



Alara Resources Limited
A.B.N. 27 122 892 719
Level 3, 35 Havelock Street
West Perth Western Australia 6005
Australia

Telephone | +61 8 9214 9787
Facsimile | +61 8 9322 1515
Web | www.alararesources.com
E-mail | info@alararesources.com

30 June 2013 Quarterly Activities Report

Quarterly Highlights

Corporate

- Company has begun the transition from “Explorer & Resource Developer” to “Miner & Producer”
- Mr Philip Hopkins has been appointed Managing Director as announced on [27 June 2013](#)
- Mr Shanker Madan has retired from the Board as announced on [25 July 2013](#)
- Mr William Johnson, (Non-Executive Director) will retire from the Board on 30 September 2013
- Company looking to strengthen Board with a possible role for an influential Saudi Arabian member
- Corporate office relocated to Level 3, 35 Havelock Street, West Perth, Western Australia
- Enhanced JORC Mineral Resource on Oman assets and completed successful Scoping Study
- Prudent management of cash with cost reductions now in place and divestment of Alara’s projects in Oman
- Cash reserves of AUD \$4.4M as at 30 June 2013

Saudi Arabia

- Completion of Khnaiguiyah Zinc/Copper Project (KMC) Definitive Feasibility Study announced on [30 April 2013](#)
- KMC DFS technically and financially robust with a mine life of 13 years at 2Mtpa throughput
- KMC with production targeted to commencing in Q3, 2016 and may meet forecasted high zinc price cycle
- Maiden JORC Ore Reserves for Khnaiguiyah announced on [18 April 2013](#):
 - Proven 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
- Further DFS upside available and is currently being evaluated
- Positive progress with KMC joint venture partner ongoing at the end of the Quarter relative to the 60 day notice given. Rights in this matter have been reserved but no further action taken due to the progress being made
- Preparation of the [Saudi Investment Development Fund](#) (SIDF) loan application for Khnaiguiyah commenced
- Commenced the review of the finance strategy for the remaining Khnaiguiyah project finance

Oman

- Upgraded JORC Mineral Resource for Washihi Copper-Gold Project in Oman announced on [16 July 2013](#):
 - 6.84Mt Indicated Resource at 0.90% Cu and 0.17g/t Au
 - 7.27Mt Inferred Resource at 0.71% Cu and 0.20g/t Au
- Positive Scoping Study completed on the Daris/Washihi combined Project
- The combined project is being divested to assist with cash requirements for the key Saudi Khnaiguiyah Project
- All costs outside of Oman project divestment/project finance have been reduced

Dated: 31 July 2013

FOR FURTHER INFORMATION:

Philip Hopkins
Managing Director
T | +61 8 9214 9787

E | phopkins@alararesources.com

ASX Code | **AUQ**



COMPANY PROFILE



Alara Resources Limited (**Alara**) (ASX Code: AUQ) is an Australian-based minerals exploration and development company with its current focus on mid stage to advanced projects in the middle east (Saudi Arabia and Oman).

