



Alara Resources Limited
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Friday, 18 February 2011

MARKET ANNOUNCEMENT

Investor Update Presentation

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

Further information:

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

ASX Code | **AUQ**





Alara Resources Limited

Investor Update
February 2011



Alara
resources

Investor Update February 2011

- The Company
 - Structure, Share Price Performance
- Projects
 - Saudi Arabia : *Targeting Khnaiguiyah DFS completion within 12 months.*
 - Oman : *Helicopter - borne VTEM Survey underway.*
 - Chile : *Planning geophysics and mapping program.*
- Summary of recent accomplishments and the way forward.

Company Profile

Directors

Shanker Madan (MD)

BHP, Rio Tinto, Hamersley Iron.
35+ years' mining industry experience.

Ian J Williams AO

40 plus years' mining experience with Hamersley Iron, Rio Tinto, Pasminco. Awarded Order of Australia for services to Indigenous communities .

Doug Stewart

35 plus years' mining industry and capital markets advisory experience, Territory Iron, Teck Corporation, NM Rothschild and Sons, Australia.

Farooq Khan

20+ years capital markets experience. Management of ASX-Listed companies, corporate law background.

William Johnson

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

General Manager, Projects

Eduardo Valenzuela

30 + years experience in mine operations, project management, technical services, and project financing.

ASX Code: AUQ

Market Cap (7 Feb 2011): \$ 47M

Issued Capital:

- Shares: 126M

- Options: 41M

Cash \$13M

Top Shareholders

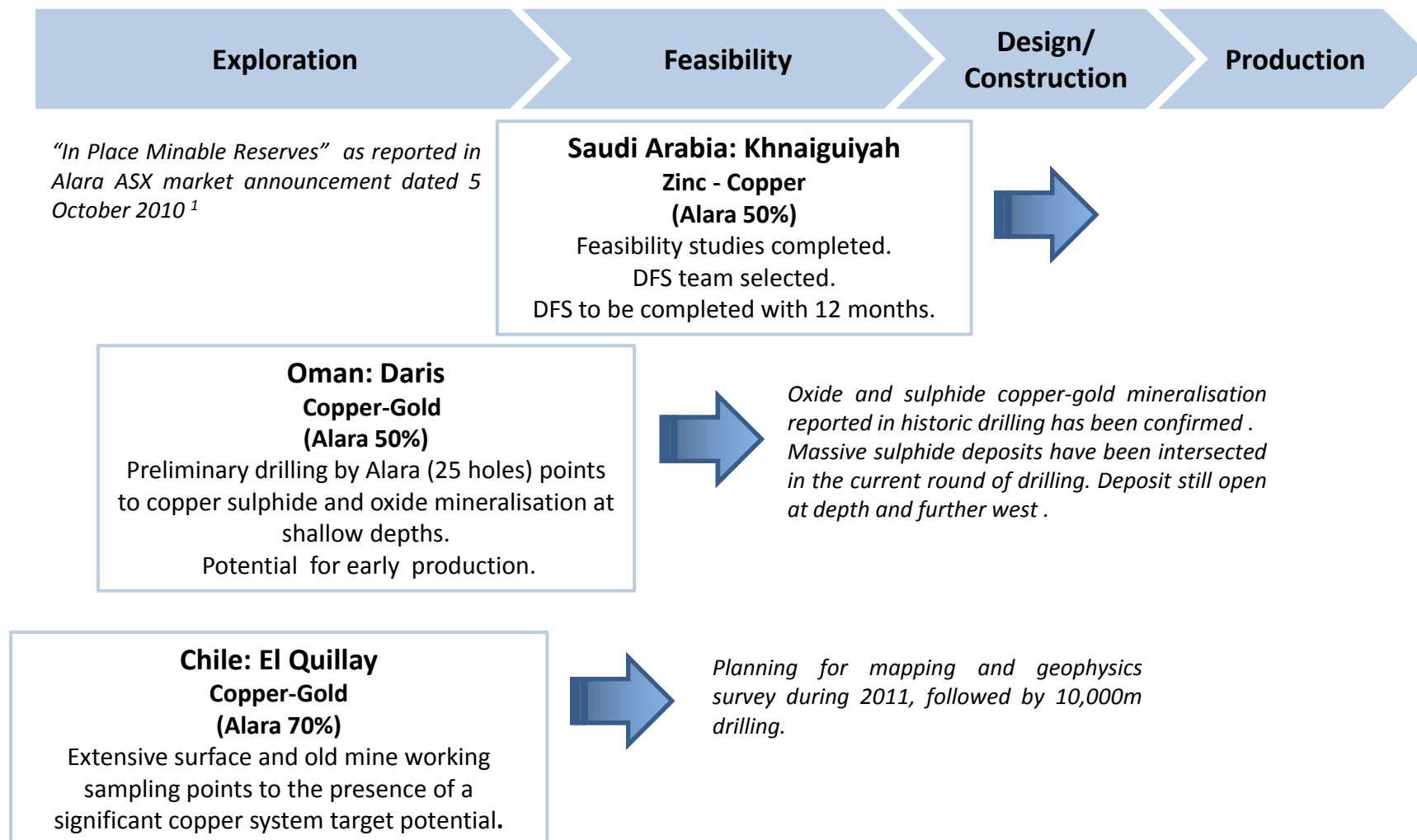
Aviva Investors Australia 8.0%

Northcape Capital 7.9%

Orion Equities Limited 5.8%



Alara has a strong pipeline of base metal development projects.



¹ Refer: Alara ASX market announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia"

Saudi Arabia: Khnaiguiyah Project

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



Saudi Arabia: Khnaiguiyah Project

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

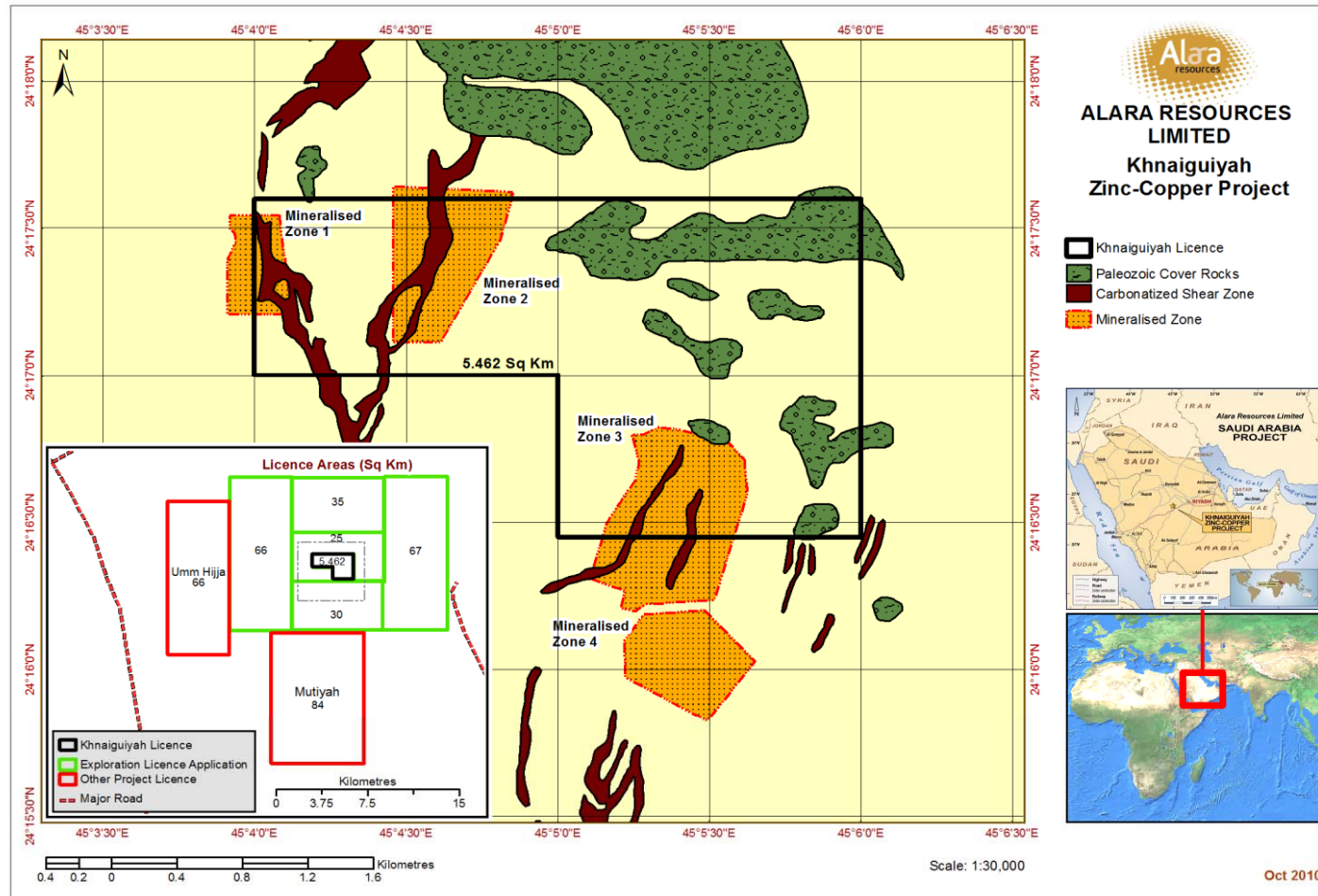
- “In Place Movable Reserves” as reported in Alara ASX market announcement dated 5 October 2010¹
- The PFS (1990’s) indicates the project was commercially viable at a price assumption for zinc of US\$1,200 per tonne – considerably lower than today’s price of ~US\$2,400 per tonne².
- Mineralised Zones 1, 2 and 4 may be mined by open cut method and Zone 3 may be mined partly by open cut and the rest by underground methods.
- Fresh water is available in a large aquifer at Kuff 25km away.
- 33KVA power line is available on site.
- Direct sealed road access.

