Two Mining Licence applications covering 3.2 km^2 and 1.3 km^2 have been lodged over the Daris East and Daris 3A-5 prospects (located ~10 kilometres north-west of Daris East).

Table 14: JORC Measured, Indicated and Inferred Resources - Daris-East

Ore type	Cut-off grade Cu%	Measured		Indicated		Measured and Indicated		Inferred	
		Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%	Tonnes	Cu%
Sulphides	0.5	129,155	2.48	110,870	2.24	240,024	2.37	30,566	2.25
Oxides	0.5	96,526	0.77	86,839	0.66	183,365	0.72	1,712	0.61

Chile

Piedrecillas Copper-Silver Project

(Alara – option to acquire 50 to 100%)

The Piedrecillas Project is located ~190km south of Santiago and 7km west of Santa Cruz and comprises 19 exploration concessions covering a total area of ~40km^2. Historical sampling taken in outcroppings both at surface and from small underground mining works show grades between 0.30% Cu to 3.30% Cu with up to 77g/t Ag, 0.15g/t Au and 0.001% Mo.

Based on an assessment of the exploration prospects for the Piedrecillas Copper-Silver Project relative to Alara's other projects in Saudi Arabia and Oman, the Company has determined not to progress further with the Piedrecillas Project. The decision was made in advance of a US$100,000 option payment which was due to be paid to the local joint venture partner in May 2013.

COMPANY PROJECTS

Australia

Canning Well Base Metals/Uranium Project, Western Australia

Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km²)	Area (hectares)	Location / Property Name	State	Company's Interest
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)

Based on an assessment of the exploration prospects for Exploration Licence EL 46/585 (application) relative to Alara's other projects in Saudi Arabia and Oman, Alara has determined not to pursue the earn-in of the tenement and during the quarter, Alara relinquished its rights and interest in the tenement.

Bigrlyi South Uranium Project, Northern Territory

Project	Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km²)	Area (hectares)	Location / Property Name	State	Company's Interest
Bigrlyi South	Granted	EL 24879	15/08/06	14/08/12	27	85	8,500	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[13]
	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	6	14	1,400	Mount Doreen	NT	
	Granted	EL 24929	24/08/06	23/08/12	13	28.4	2,840	Mount Doreen	NT	

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

- No work was undertaken during the quarter.
- Negotiations are on-going with the CLC in relation to an exploration deed for EL 24927 (application).

[13] 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"

COMPETENT PERSON STATEMENTS

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

(2) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 (referred to in Tables 9, 10 and 11 of this report) of the Khnaiguiyah Project is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

(3) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zone 3 (referred to in Tables 9 and 10 of this report) of the Khnaiguiyah Project is based on information compiled by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

(4) *The information in this report that relates to Ore Reserves (referred to in Table 2 of this report) of the Khnaiguiyah Project was compiled by Mr Geoff Davidson, who is a member of the Australian Institute of Mining and Metallurgy and a consultant to Khnaiguiyah Mining Company LLC (KMC). Mr Davidson 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.'*

In assessing the appropriateness of the Ore Reserve estimate, Mr Davidson has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Khnaiguiyah Project Detailed Feasibility Study. These reports are understood to be compiled by persons considered by KMC to be competent in the field on which they have reported.

Mr Davidson consents to the inclusion in the report of the information in the form and context in which it appears.

Table 15 contains further information in relation to the Ore Reserve estimate for the Khnaiguiyah Project. [14]

[14] Also contained in Alara's ASX market announcement dated 18 April 2013: Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project