Company Project Overview

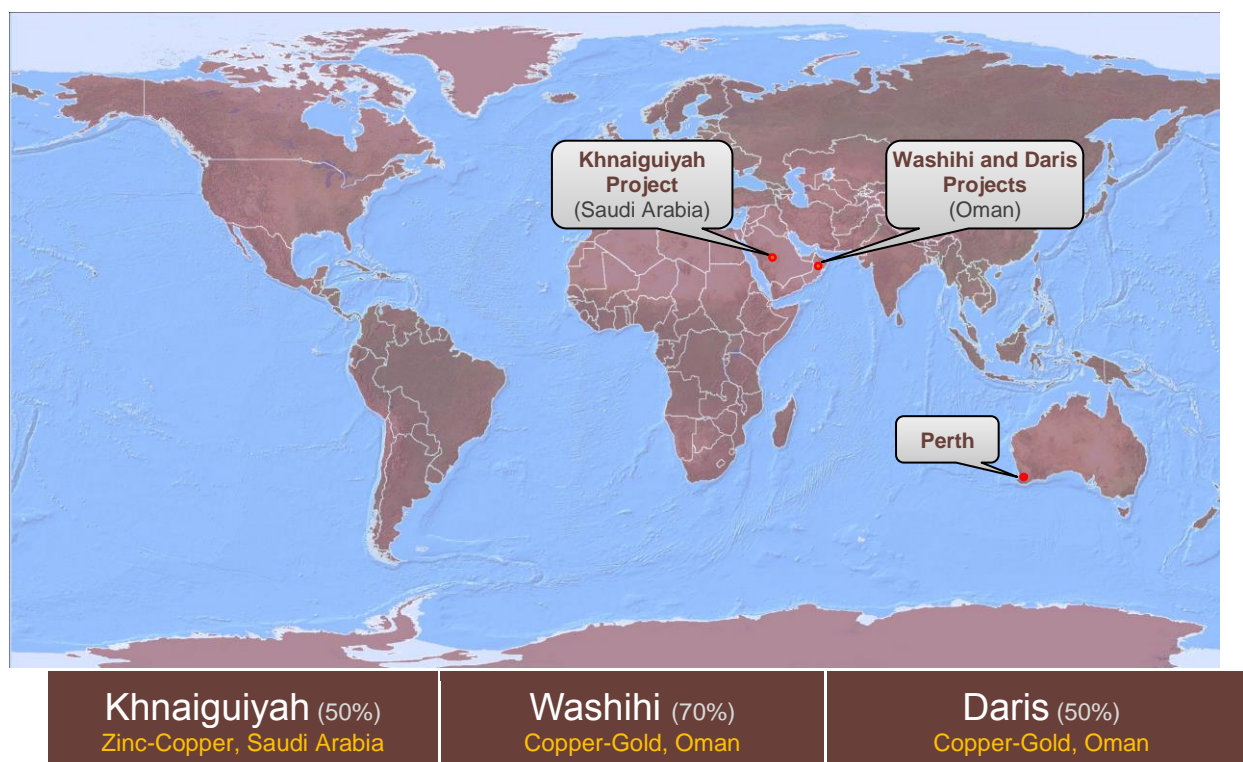


Figure 1: Alara's Project Location Map

PROJECTS	LOCATION	STATUS
Khnaiguiyah Zinc-Copper Project ¹	Saudi Arabia	DFS Completed and Project Financing Being Pursued
Washihi-Mullaq-Al Ajal Copper-Gold Project ²	Oman	JORC Resource Defined & Scoping Study completed
Daris Copper-Gold Project ³	Oman	JORC Resource Defined & Scoping Study completed

In addition to the completed DFS on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and the completed Scoping Study on its combined Daris/Washihi Copper-Gold Project in Oman (with both projects showing robust technical and financial outcomes), Alara has a portfolio of early stage exploration projects in both Saudi Arabia and Oman.

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](#)"



COMPANY PROFILE

Corporate Matters

Company Transition to Producer Has Commenced

With the successful completion of the DFS⁴ on the Company's Saudi Arabian joint ventured Khnaiguiyah Zinc–Copper Project⁵ (KMC) the Company has commenced its transition from being solely a resource finder and developer into a mining and production group. The initial focus of this effort is the development of the KMC operation. In order to move in this direction the following key steps have been taken:

Board Adjustments

- Mr Philip Hopkins has been appointed Managing Director as announced on 27 June 2013⁶. Philip has 30 plus years of mine project, construction and operations experience and joins Alara to lead the transition.
- Prior Managing Director Mr Shanker Madan has retired from the Board 25 July 2013⁷
- Non-Executive Director Mr William Johnson will retire on 30 September 2013⁶
- Alara continues to review options to add an influential Saudi Arabian member in support of the KMC Project
- Further Board positions under review to provide the support for the advancing transition to a mining company

Saudi Arabian Focus

- Corporate focus has been fully directed toward the KMC Joint Venture and Project
- Joint Venture and Shareholder work and interaction has been enhanced and progressing well
- Commenced the preparation of the application for SIDF government funding (75% funding being targeted)
- Commenced the review of the finance strategy for the remaining project finance (25% funding required)
- Continued the work and focus on having the mining licences transferred into the KMC entity for mining purposes

Oman Activity Redefined

- Given the corporate focus on the KMC Project a new strategy has been defined for the Oman assets
- JORC Resource expansion⁸ on the Washihi Project has enhanced Oman asset options
- Successful completion of the Daris/Washihi Project Scoping Study has increased the Projects' value
- Decision taken to divest the Projects in support of the Saudi KMC work
- Oman asset divestment underway with a due diligence in progress
- Oman operating costs are being reduced to minimal levels with staff reductions and overhead management

⁴ Refer Alara's ASX market announcement dated 21 May 2013 and entitled "[Khnaiguiyah Project Update Post DFS](#)"

⁵ The Khnaiguiyah Project is operated by Khnaiguiyah Mining Company LLC (**KMC**) a 50:50 joint venture between Alara and United Arabian Mining Company LLC (**Manajem**), a privately owned Saudi Arabian mining company.