¹ Refer: Alara ASX market announcement dated 5 October 2010 and entitled “Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia”

² LME Special High Grade Zinc cash price as at 10 February 2011 (<http://www.lme.com/zinc.asp>)

Saudi Arabia: Khnaiguiyah Project

High potential exists for new discoveries in unexplored carbonatized shears and along strike extension of explored shear zones at Khnaiguiyah.



Alara believes that previous BRGM and Manajem studies can be taken to Definitive Feasibility Study (DFS) standard within 12 months.

- Exploration and Pre-feasibility Study conducted by BRGM and further studies conducted by Manajem (Vendor) include the following works:
 - Total drilling in excess of 45,000m in 345 core and percussion holes, across 4 mineralised zones within 3 sq km.
 - BRGM completed 25,193m of percussion and core drilling in 192 drill holes on profiles 100m x 25m / 50m.
 - Additional infill drilling on 50m profiles x 25m /12.5m grid spacing confirms the structure and the mineralisation (Manajem in-house feasibility study).
 - Other works done include two deep shafts for bulk sample, test work on a 15t bulk sample, pit design and financial modelling.

Saudi Arabia: Khnaiguiyah Project

The Khnaiguiyah Zinc-Copper Project has excellent road access and available power.

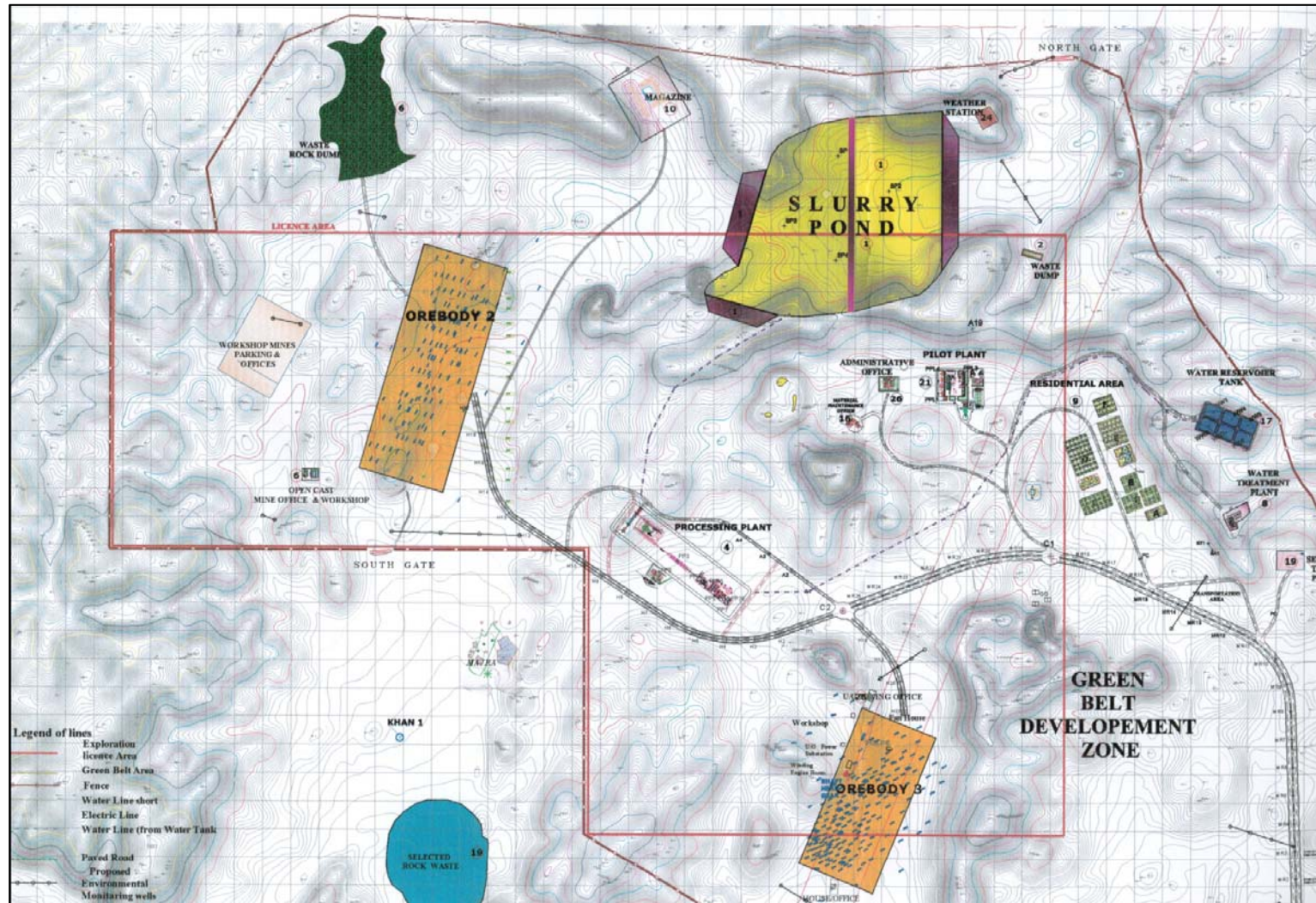


**Mineralised body 3 Core.
High Grade intersection in hole KDH1**



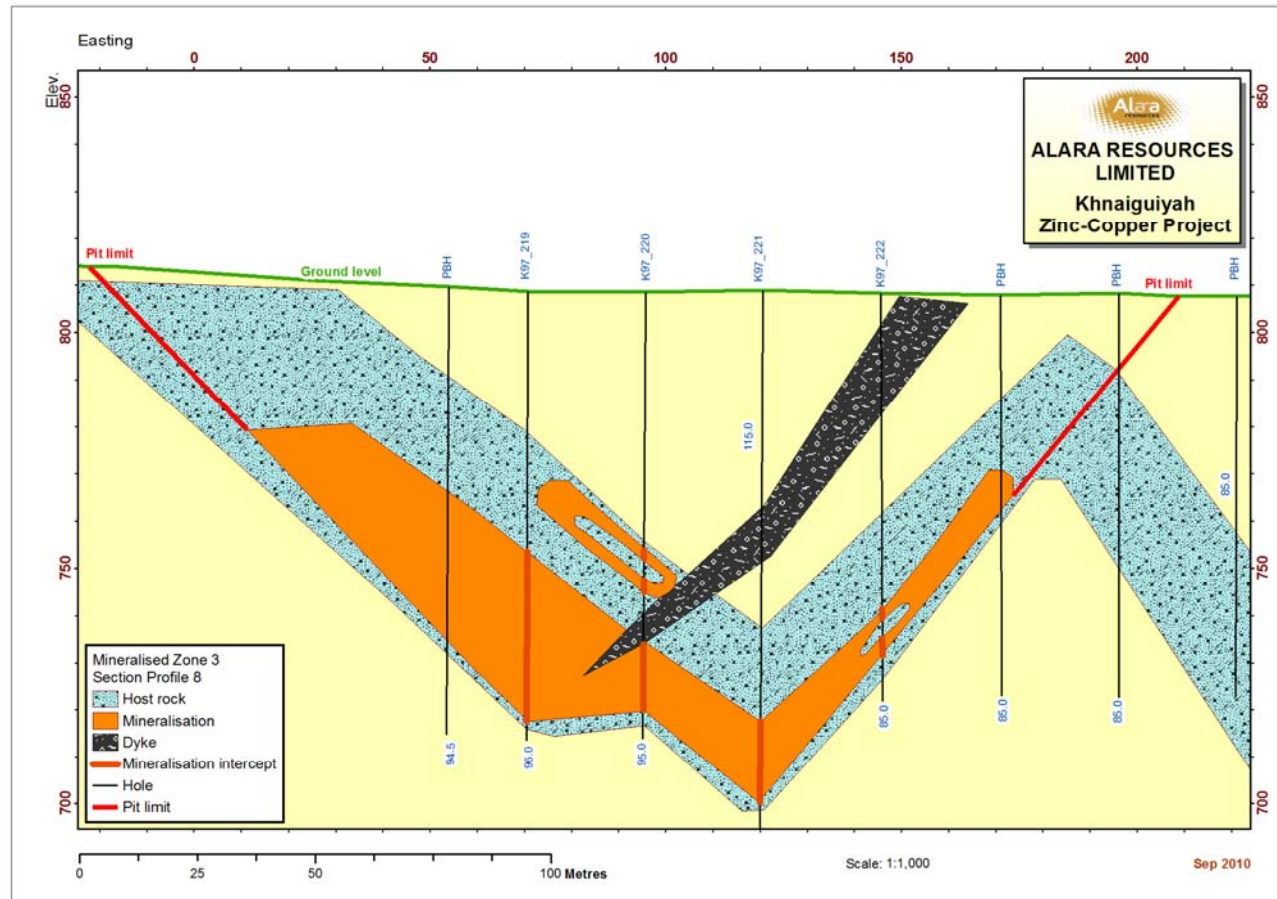
Saudi Arabia: Khnaiguiyah Project

A Mine Layout Plan for the Khnaiguiyah Zinc-Copper Project was produced as part of the 2009 Feasibility Study.