COMPETENT PERSON STATEMENTS

Table 15: Estimation and Reporting of Khnaiguiyah JORC Ore Reserve Statement

Criteria	*Explanation*
Mineral Resource estimate for conversion to Ore Reserves	• *Mineral Resource estimates were created using Ordinary Kriging for K1 and K2 mineral deposits and Uniform Conditioning was conducted on K3. Variography was completed on Cu and Zn. Density was estimated by wet methods at ALS Laboratory in Jeddah.* • *The Mineral Resource reported is inclusive of the Ore Reserves.* • *The Mineral Resource estimate was completed in October 2012 for K1 and K2 and July 2012 for K3.*
Study status	• *This Ore Reserve was based on designs and estimates consistent with a detailed feasibility study. The capital and operating costs were largely based on Vendor estimates specific to the Project and are considered to be within +/- 15% order of accuracy. Where costs were not available costs were taken for recent pricing from within the consultants cost data sources.* • *A detailed mine plan was developed from which a practical mining schedule was determined. Standard modifying factors associated with the selected mining method have been applied. The mining method will use conventional open pit mining techniques to recover detailed economic mineralisation. A variety of studies were undertaken consistent with a detailed feasibility. Some of the key studies included geotechnical analysis, mine design and scheduling ore and waste removal, metallurgical testing, process design and transportation.*
Cut-off parameters	• *The Net Smelter Return (NSR) method was used to determine the economic cut-off for the mineralisation. The NSR values were estimated on a 'mine gate' sale basis and incorporated real metal price forecast estimates for year 2015 and onwards by market analysis firm CRU. The NSR value was adjusted for transport costs, port handling charges and TC/RC on all payable metals. Payable metals include copper and zinc.* • *The incremental cut off was determined from the site operating costs including extra cost of ore mining, processing cost and site administration and overhead costs. The cut-off was estimated for three mineralogical domains being; D1 producing zinc concentrate only, D2 producing both zinc and copper concentrate and D3 producing copper concentrate only. The cut-off values were estimated to be to be US$17.24 per tonne for D1, US$17.87 per tonne for D2 and US$16.29 per tonne for D3.*
Mining factors or assumptions	• *The Ore Reserve was determined by reporting diluted economic zone within the mining envelope of each pit. Dilution for K1 and K2 was estimated through reblocking the mineral resource model to a regular SMU size of 3.75 m x 3.75 m x 2.5 m. Dilution for K3 was determined during the resource estimation process owing to the use of uniform conditioning approach adopted. These methods considered both dilution of adjacent mineralisation and ore loss through dilution below the incremental cut off value. In addition a 2% ore loss was applied to account for operational losses.* • *The mining method used to determine the Ore Reserve was conventional open pit mining using 90t backhoe style excavator for ore mining and 160t backhoe style excavator for waste mining. All rock (ore and waste) will be drilled and blasted then removed to surface using 90t off-highway dump trucks. Ore will be tipped at the run-of-mine stockpile or low grade long term stockpile. Waste will be tipped into a co-disposal facility where it will be combined with thickened tailings from the process plant.* • *The mining schedule was designed to supply the process plant with a minimum of 2 Mtpa of ore. Higher rates of ore mining were targeted early in the Project life to access high value ore as soon as possible. The mining schedule includes a pre strip of approximately 8 Mt.* • *Geotechnical analysis was conducted by George Orr and Associates Pty Ltd. This analysis was considered appropriate for a detailed feasibility study and included data collection from borehole logging and orientation measurements, unconfined compressive strength and elastic modulus testing, mapping of proximal rock outcrops and road cuttings and interpretation of earlier geological, geotechnical and hydro geological reports. Interpretation of geological structures and failure mechanisms were made and stability analysis conducted leading to recommendations of pit slope design parameters. These parameters were used for Whittle pit optimisation and subsequent detailed mine design.* • *The economic mining envelope was determined using Whittle pit optimisation software and an average cost of mining US$1.51 per tonne of rock plus US$0.01 per tonne per 10 m of depth below a nominal surface reduced level. Commercial parameters are discussed under market assessment below.* • *A minimum mining width of 30 m was applied to pit floors and 50 m applied to pit stages.* • *Support infrastructure for the mining operation will be typical for the size and number of mine equipment. It will include mine workshop and refuelling station, mine offices and magazine facilities.*