⁶ Refer Alara ASX market announcement dated 27 June 2013 and entitled "[Board and Management Changes](#)"

⁷ Refer Alara ASX market announcement dated 25 July 2013 and entitled "[Retirement of Director](#)"

⁸ Refer Alara ASX market announcement dated 16 July 2013 and entitled "[Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)"



COMPANY PROJECTS

Saudi Arabia

During the quarter the Company has refined its strategy and thus focus with the successful completion of the Definitive Feasibility Study (DFS) on its flagship Khnaiguiyah Zinc-Copper Project (KMC) in Saudi Arabia (**Project**). The DFS confirmed both the technical and financial robustness of the KMC project and thus this Project became the primary focus for Alara in the mid to short term.

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**).

A summary of the key results of the DFS are outlined in Table 1 below:

Table 1: Khnaiguiyah DFS Financial Summary

Definitive Feasibility Study Financial Summary			
	Tonnes		
Zinc Production LOM	775,000		
Copper Production LOM	52,000		
CAPEX	US \$ 257 million		
Payback	2.8 years		
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

Although the KMC DFS was announced in April this completion date was materially delayed from the forecasted date of July 2012. The reason for the delay was the relatively poor quality/nature of some parts of the original study and the overall study report. As such the Company engaged area experts where required to amend or enhance this work. Although the DFS was delayed the final outcome (Study and associated thinking) was greatly enhanced. This "second look" has proved valuable and has resulted in a much superior study quality and detail and thus in turn has effectively reduced the inherent project and ultimate mine site risk

JORC Ore Reserve Statement

On [18 April 2013](#), Alara announced its Maiden JORC Ore Reserve Statement which is summarised in Table 2.

Table 2: Khnaiguiyah JORC Ore Reserve

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 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.



COMPANY PROJECTS

The Ore Reserves were estimated from within practical mining shapes designed from economic mining envelopes produced from Whittle pit optimisation software. Only regions within the Mineral Resource that were classified as Measured or Indicated and were above the NSR cut-off were included. No downgrading of classification was applied.

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 at rates well below international finance markets.

At the end of the quarter, preparation of the SIDF loan application had begun. Lodgement of this SIDF application is expected by the end of September 2013 and it is anticipated that there will be a further 8-9 months thereafter before the final SIDF funding approval. Prior to final SIDF funding approval KMC will be required to complete the final 25% project finance and have this funding in place as the KMC joint venture partner's equity. The development of the strategy for this gap finance is underway.

In alignment with the SIDF funding schedule, the amended Project start date is 1 July 2014. This start date remains under review as the details of the EPC mine development and joint venture partner matters are being advanced. This start date will still allow the joint venture partners to bring the mine into production in time for the expected up cycle in zinc metal prices in 2016-2019.⁹

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.

Permits and Licences

Approvals currently granted to Manajem (JV partner) include the Mining Licence (**ML**) and Environmental Licence (**EL**). Also in place is the defined Water Pipeline Route. The Quantities of Water for the Mining Village permit is also approved however the qualities are yet to be specified.

The transfer of licenses for exploration and exploitation of the resource is covered by a Shareholders Agreement¹⁰ (**SHA**) between Alara and Manajem as well as 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 permits are held by KMC.

During the quarter, Manajem was served a 60 day notice of suspension under the SHA guidelines. However, due to a renewed management focus and a more aligned commitment to the project by both joint venture partners, no action was taken by Alara with regard to carrying out the suspension notice. Alara's rights in respect to this matter have been reserved. In turn, enhanced and ongoing discussions between the joint venture partners have indicated a renewed enthusiasm and co-operation between the parties.