Saudi Arabia: Khnaiguiyah Project

Mineralised Body 3 contains majority of the identified mineralisation. It is richer in zinc with a distinct copper rich zone to the east.



Drill hole intersections

K97_219 – 37m @ 8.51% Zn, 0.22% Cu

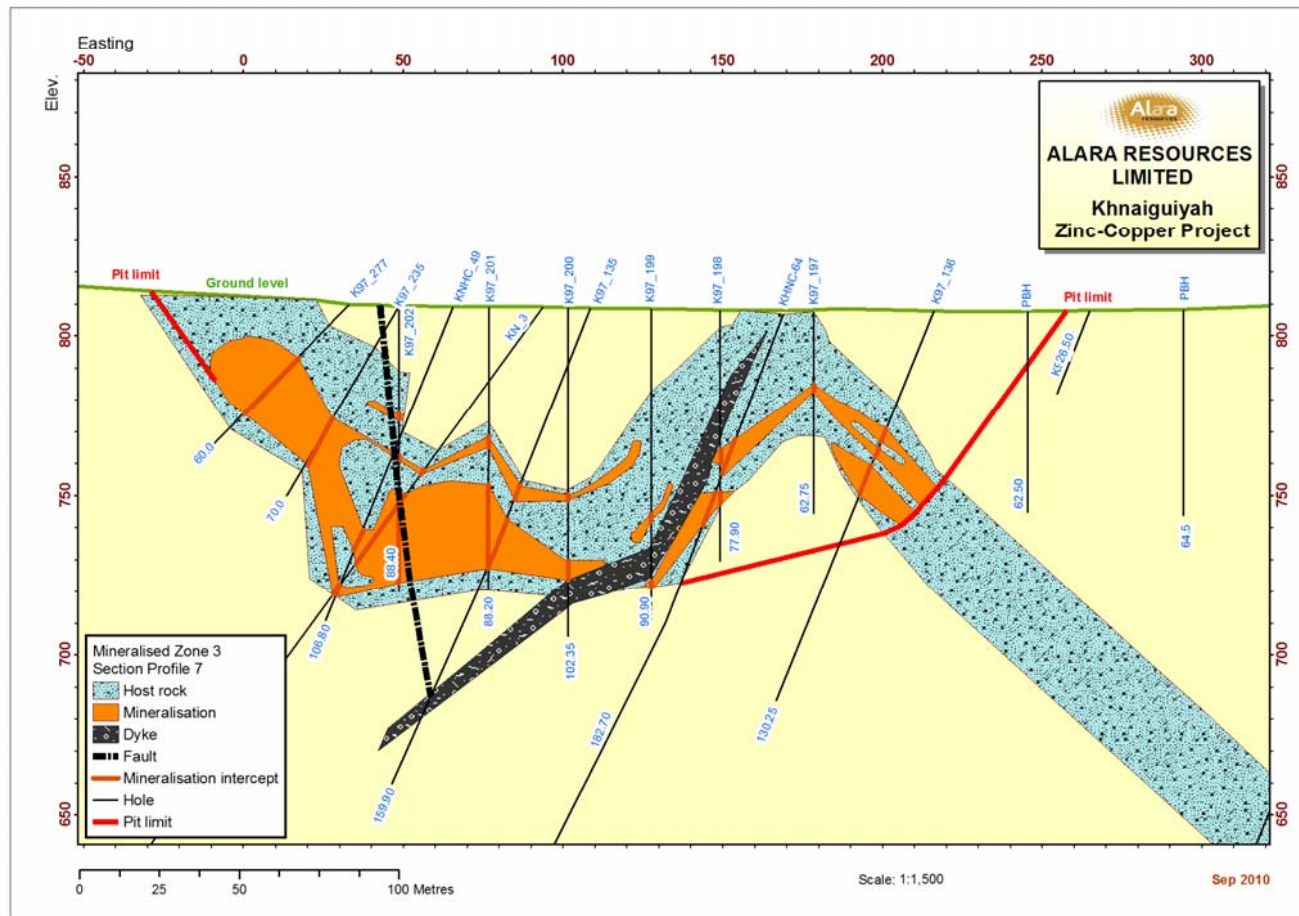
K97_220 – 2m @ 2.93% Zn, 0.23% Cu
3m @ 4.41% Zn, 0.07% Cu
15m @ 12.18% Zn, 0.34% Cu

K97_221 – 19m @ 6.89% Zn, 0.23% Cu

K97_222 – 2m @ 3.33% Zn, 0.09% Cu
4m @ 2.95% Zn, 1.05% Cu

Saudi Arabia: Khnaiguiyah Project

Mineralised Body 3 is thicker and close to surface on the east limb but generally copper rich and open towards the west.



Drill hole intersections

K97_136 – 4m @ 3.58% Zn, 0.27% Cu
3m @ 3.93% Zn, 0.19% Cu
10m @ 3.06% Zn, 0.05% Cu

K97_197 – 2m @ 3.1% Zn, 0.02% Cu

K97_198 – 5m @ 3.99% Zn, 0.21% Cu

K97_199 – 2m @ 4.56% Zn, 0.36% Cu
2m @ 7.89% Zn, 0.09% Cu

K97_200 – 2m @ 3.6% Zn, 0.17% Cu
7m @ 0.5% Zn, 3.5% Cu

K97_135 – 5m @ 5.91% Zn, 0.18% Cu
17m @ 23.8% Zn, 0.71% Cu

K97_201 – 3m @ 6.39% Zn, 0.09% Cu
25m @ 18.68% Zn, 0.54% Cu

K97_277 – 25m @ 3.07% Zn, 1.1% Cu

K97_235 – 16m @ 2.52% Zn, 0.41% Cu

KHNC_49 – 7m @ 3.95% Zn, 0.2% Cu

K97_202 – 2m @ 10.58% Zn, 0.01% Cu
2m @ 4.43% Zn, 0.02% Cu
29m @ 4.59% Zn, 0.03% Cu

KHNC_64 – 3.5m @ 10.95% Zn, 0.32% Cu
11.2m @ 5.66% Zn, 0.21% Cu

KN_3 – 6.97m @ 4.51% Zn, 0.18% Cu
4m @ 1.37% Zn, 1.1% Cu
6.75m @ 5.13% Zn, 0.24% Cu
9.2m @ 0.3% Zn, 1.73% Cu

Mineralised Body 3 is thicker and well defined at depth, with a distinct zinc rich zone to the east and is open and copper rich to the west.