COMPETENT PERSON STATEMENTS

Metallurgical factors or assumptions	• *The metallurgical process will use differential flotation to produce separate concentrates of copper and zinc. The method is commonly used throughout the world for the style of mineralisation that exists at Khnaiguiyah.* • *The metallurgical process contemplated at the mine utilises conventional technology which is common practice throughout the world.* • *Numerous composite samples have undergone batch kinetic testing. The samples were from each of the deposits. Algorithms were developed for the mineralisation domains. The recoveries therefore vary depending on the grade of minerals. The average recoveries across the life of mine were estimated from the Project cash flow being as follows:* ▪ *Life of mine recovery of Zinc to zinc concentrate = 89%* ▪ *Life of mine recovery of Copper to copper concentrate = 80%* • *No provision was made in the NSR estimate for penalty elements. The penalty element assays are generally below penalty thresholds and, where slightly high, remain in the negotiable range for settlement.* • *Locked cycle flotation testing was conducted on a range of composited samples considered to be representative of the various types of mineralisation. This approach is considered appropriate for the level of confidence required for a detailed feasibility study. No bulk samples or pilot scale testing was carried out.*
Cost and revenue factors	• *Project capital and operating costs were estimated on a bottom-up basis using take-offs from detailed design. Project specific budget quotations were sourced from vendors in compiling the estimate. Plant and infrastructure is considered to be estimated to within +/-15% or better level of accuracy.* • *The mine head grade was determined from the mining schedule which reported individual pit production by mineralogical domain and accounted for their specific timing on the Project. The metal prices used were based on real price forecasts by metal traders CRU for 2015.* • *Typical off take terms commensurate with prices for copper and zinc concentrates were used.* • *Royalties are not payable in the Kingdom of Saudi Arabia.* • *All costs and revenues were estimated in USD. A conversion factor of 1USD to 3.75SAR was applied to any prices quoted in local currency.*
Market assessment	• *Metal prices used in the cash flow model were as follows:* ▪ *Copper US$7,070 per tonne of copper metal* ▪ *Zinc US$2,335 per tonne of zinc metal* • *The prices used for the cash flow model were applied as flat forward real pricing and were based on real price forecast for 2015 by CRU at June 2012. The cash flow was modelled in real terms and no price or cost escalation was applied.*

COMPETENT PERSON STATEMENTS

Other	• *The Khnaiguiyah Project will be operated by Khnaiguiyah Mining Company LLC ('KMC') a 50/50 joint venture between Alara Resources Limited ('Alara') (ASX: AUQ) a company listed on the Australian Securities Exchanges and United Arabian Mining Company LLC ('Manajem'), a privately owned Saudi Arabian mining company* • *The Khnaiguiyah Project is located partially within a granted Mining Licence area (ML No.2 Qaaf dated 6/1/1432 H) currently held by Manajem with remaining portions located on Exploration Licence Application Umm Al Wibran and Exploration Licence Application Khnaiguiyah South. Both Exploration Licence Applications have been lodged by Manajem with the Ministry of Petroleum & Mineral Resources and carry with them exclusive rights to the application areas. There are no known impediments to the granting of these applications or their transfer to KMC.* • *Under the KMC Shareholders Agreement, Manajem is required to transfer both Mining Licence and, once granted, the Exploration Licences referred to above, to KMC in addition to various other Exploration Licences set out in the Shareholders Agreement.* • *The Mining Licence area will need to be expanded to take in the entire Project area. There are no known impediments to the granting of these.* • *Further to the Shareholders Agreement, a Mining Rights Agreement executed by Alara, KMC and Manajem (dated: 2 March 2011) entitles KMC to conduct its business and exploit the Project including the right to mine, market, sell and receive the full proceeds of sale of any zinc, copper, gold or silver ore or concentrated ore or other product extracted from the Project as though KMC held the Mining Licence and Exploration leases referred to above.* • *Approvals Granted to Manajem: Mining Licence (ML), Environmental Licence, Water Pipeline Route, Undefined Quantities of Water for Mining Village, Industrial Investment Licence and Commercial Registration (annual renewal required).* • *Approvals Pending: Exploration Licence Applications, Expansion of ML, Industrial Water Extraction Rights* • *Approvals Not Yet Applied: Environmental Certificate (Ports), Export Licence, Explosives Permits.* • *The environmental approval requires amendment for consideration of a co-disposal landform rather than the approved waste dump and tailings storage facility and the inclusion of the K1 pit.* • *The mining operations will come within close proximity to the Khnaiguiyah Village which has a population of approximately 300 people. Mining operations will come within 400 m of the nearest resident. Social and environmental impact assessments have been conducted by SMEC and have been deemed to be manageable. The Project will require the relocation of two residents.* • *A borefield for the supply of process and service water has been identified. Preliminary analysis has determined that there are reasonable expectations that the borefield will be capable of supplying the Projects water needs however; confirmatory pump tests are still to be conducted and the impact on proximal users still to be assessed including any compensation costs.*
Classification.	• *The Ore Reserve was classified in accordance with the JORC (2004) code. Standard modifying factors and conversions were applied as described above. No known issues existed at the time which required the levels of confidence of the Ore Reserve to be downgraded.* • *The methods used are considered by the Competent Person to be appropriate for the style and nature of the deposit.*
Audits or reviews.	• *The Ore Reserve estimate has been subject to internal reviews including a Project risk review conducted by key contributors to the feasibility study. No material residual risks were identified in this review following the implementation of mitigation measures.*
Discussion of relative accuracy/confidence.	• *A detailed cash flow model was created using the design case commodity pricing described above. The cash flow analysis demonstrated a positive return for the Project.* • *Various sensitivity analyses were carried out on the cash flow model. Key parameters were varied by 15% each way. These parameters included metal prices, foreign exchange rate, capital cost, operating costs, grade and process recovery. The results were evaluated on the basis of pre-tax operating cash flow less capital.*

CORPORATE

Shareholder Information

As at 31 March 2013, Alara had 2,144 shareholders and 242,007,500 listed ordinary fully paid shares on issue with 24,850,000 unlisted options on issue.