Approvals that are currently pending include the Exploration Licence Applications (areas of which cover parts of the proposed pit for Ore bodies K1, K2 and K3 defined under the DFS), the expansion of the ML and Industrial Water Extraction Rights. Approvals still to be applied for include the Environmental Certificate (Ports), Export License and Explosives Permits

Future Growth and Opportunities

There are several potentially material upside elements that relate to the planned mine and its construction and a review of these elements has commenced. An announcement of any advancement in this area would not be expected until Q3-Q4 FY2014.

The DFS is based on currently known mineral resources which were limited by the extent of the drill program (limited by available exploration time and funds). All ore bodies are open along strike and depth. Significant upside exists for further discoveries along the host shear zones that have been mapped for several additional kilometres within the Exploration Licences. In turn many ancient workings remain unexplored.

With the completion of the DFS, the Company is now focused on both the finance and construction relating to the Khnaiguiyah Project as well as risk mitigation and opportunity capture within the project.

⁹ Source: CRU Strategies (an international marketing and market forecasting firm on long term zinc, copper and TC/RC charges) engaged to prepare a marketing report on zinc and copper markets during the life cycle of the Khnaiguiyah Zinc-Copper Project for the DFS

¹⁰ 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](#)"

COMPANY PROJECTS

Marjan Precious and Base Metals Project

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

No work was undertaken during the quarter.

The Marjan Project exploration licences are pending renewal and furthermore, the proposed joint venture company has not yet been formed - Alara will not undertake any further work on the project until the local joint venture partner has secured the renewal of the licences and the joint venture company has been formed.

Oman

Although Oman continues to be a very prospective and attractive location for Alara and has synergies with its middle east staff and skill set, for the short to mid-term the Company has and will decline its activity in this region to focus its energy on the rapid and successful development of the Khnaiguiyah Zinc-Copper Project (KMC) in Saudi Arabia. This strategic decision was taken based on the funding and management requirements of the KMC work and has been enhanced/supported by the recent JORC Mineral Resource upgrade of Washihi and a successful Scoping Study on the combined Daris/Washihi Project.

Alara has joint venture interests in four exploration licenses in Oman extending over 692km² (refer Figure 2).

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.

As a result of the significant upgrade in the Washihi Mineral Resource and the positive preliminary metallurgical test results coupled with the positive economic outcome of a Scoping Study (involving the combined Washihi and Daris resources), Alara is looking to either divest the Daris/Washihi combined project or accept recent indications of interest for further investment in the project itself. This divestment/finance approach will provide additional company operating funds while finance is secured on Alara's current key focus area, the Khnaiguiyah Zinc-Copper mine development in Saudi Arabia.