K97_263 – 23m @ 4.4% Zn, 0.08% Cu

KHNC_76 – **8.31m @ 13.5% Zn**, 0.37% Cu

K97_151 – 16.78m @ 6.18% Zn, 0.31% Cu

KHNC_77 – **6.17m @ 9.07% Zn, 1.22% Cu**
2.6m @ 5.14% Zn, 0.05% Cu

K97_130 – 4m @ 3.67% Zn, 0.3% Cu

K97_110 – 9m @ 3.1% Zn, 0.14% Cu

12m @ 0.06% Zn, 1.89% Cu

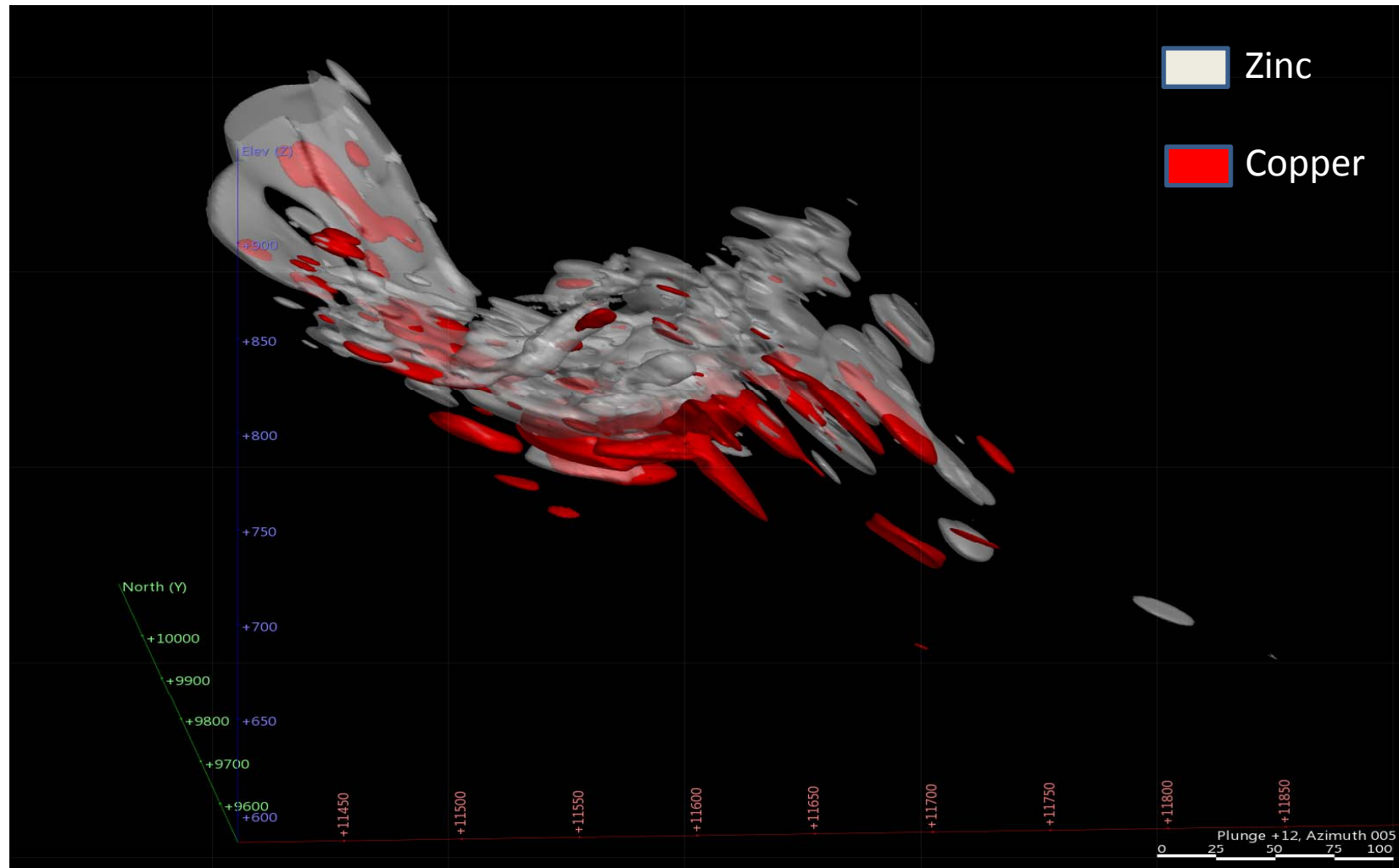
K97_117- 4m @ 4.07% Zn, 0.04% Cu

3m @ 0.06% Zn, 0.61% Cu

K97_101 – **64.55m @ 9.39% Zn, 0.2% Cu**

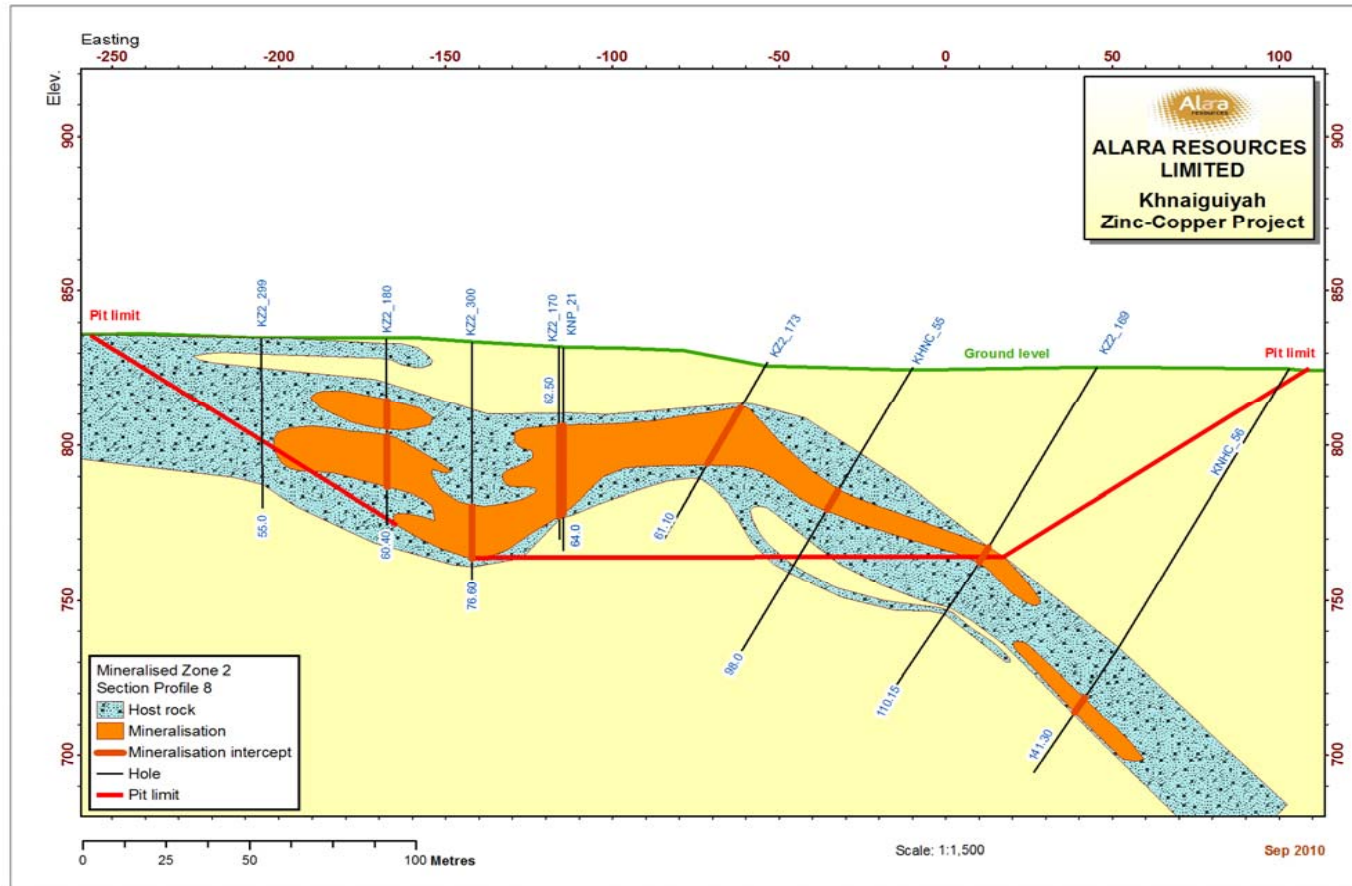
Saudi Arabia: Khnaiguiyah Project

Stacked 3D Model of Mineralised Body 3 shows structural continuity .