Cash Assets

Alara's cash balance as at 31 March 2013 was A$6.2 million.

Expenditure

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

Appendix 5B
Mining Exploration Entity Quarterly Report

Name of entity
Alara Resources Limited and controlled/jointly controlled entities

ACN or ARBN	Quarter Ended
122 892 719	**31 March 2013**

	Consolidated statement of cash flows	Consolidated	
		Current Quarter March 2013 $' 000	Year to Date 9 months $' 000
	Cash flows related to operating activities		
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for		
	(a) exploration and evaluation	(1,565)	(9,450)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(852)	(2,789)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	101	235
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	(a) Professional fees	-	-
	Net operating cash flows	**(2,316)**	**(12,004)**
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(0)	(8)
1.9	Proceeds from sale of:	-	
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Share issue costs	-	(394)
	Net investing cash flows	**(0)**	**(402)**
1.13	**Total operating and investing cash flows**	**(2,316)**	**(12,406)**
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	7,875
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
		-	-
		-	
	Net financing cash flows	**-**	**7,875**
	Net increase (decrease) in cash held	**(2,316)**	**(4,531)**
1.20	Cash at beginning of quarter/year to date	8,538	10,950
1.21	Exchange rate adjustments to item 1.20	(17)	(214)
1.23	**Cash at end of quarter**	**6,205**	**6,205**

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 March 2013 $' 000
1.24	Aggregate amount of payments to the parties included in item 1.2	(155)
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	(755)
4.2	Development	-
4.3	Production	-
4.4	Administration	(950)
	Total	**(1,705)**

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	2,073	1,005
5.2	Deposits at call	4,132	7,533
5.3	Bank overdraft	-	-
5.4	Other (Bank Bills)	-	-
	Total: cash at end of quarter (item 1.22)	**6,205**	**8,538**
		-	-

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

		Total number	Number quoted	Issue price per security (see note 5) (cents)	Amount paid up per security (see note 5) (cents)
7.1	Preference securities+				
7.2	Changes during quarter				
(a)	Increases through issues	-	-	-	-
(b)	Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	Ordinary securities+	242,007,500	242,007,500	-	-
7.4	Changes during quarter				
(a)	Increases through issues	-	-	-	-
(b)	Decreases through returns of capital, buy-backs	-	-	-	-
7.5	Convertible debt securities+				
7.6	Changes during quarter				
(a)	Increases through issues	-	-	-	-
(b)	Decreases through securities matured, converted	-	-	-	-
7.7	Options			*Exercise price*	*Expiry date*
	Unlisted $0.35 (16 September 2013) Options	16,400,000	-	35 cents	16 September 2013
	Unlisted $0.35 (16 September 2013) Options	1,000,000	-	35 cents	16 September 2013
	Unlisted $0.35 (25 October 2014) Options	3,650,000	-	35 cents	25 October 2014
	Unlisted $0.60 (25 October 2014) Options	2,000,000	-	60 cents	25 October 2014
	Unlisted $0.50 (25 May 2014) Options	400,000	-	50 cents	25 May 2014
	Unlisted $0.60 (25 May 2014) Directors' Options	500,000	-	60 cents	25 May 2014
	Unlisted $0.60 (25 May 2014) Options	250,000	-	60 cents	25 May 2014
	Unlisted $0.70 (25 May 2014) Options	250,000	-	70 cents	25 May 2014
	Unlisted $0.35 (22 August 2015) Options	400,000	-	35 cents	22 August 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Cancelled during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes	-	-		

Compliance statement

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.

30 April 2013

Elvio Ruggiero
Chief Financial Officer

Notes:

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

	31-Mar-13 Market Value	**31-Dec-12** Market Value
Listed securities	$335,946	$571,822
	$335,946	$571,822

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 which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

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, Omani Rials, Saudi Arabian Riyals and Chilean Pesos. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 31 March 2013.