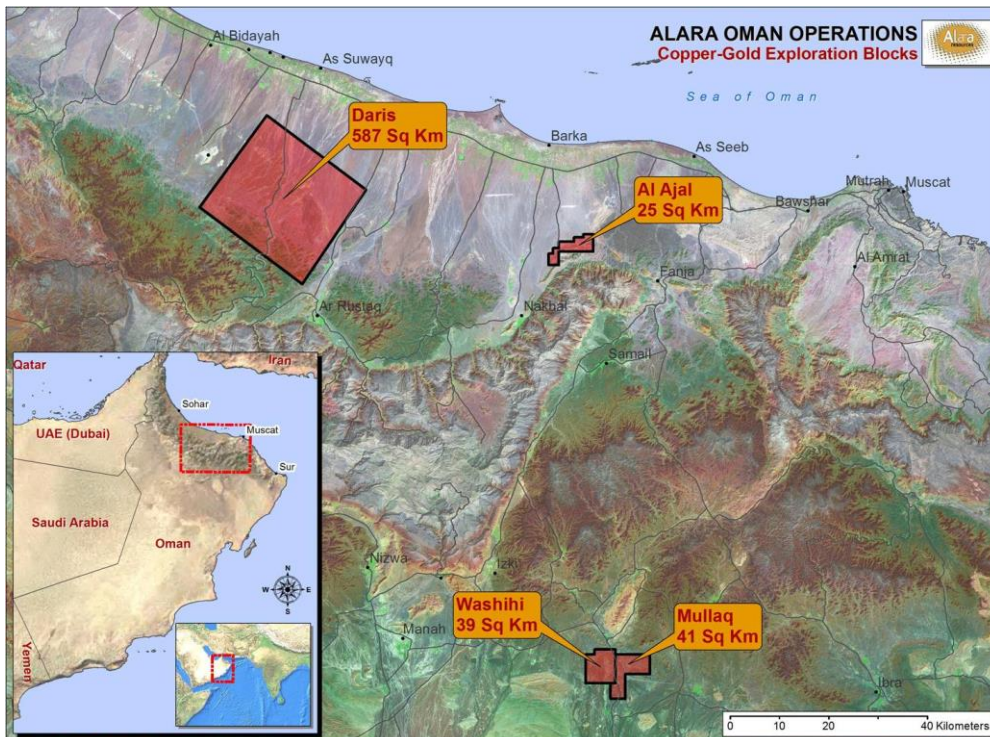


Figure 2: Location Map of Alara's Exploration Licence Areas in Oman

COMPANY PROJECTS



Summary of JORC Resources

Washihi Prospect

The upgraded JORC Resource at Washihi is outlined below in Table 3:

Cu % Cut off	Indicated Resource			Inferred Resource		
	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0.00	7.16	0.87	0.17	7.77	0.67	0.20
0.25	6.84	0.90	0.17	7.27	0.71	0.20
0.50	5.66	1.01	0.18	5.00	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1.00	2.39	1.37	0.20	1.24	1.31	0.27

Table 3: Washihi JORC Resource

Daris-East Prospect

The current JORC Resource at the Daris –East prospect is outlined below in Table 4:

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

Table 4: JORC Measured, Indicated and Inferred Resources: Daris-East

Washihi-Mullaq-AI Ajal Copper- Gold Project

(Alara 70%, AI Hadeetha Investments LLC 30%, of AI Hadeetha Resources LLC -formerly known as Pilatus Resources Oman LLC)

On 16 July 2013¹¹, Alara announced an upgraded JORC Mineral Resource at its Washihi Copper-Gold Project as follows:

- 6.84Mt Indicated Resource at 0.90% Cu and 0.17g/t Au
- 7.27Mt Inferred Resource at 0.71% Cu and 0.20g/t Au¹²

This represents a significant increase in resource from the previously announced (on 15 October 2012¹³) JORC Resource of 2.1Mt Indicated at 0.70% Cu and 0.17g/t Au and 6.9Mt Inferred at 0.76% Cu and 0.16g/t Au.¹⁴

Alara's recent discovery of significantly thick stock work of copper mineralisation towards the north-west extension of the previous JORC Resource has contributed to this increase. The second phase of diamond drilling was completed earlier this year confirmed that the mineralisation remains open both at depth and along strike to the north-west (refer Figure 3).

Metallurgical test work on representative core samples has been completed at ALS Metallurgy Laboratory in Perth, Western Australia with the receipt of a formal report on the results pending. Although the metallurgical recoveries and subsequent concentrate grades on the Washihi ores were very good, further potential exists through optimisation of the concentration process. To this end, a further set of more specific metallurgical tests are under consideration.

¹¹ Refer Alara ASX market announcement dated 16 July 2013 and entitled "[Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)"

¹² At 0.25% Cu cut-off grade

¹³ Refer Alara ASX market announcement dated 15 October 2012: [Initial JORC Resource – Washihi Project in Oman](#)

¹⁴ At 0.00% Cu cut-off grade

COMPANY PROJECTS



The drill hole location map (Figure 3) is shown below.