Saudi Arabia: Khnaiguiyah Project

Mineralised Body 2 is generally flat lying and open to the east.



Drill hole intersections

KZ2_180-16m @ 10.3% Zn, 0.33% Cu

KZ2_300-17m @ 4.06% Zn, 0.77% Cu

KZ2_170- 4m @ 3.36%Zn, 0.03% Cu
18m @ 3.87% Zn, 0.82% Cu

KNP_21 -15m @ 6.17% Zn, 0.16% Cu
6m @ 0.49% Zn, 0.72% Cu

KZ2_173- 2m @ 4.33% Zn, 0.24% Cu
14m @ 1.47% Zn, 0.77% Cu

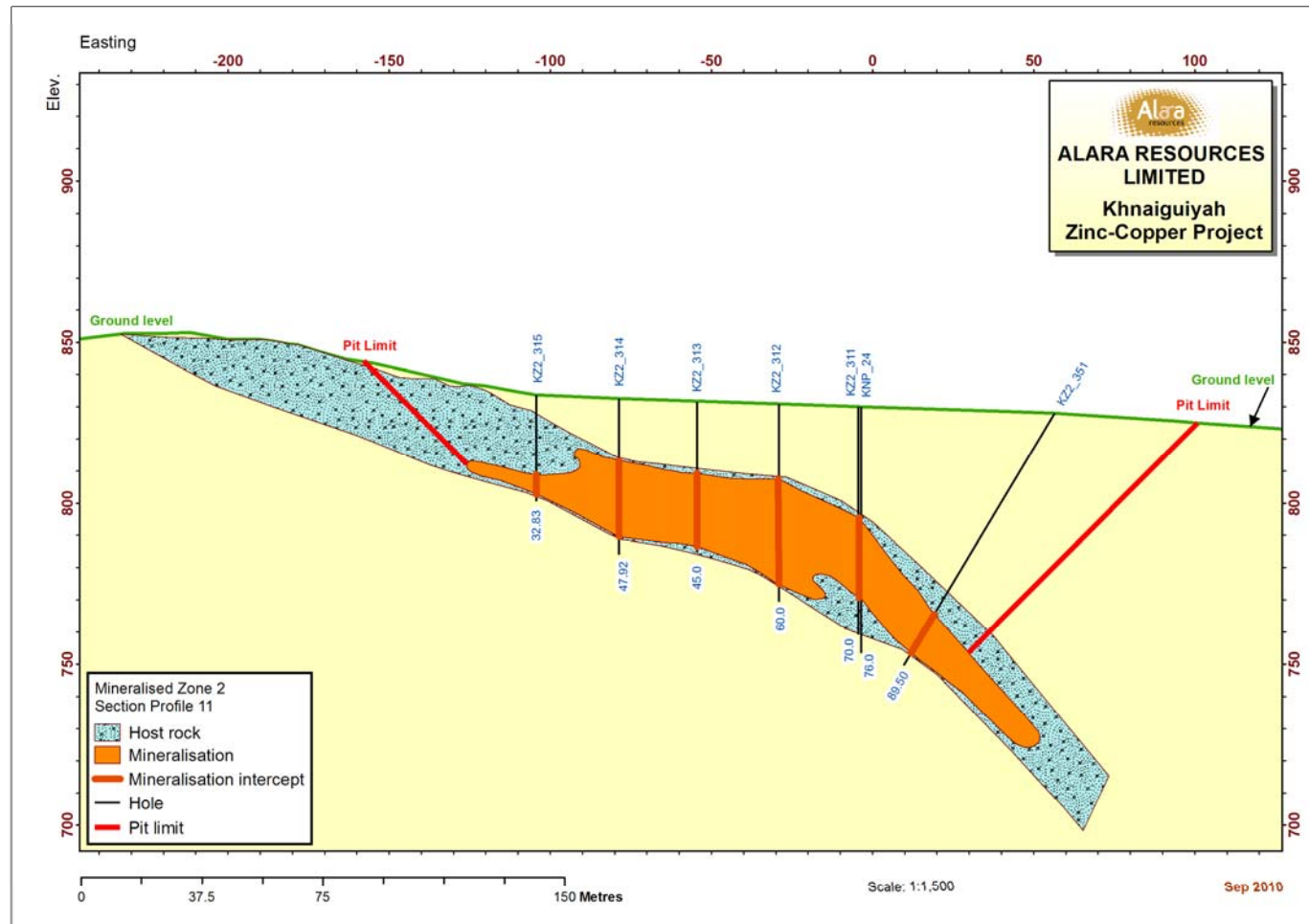
KZ2_165- 5m @ 4.18% Zn, 0.09% Cu

KHNC_55- 7m @ 5.03% Zn, 0.09% Cu

KHNC_56- 5m @ 1.13% Zn, 1.12% Cu

Saudi Arabia: Khnaiguiyah Project

Mineralised Body 2 is shallow and thick.

