



NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT TO SHAREHOLDERS

Date and Time of Meeting: 11:00am (Perth time)
on Friday, 30 November 2012

Place of Meeting: Suite 2
The Forrest Centre Conference Suites
Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia

IMPORTANT NOTICE

It is recommended that shareholders read this Notice of Annual General Meeting and Explanatory Statement in full and if there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor for advice.



ASX Code: AUQ

Alara Resources Limited
A.B.N. 27 122 892 719

PRINCIPAL & REGISTERED OFFICE:

Level 14, The Forrest Centre
221 St Georges Terrace
Perth, Western Australia 6000

Local T | 1300 762 678
T | (08) 9214 9787
F | (08) 9322 1515
E | info@alararesources.com
W | www.alararesources.com

SHARE REGISTRY:

Advanced Share Registry Ltd
Suite 2, 150 Stirling Highway
Nedlands, Western Australia 6009
PO Box 1156, Nedlands,
Western Australia 6909

T | (08) 9389 8033
F | (08) 9389 7871
E | admin@advancedshare.com.au
W | www.advancedshare.com.au

Level 6, 225 Clarence Street
Sydney, New South Wales 2000
PO Box Q1736, Queen Victoria Building
New South Wales 1230

T | (02) 8096 3502

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of shareholders of Alara Resources Limited A.B.N. 27 122 892 719 (**Alara** or **Company**) will be held in **Suite 2, The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000** at **11:00am (Perth time) on Friday, 30 November 2012**.

AGENDA

1. 2012 Annual Report

To consider and receive the 2012 Directors' Report, Financial Statements and Audit Report of the Company.

The 2012 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2012 Annual Report may be viewed and downloaded from the Company's website: www.alararesources.com or emailed to shareholders upon request to info@alararesources.com, when available.

2. Resolution 1 - Re-Election of William Johnson as Director

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

"That Mr William Matthew Johnson, having retired pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company."

3. Resolution 2 - Re-Election of Ian Williams as Director

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

"That Mr Ian James Williams, having retired pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company."

4. Resolution 3 – Re-Election of Douglas Stewart as Director

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

"That Mr Douglas Haig Stewart, having retired pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company."

5. Resolution 4 – Approval of Issue of 6.7 Million Shares to United Arabian Mining Company LLC

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

"That, for the purposes of Listing Rule 7.1 of the Listing Rules of the Australian Securities Exchange (operated by ASX Limited) (ASX) and for all other purposes, shareholders approve and authorise the Directors of the Company to issue and allot a total of 6,700,000 fully-paid, ordinary shares in the capital of the Company at an issue price of US\$0.30 per share (being a total of US\$2,010,000) to United Arabian Mining Company LLC pursuant to the Shareholders' Agreement in relation to the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, which is specified in, and on the terms and conditions set out in, the Explanatory Statement accompanying this Notice."

Voting Exclusion: The Company will disregard any votes cast on Resolution 4 by United Arabian Mining Company LLC and any person who might obtain a benefit (except a benefit solely in the capacity of the security holder) if this resolution is passed, and any person associated with those persons.

However, the Company need not disregard a vote if:

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

6. Resolution 5 - Ratification of \$7.875 Million / 31.5 Million Share Placement

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

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify and approve the previous issue of 31,500,000 fully-paid, ordinary shares in the capital of the Company at an issue price of \$0.25 per share (raising \$7,875,000 gross) pursuant to offers exempt from disclosure under section 708 of the Corporations Act 2001 (Cth), and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 5 by a person who participated in the issue and any person associated with those persons.

7. Resolution 6 – Approval of 10% Placement Facility

To consider and, if thought fit, pass, the following resolution as a **special resolution**:

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, shareholders approve the issue of Equity Securities (as defined in the ASX Listing Rules) totalling up to 10% of the Company’s shares on issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on Resolution 6 by any person who may participate in the issue of Equity Securities contemplated by the resolution and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if this resolution is passed, and any person associated with those persons.

However, the Company need not disregard a vote if:

- (c) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form for this meeting; or
- (d) it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form for this meeting to vote as the proxy decides.

8. Resolution 7 - Adoption of 2012 Remuneration Report

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

“That the Remuneration Report as detailed in the Directors’ Report for the financial year ended 30 June 2012 be adopted.”

Note: The vote on Resolution 7 is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Statement for further details on the consequences of voting on this resolution.

Voting Exclusion: The Company will disregard any votes cast (in any capacity) on Resolution 7 by or on behalf of a “Key Management Personnel” (as defined in the Accounting Standards) and their “Closely Related Parties” (as defined in the Corporations Act 2001 (Cth)) (together, the **Restricted Voters**).

Key Management Personnel (**KMP**) are the Company’s Directors and Executives identified in the Company’s Remuneration Report (which is included in the 2012 Annual Report).

A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company, or a company the KMP controls.

However, a Restricted Voter may cast a vote on Resolution 7 as a proxy, for a person other than a Restricted Voter, and either:

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

Shareholders should note that if it appoints the Chair as a proxy, or the Chair is appointed by default under the Proxy Form, and the Chair is not directed as to how to vote on Resolution 7, then on the poll for that item, the Chair intends to vote any undirected proxies in favour of Resolution 7.

Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting on this resolution.