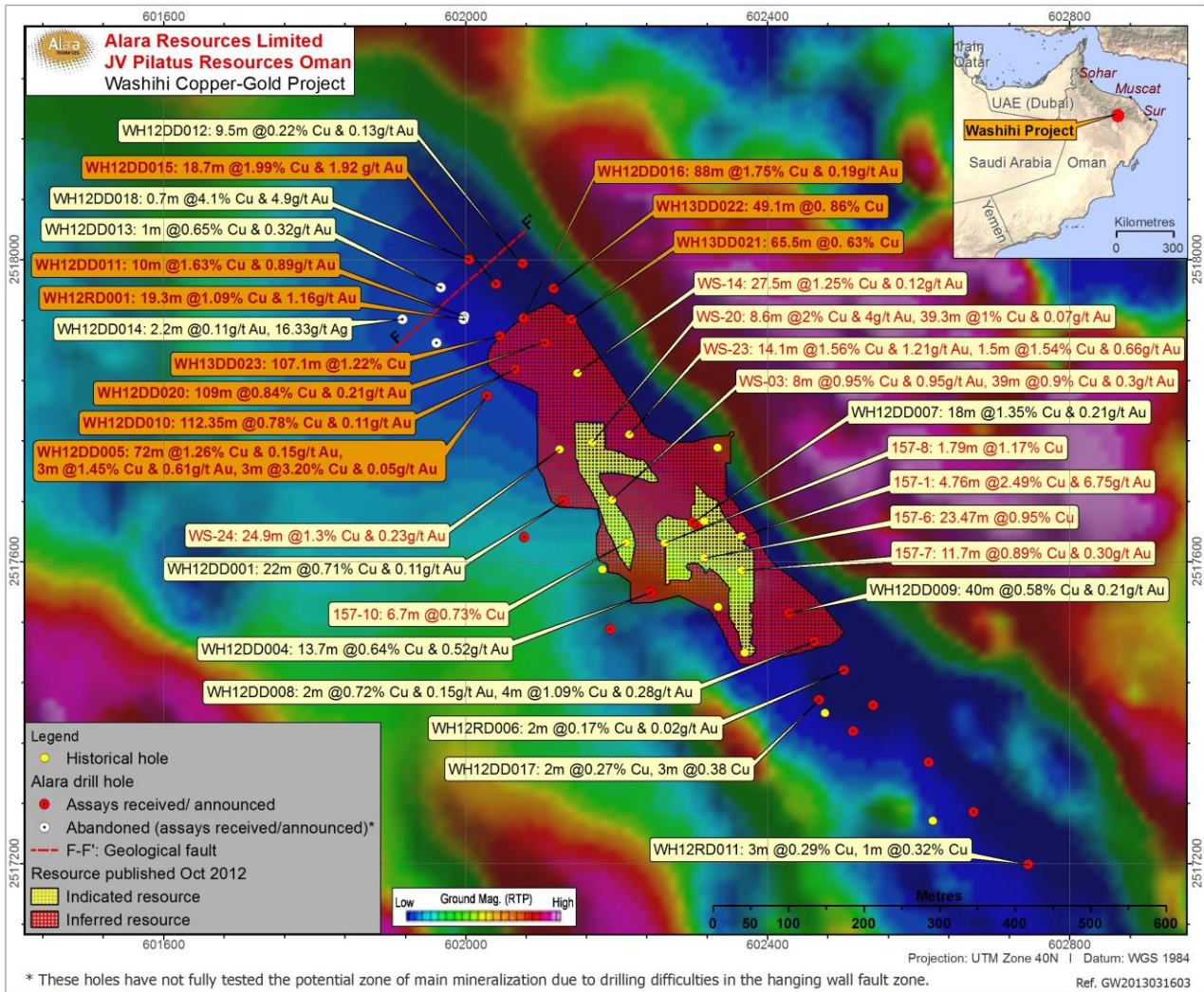


Figure 3: Washihi Datamine Block Model over RTP ground magnetics image

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.



COMPANY PROJECTS

Australia

Bigrlyi South Uranium Project, Northern Territory

Project	Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km ²)	Area (hectares)	Location / Property Name	State	Company's Interest
Bigrlyi South	Granted	EL 24879	15/08/06	14/08/12	27	85	8,500	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL).
	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	

During the quarter, ASX listed Thundelarra Exploration Ltd (ASX Code: THX) withdrew from its joint venture with Alara to earn a 70% interest in the project¹⁵.

Based on an assessment of the exploration prospects for the above tenements relative to Alara's other projects in Saudi Arabia and Oman, Alara has determined to relinquish these tenements.

¹⁵

Under a joint venture agreement, THX was entitled to earn 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.

COMPETENT PERSON STATEMENTS



- (1) *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. Refer also to Table 15 in Alara's ASX market announcement dated 18 April 2013: [Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#) for further information in relation to the Ore Reserve estimate for the Khnaiguiyah Project.*

- (2) *The information in this report that relates to Mineral Resources in relation to the Washihi prospect (Oman) (referred to in Table 2 of this report) and the Daris Project (Oman) (referred to in Table 4 of this report) 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 they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr. Sharma has given his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

CORPORATE



Board Changes

Mr Philip Hopkins was appointed a Director on 1 May 2013¹⁶ and transitioned to Managing Director on 30 June 2013¹⁷.