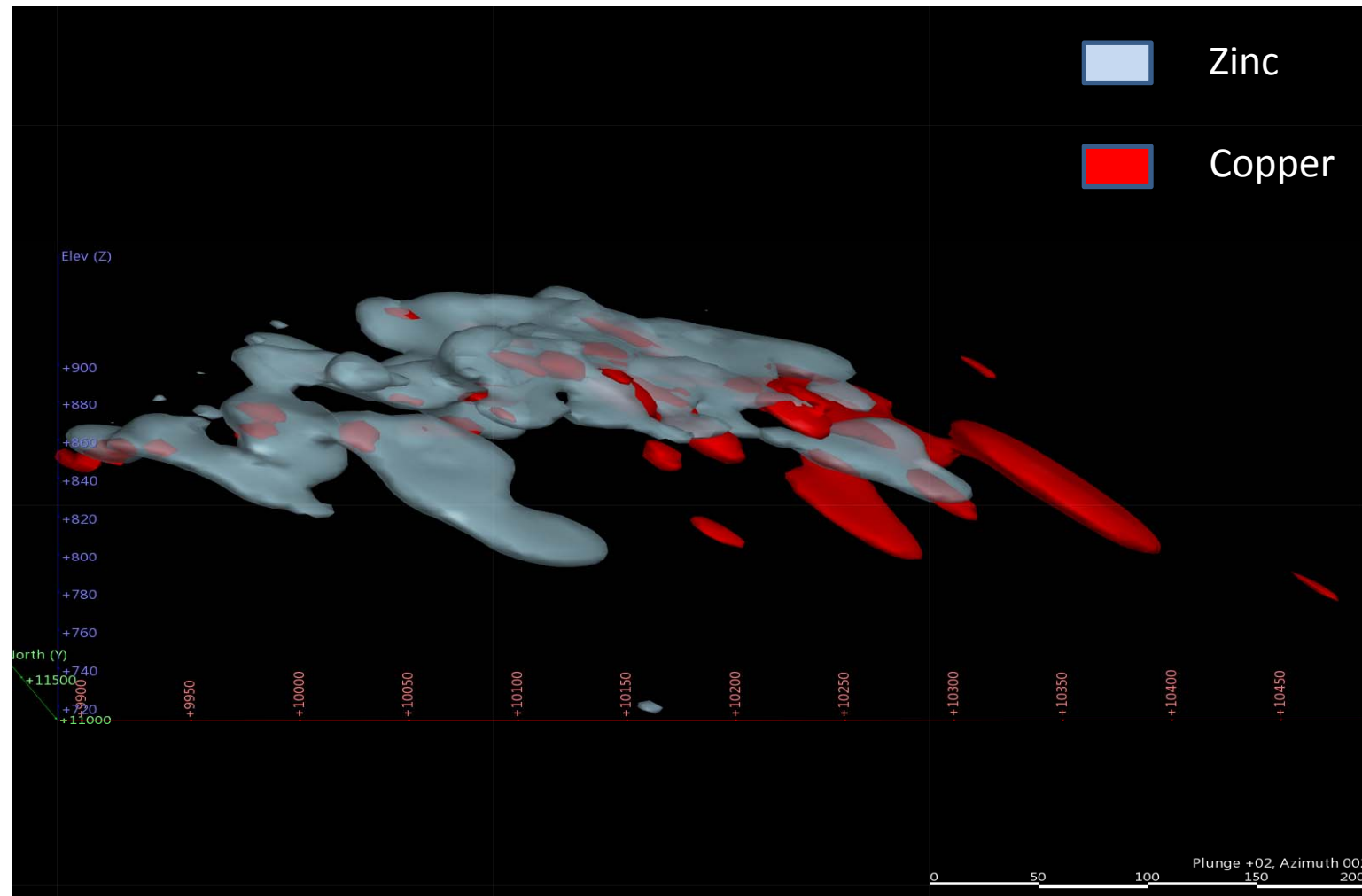


Drill hole intersections

- KZ2_311 – 8m @ 4.6% Zn, 0.5% Cu
- KZ2_351 - 8m @ 7.5% Zn, 0.3% Cu
- KZ2_312 – 18m @ 7.2% Zn, 0.1% Cu
- KZ2_313 – 17m @ 18% Zn, 0.3% Cu**
- KZ2_314 – 18m @ 6.5% Zn, 0.25% Cu
- KZ2_315 – 24m @ 5.5% Zn, 0.2% Cu

Saudi Arabia: Khnaiguiyah Project

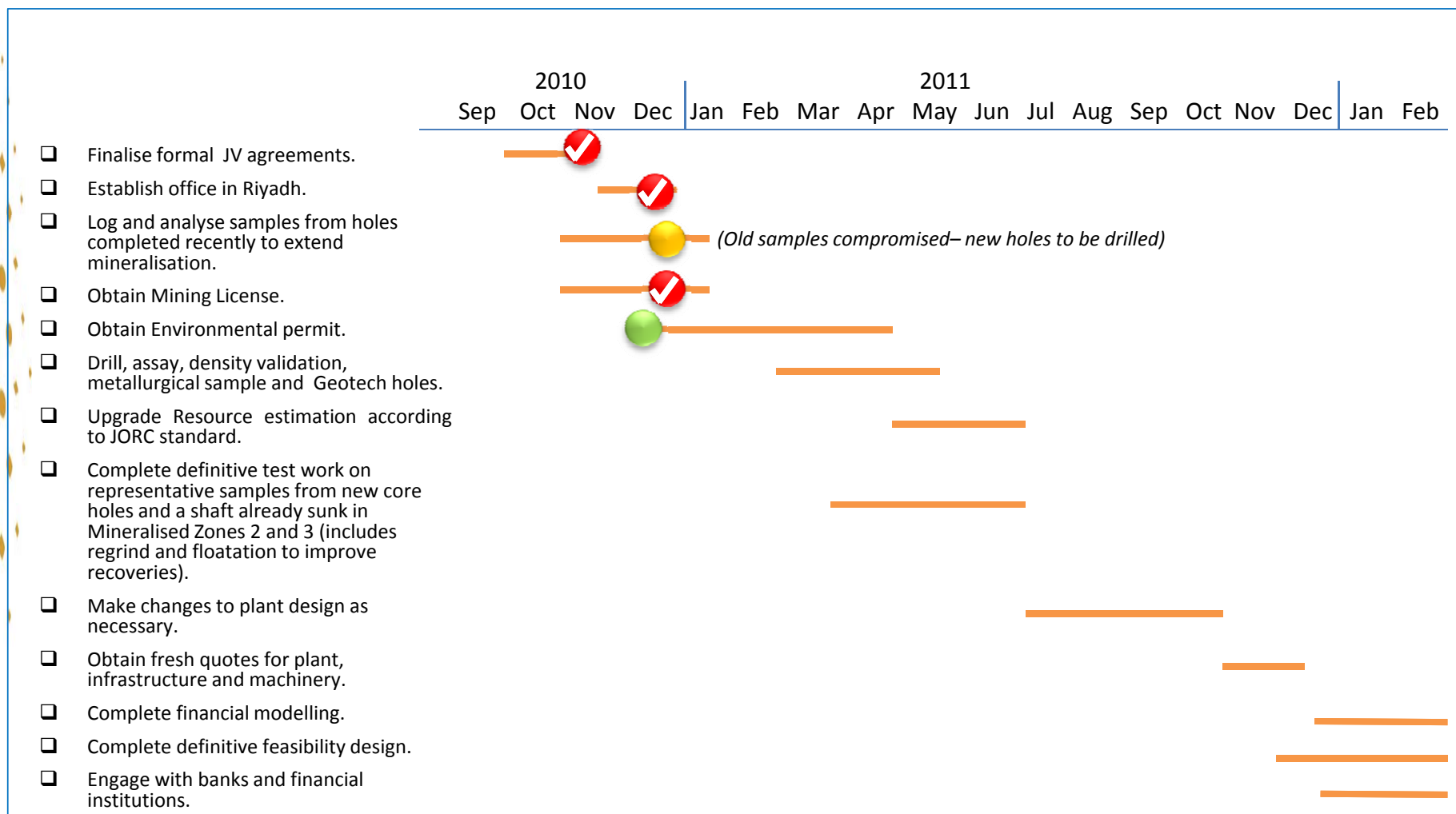
A Stacked 3D Model of Mineralised Body 2 shows the flat and shallow disposition of the ore body.



Alara has made rapid progress in Saudi Arabia since December 2010.

- Khnaiguiyah Zinc-Copper Project joint venture company (Alara 50%) has been formed in Saudi Arabia – “Khnaiguiyah for Mining Company” (**KMC**).
- Mining License for Khnaiguiyah awarded to Manajem (Saudi partner).
- Transfer of Mining License and Exploration licenses from Manajem to KMC underway.
- **Drilling has commenced to validate previous studies and expand mineralisation.**
- Established an office in Riyadh, Saudi Arabia and put in place a local geological team (led by an expatriate Chief Geologist and expatriate Project Geologist) and office and field/site support personnel.
- Metallurgical specialist engaged and test work underway.
- DFS study manager selected – contracts being finalised.

Alara is targeting completion of Khnaiguiyah DFS within 12 months.