The Board welcomes Philip as Managing Director. Mr Hopkins' extensive international mining experience makes him ideally suited to lead Alara through the next phase of its development as the Company seeks to advance the Khnaiguiyah Project through project finance, construction and operations. Mr Hopkins' experience and qualifications are noted in the Company's announcement of 27 June 2013.

The material terms of Mr Hopkins' employment agreement was announced on 31 July 2013¹⁸ – the remuneration package includes an Annual Short-Term Incentive (STI) cash payment scheme and a Long Term Incentive (LTI) options package (which will be put to shareholders for approval at the 2013 annual general meeting expected to be convened in October/November 2013).

Previous Managing Director, Mr Shanker Madan retired as a Director on 25 July 2013¹⁹. Mr Madan received one month's pay post cessation as Managing Director on 1 July 2013. Beyond this payment he did not receive any termination payments other than his accrued entitlements (being annual leave, travel allowances and employer superannuation contributions) and his July salary on retirement.

The Board would like to thank Shanker for his work in the Company since its IPO in 2007 and in leading the DFS on Alara's flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia (completed as announced on 30 April 2013) and wishes him well in his future endeavors.

Non-Executive Director, Mr William Johnson, has advised that he will retire as a Director at the end of September 2013.

William had originally planned to retire from his Non-Executive Director role on 30 June 2013 as he has relocated to Peru as Managing Director of Strike Resources Limited (ASX: SRK) but has agreed to remain on the Board a further three months to assist the Company during this period of change.

The Non-Executive Directors have also agreed to a 30% reduction in their directors' fees with effect on 1 July 2013 as a cost saving measure.

Shareholder Information

As at 30 June 2013, Alara had 2,117 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 30 June 2013 was AUD \$4.4 million.

Expenditure

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

¹⁶ Refer Alara ASX market announcement dated 2 May 2013 and entitled "[Appointment of Director](#)"
¹⁷ Refer Alara ASX market announcement dated 27 June 2013 and entitled "[Board and Management Changes](#)"
¹⁸ Refer Alara ASX market announcement dated 31 July 2013 and entitled "[Managing Director's Terms of Employment](#)"
¹⁹ Refer Alara ASX market announcement dated 25 July 2013 and entitled "[Retirement of Director](#)"

Appendix 5B Mining Exploration Entity Quarterly Report

Name of entity

Alara Resources Limited and controlled/jointly controlled entities

ACN or ARBN

122 892 719

Quarter Ended

30 June 2013

Consolidated statement of cash flows

	Consolidated	
	Current Quarter June 2013 \$' 000	Year to Date 12 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	(882)	(10,332)
(b) development	-	-
(c) production	-	-
(d) administration	(1,042)	(3,831)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	50	285
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	(1,874)	(13,878)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(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	-	(402)
1.13 Total operating and investing cash flows	(1,874)	(14,280)
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	(1,874)	(6,405)
1.20 Cash at beginning of quarter/year to date	6,205	10,950
1.21 Exchange rate adjustments to item 1.20	128	(86)
1.23 Cash at end of quarter	4,459	4,459

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

		Current Quarter June 2013 \$' 000
1.24	Aggregate amount of payments to the parties included in item 1.2	(169)
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	(1,474)
4.2	Development	-
4.3	Production	-
4.4	Administration	(829)
Total		(2,303)

Reconciliation of cash

		Consolidated	
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		Current Quarter \$' 000	Previous Quarter \$' 000
5.1	Cash on hand and at bank	1,799	2,073
5.2	Deposits at call	2,660	4,132
5.3	Bank overdraft	-	-
5.4	Other (Bank Bills)	-	-
Total: cash at end of quarter (item 1.22)		4,459	6,205

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			<i>Exercise price</i>	<i>Expiry date</i>
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

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



Elvio Ruggiero
Chief Financial Officer

31 July 2013

Notes:

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

Listed securities

	30-Jun-13 Market Value	31-Mar-13 Market Value
	\$142,956	\$335,946
	\$142,956	\$335,946

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

+ See Chapter 19 for defined terms

NOTES

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note
- The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- The Company holds foreign currencies denominated in US dollars, Omani Rials, Saudi Arabian Riyals and Chilean Pesos. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 30 June 2013.