Completed



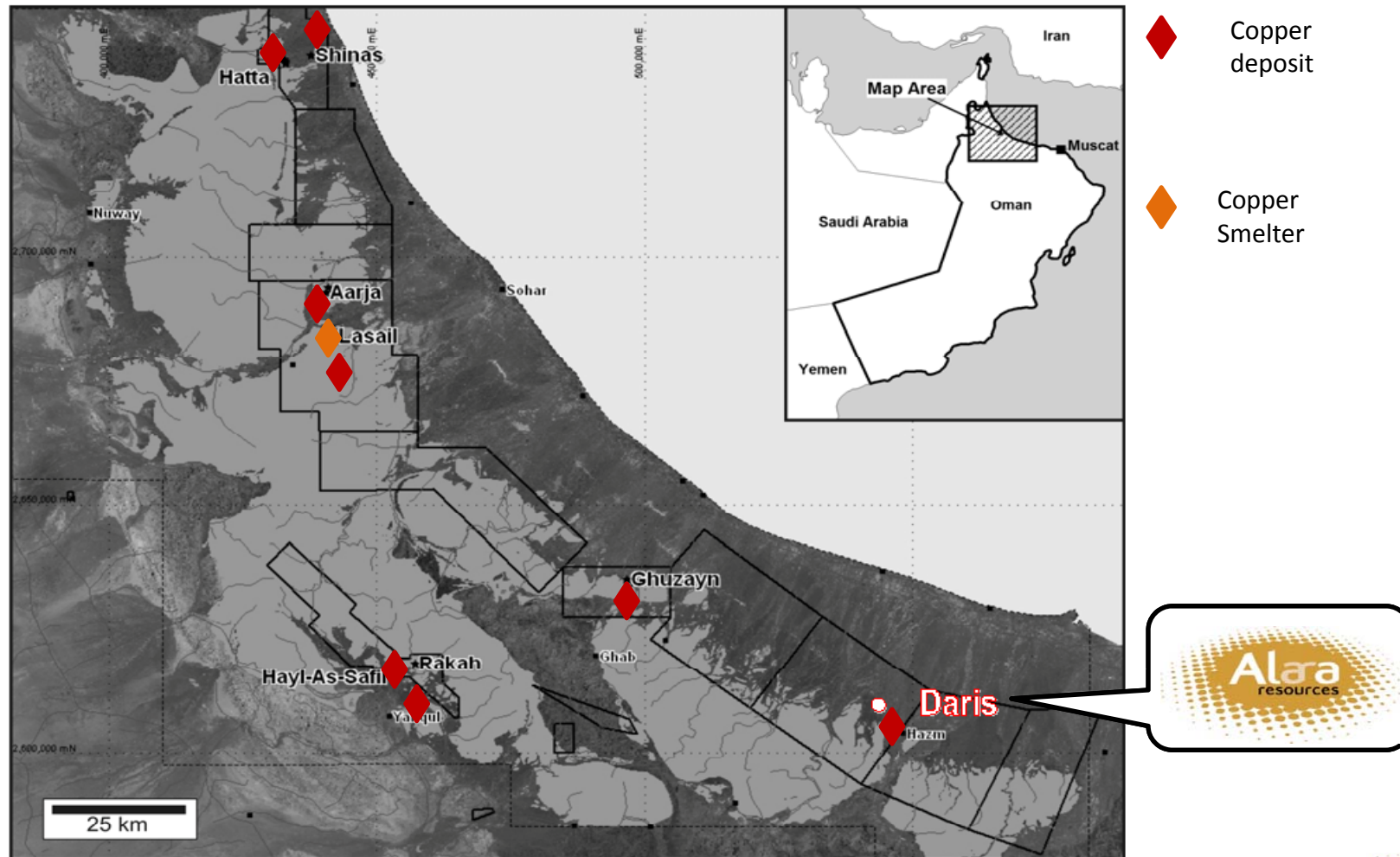
Commenced



Suspended

Oman: Daris Project

The Daris Project is located in a region with several examples of VMS Copper Deposits in the Oman Ophiolites and a nearby Copper Smelter.



Alara is targeting quick discovery and treatment of copper sulphides from the Daris Project.

- Alara has completed a 25 drill hole programme in 2 of 12 known prospects in the project area. Results received from one of these prospects, where 3 core holes were drilled to test previously indicated massive sulphide mineralisation around a known gossan are promising:
 - 17.20m at 8.05% copper, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between 10% -14.7% copper (D3DC003).
 - 11.90m at 5.74% copper, from 34.35m and 3.45m at 10.28% copper (including 1m at 16.0% copper), from 50.60m, as copper sulphides, together with 17.85m at 2.61 g/t gold from 28.40m and 3.45m at 3.10 g/t gold from 50.60m (D3DC002).
 - 6.10m at 5.81% copper, as copper sulphides from 31.55m, together with 18.65m at 3.80 g/t gold from 19.0m (D3DC001).
- Oxide copper mineralisation together with native copper, in thickness ranging from 2m to 24m was intersected in 12 of the 21 percussion holes drilled at depths less than 30m.
- The results of 3 diamond core holes have confirmed the presence of sulphide mineralisation over a strike distance of over 100 -120m open to the west and covered by a wider cap of oxide mineralisation with variable thicknesses and grades.
- Alara Exploration Manager has relocated to Oman and a local office established.

Oman: Daris Project

Oxide and sulphide copper-gold mineralisation reported in historic drilling has been confirmed at Daris East.



Native Cu in the oxide body drill cuttings



Core hole DEDC002
6m massive sulphides intersected at 37-43m

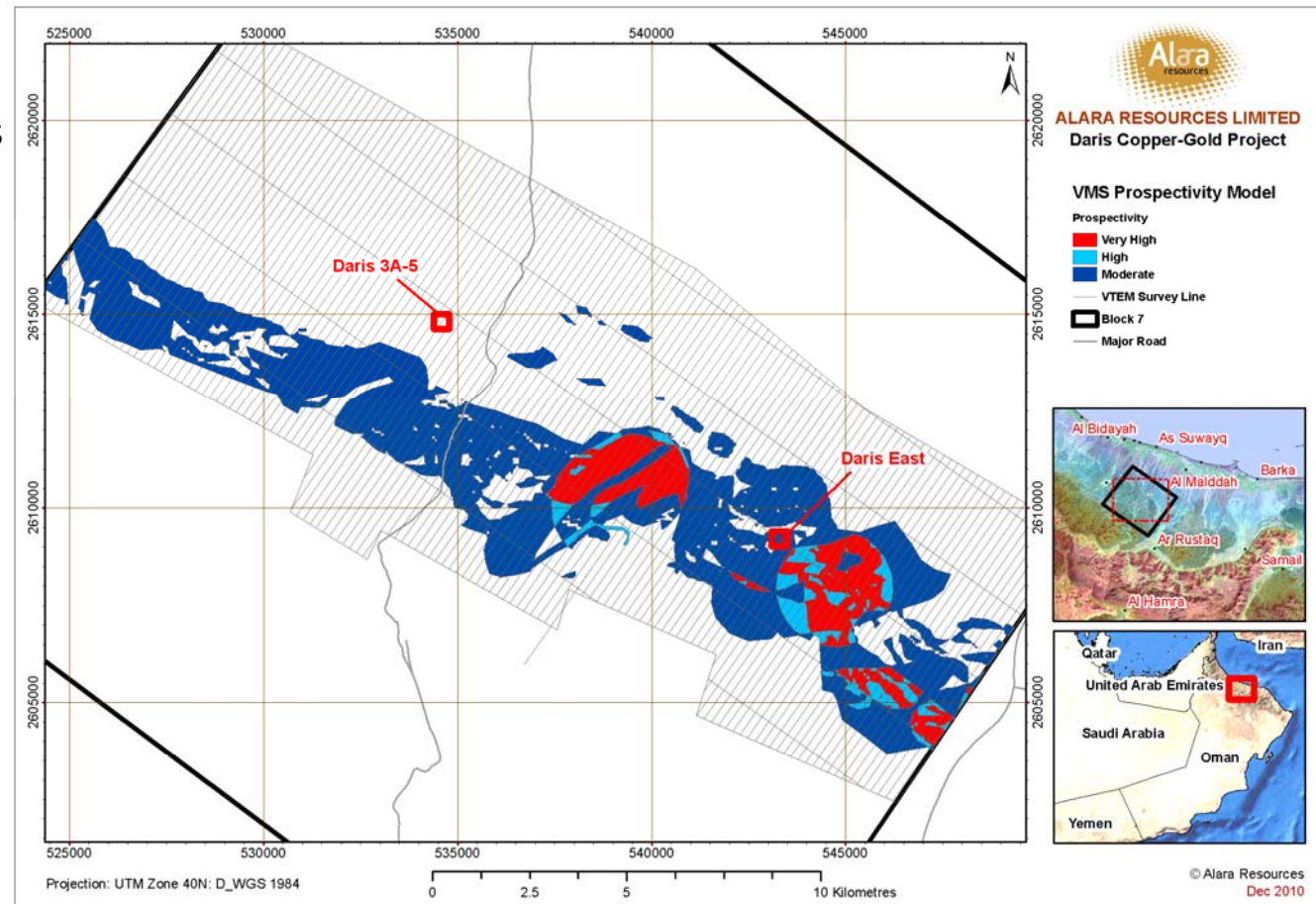


Gossan

Oman: Daris Project

A Helicopter borne VTEM survey is now underway over Daris, testing new targets.

- Spatial Data and Predictive Modelling of VMS potential has identified several new unexplored targets in the Daris Project.
- After the VTEM survey, drilling will recommence to extend known mineralisation and test additional high priority potential clusters.



Chile: El Quillay Project

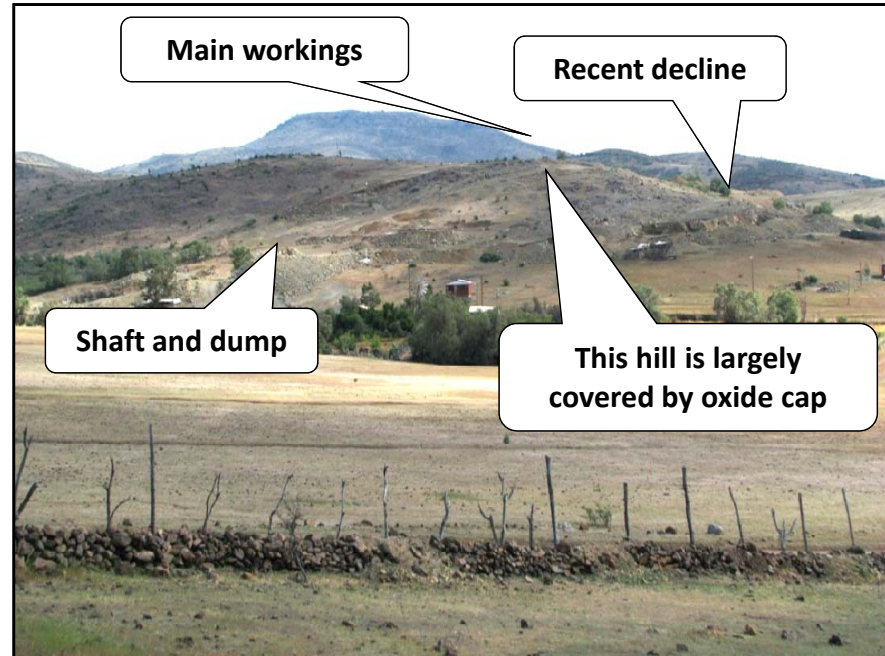
In Chile, Alara is targeting copper-gold prospects in an area with extensive previous working and walk up drill targets.

- Five copper, copper gold and copper molybdenum IOCG type and porphyry prospects.
- Deep workings along a 6km strike are located along a major fault system in andesitic lavas and in diorite.
- Target mineralisation potential ¹.
 - 8 to 10Mt of oxide cap @ 0.7% to 1.00% Cu to 30m depth, and 20Mt to +40Mt @1.5% Cu equivalent as copper sulphides, gold and silver below oxide cap (based on surface widths and projections) (**“El Quillay”** Prospect);
 - 30Mt to 60Mt@ 0.7% to 0.8% Cu equivalent in breccia pipes and porphyry (based on 2 drill holes one of which intersected 180m @ 0.70% Cu and up to 200ppm molybdenum) (**“Lana and Corina”** prospect).
- Alara is earning a 70% interest over 3 years.

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

Chile: El Quillay Project

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



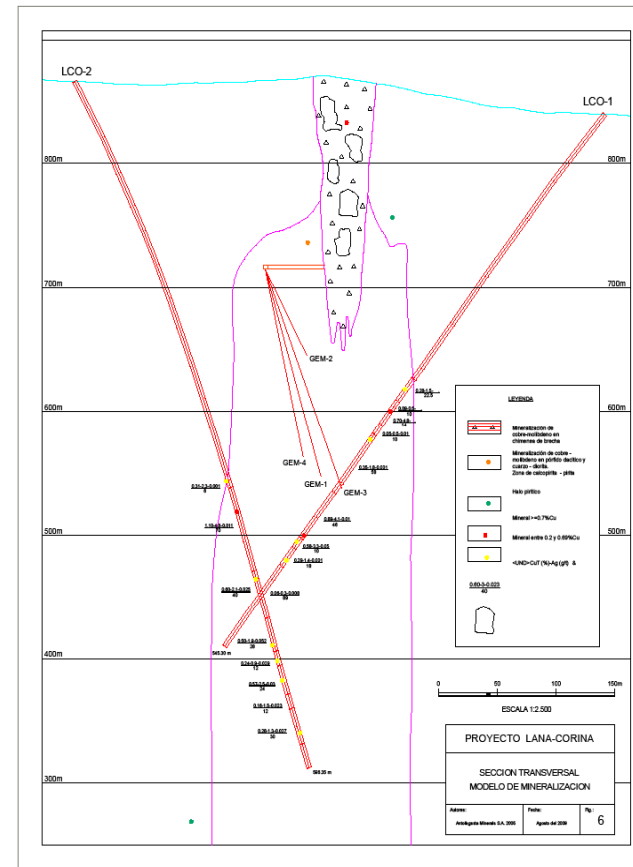
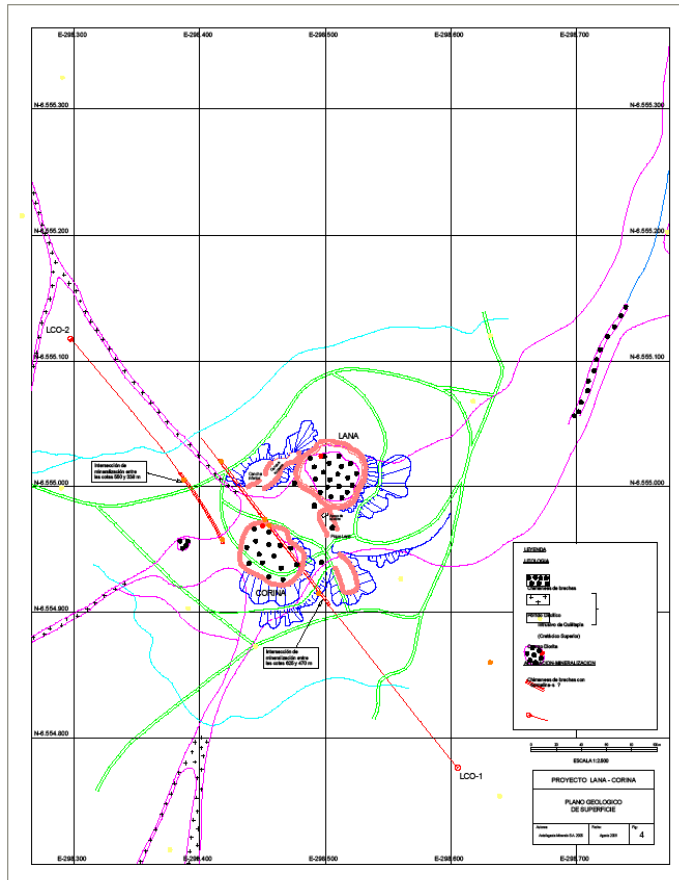
A half spiral decline dug in 2008 is wide enough to take regular trucks and loaders to sulphide mineralisation below the oxide cap, which covers most of the hill.



Alara
resources

Chile: El Quillay Project

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



Two drill holes intersected greater than 130m of mineralisation, one of which intersected 180m of 0.70% Cu and up to 200ppm Mo

Chile: El Quillay Project

Lana and Corina has well defined shallow targets, significantly richer than the porphyry below, presenting potential for early cash flow.



An extensive work program is planned for El Quillay in 2011.

- Technical and legal due diligence planned for completion in March.
 - February holiday period in Chile has delayed progress.
- Definitive agreements with local partner due to be finalised March/April.
- Mapping and geophysical surveys, including magnetic and Induced Polarisation (IP) planned for March – June.
- An initial 5,000m of drilling in the El Quillay prospect is planned to commence in the March – June quarter.



Summary

Recent accomplishments.

- Experienced industry veterans added to Board of Directors.
- \$10m capital raising completed December 2010.
- Khnaiguiyah Mining License awarded in Saudi; joint venture company and local office established.
- Positive drilling results in Oman; VTEM survey underway.
- Exploration Manager relocated to Oman and local office established.
- General Manager Projects appointed (Perth based).
- Study Manager chosen for Khnaiguiyah DFS.

The way forward for 2011.

- Completion of Khnaiguiyah DFS.
- Increase Copper Exposure:
 - Continue drilling for Zinc and Copper extensions at Khnaiguiyah;
 - Seek Further prospective tenements in Saudi Arabia with our JV partner;
 - Extension of high grade copper sulphide and gold mineralisation in known discovery of additional lenses in recently acquired concession in Oman; and
 - Proving up multiple IOCG type and porphyry prospects in Chile.

Reasons to invest in Alara.

- Offers diversity in exposure to resources sector:
 - Copper and zinc are attractive commodities for investment.
 - Pipeline of base metal projects from exploration to near production.
 - Geographical spread – Middle East; South America.
- Experienced management and board.
- Attractive capital structure.



DISCLAIMER

This presentation contains certain forecasts and forward-looking information including regarding possible or assumed future performance, costs, production levels or rates, prices, reserves and resources or potential growth of Alara Resources Limited, industry growth or other trend projections. Such forecasts and information are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors, many of which are beyond the control of Alara Resources Limited. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities

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