CONTINGENT BUSINESS

9. Resolution 8 - To Hold a Board Re-election Meeting

If at least 25% of the votes cast on Resolution 7 for the adoption of the 2012 Remuneration Report are against Resolution 7, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, pursuant to section 250V(1) of the Corporations Act 2001 (Cth):

- (a) *another general meeting (the **Board Re-election Meeting**) of the Company's shareholders be held within 90 days of the passing of this resolution;*
- (b) *each of the Company's Directors (other than the Managing Director) in office when the 2012 Directors' Report (which includes the Remuneration Report) was approved, being Mr William Matthew Johnson, Mr Ian James Williams and Mr Douglas Haig Stewart (assuming each is re-elected at this AGM under Resolutions 1, 2 and 3 respectively) and who remain in office at the time of the Board Re-election Meeting, cease to hold office immediately before the end of the Board Re-election Meeting; and*
- (c) *resolutions to appoint persons to offices that will be vacated immediately before the end of the Board Re-election Meeting (being the Directors named in (b) above) be put to the vote of shareholders at the Board Re-election Meeting."*

Voting Exclusion: The Company will disregard any votes cast (in any capacity) on Resolution 8 by or on behalf of a Restricted Voter (as defined above).

However, a Restricted Voter may cast a vote on Resolution 8 as a proxy, for a person other than a Restricted Voter, and either:

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

Shareholders should note that if it appoints the Chair as a proxy, or the Chair is appointed by default under the Proxy Form, and the Chair is not directed as to how to vote on Resolution 8, then on the poll for that item, the Chair intends to vote any undirected proxies against Resolution 8.

Shareholders may also choose to direct the Chair to vote in favour of Resolution 8 or to abstain from voting on this resolution.

DATED THIS 31st DAY OF OCTOBER 2012

BY ORDER OF THE BOARD



VICTOR HO
COMPANY SECRETARY

EXPLANATORY STATEMENT

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

1. 2012 ANNUAL REPORT

Section 317 of the Corporations Act requires the Directors of the Company to lay before the AGM the Directors' Report, Financial Report and the Auditor's Report for the last financial year that ended before the AGM. These reports are contained within the Company's 2012 Annual Report.

A copy of the 2012 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2012 Annual Report may be viewed and downloaded from the Company's website: www.alararesources.com or the ASX website (www.asx.com.au) under ASX Code: AUQ or emailed to shareholders upon request to info@alararesources.com, when available.

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

2. ORDINARY RESOLUTION 1 - RE-ELECTION OF WILLIAM JOHNSON AS DIRECTOR

Resolution 1 seeks shareholder approval for the re-election of Mr William Matthew Johnson as a Director of the Company.

The Company's constitution requires one third of the Directors (or if that is not a whole number, the whole number nearest to one third) to retire at each AGM. The Director(s) who retire under this rule are those who have held office the longest since last being elected or appointed. If two or more Directors have been in office for the same period, those Directors may agree which of them will retire. This rule does not apply to the Managing Director.

Mr Johnson retires at the AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Johnson has been a Director of the Company since 26 October 2009 and was most recently re-elected a Director at the 2011 Annual General Meeting. Mr Johnson's qualifications and experience are detailed in the Directors' Report in the Company's 2012 Annual Report.

The Board (other than Mr Johnson who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr Johnson to the Board of Directors of the Company and recommends that **shareholders vote in favour of Resolution 1**.

3. ORDINARY RESOLUTION 2 - RE-ELECTION OF IAN WILLIAMS AS DIRECTOR

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

Mr Williams retires at the AGM under the Company's constitution. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Williams has been a Director of the Company since 30 November 2010 and the Chairman of the Board since 10 May 2011 and was most recently re-elected a Director at a General Meeting held on 26 May 2011. Mr Williams' qualifications and experience are detailed in the Directors' Report in the Company's 2012 Annual Report.

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

4. ORDINARY RESOLUTION 3 - RE-ELECTION OF DOUGLAS STEWART AS DIRECTOR

Resolution 3 seeks shareholder approval for the re-election of Mr Douglas Haig Stewart as a Director of the Company.

Mr Stewart retires at the AGM under the Company's constitution. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Stewart has been a Director of the Company since 30 November 2010 and was most recently re-elected a Director at a General Meeting held on 26 May 2011. Mr Stewart's qualifications and experience are detailed in the Directors' Report in the Company's 2012 Annual Report.

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

5. ORDINARY RESOLUTION 4 - APPROVAL OF ISSUE OF 6.7 MILLION SHARES TO UNITED ARABIAN MINING COMPANY LLC

Resolution 4 seeks prior shareholder approval of the issue by the Company of 6,700,000 fully paid, ordinary shares in the capital of the Company at US\$0.30 per share (being a total of US\$2,010,000) to United Arabian Mining ("Manajem" in Arabic) Company LLC (**Manajem**) pursuant to the Shareholders' Agreement.

That is, as part of the consideration payable by Alara to Manajem to secure a 50% interest in the Khnaiguiyah Zinc-Copper Project located in Saudi Arabia via a 50% shareholding interest in a joint venture company, "Khnaiguiyah for Mining Company" (**KMC**).

Shareholders approved this same resolution most recently at the Company's 2011 Annual General Meeting held on 4 November 2011. However, as the ASX Listing Rules require the issue of shares within 3 months of receipt of shareholder approval, the authority to issue shares under these previous shareholder approvals has lapsed and fresh approval is sought at this Annual General Meeting under Resolution 4.

The Khnaiguiyah Project is an advanced near production project having (at the time of acquisition by Alara) a historical non-JORC Code compliant estimated mineralisation¹ assessed by BRGM², the French Office of Geological and Mining Research, prepared for the Saudi Arabian Directorate General of Mineral Resources, in 1993, as reported in Alara's ASX market announcement dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc-Copper Project in Saudi Arabia](#)".

The key terms of the Shareholders' Agreement (dated 21 October 2010) between Alara and Manajem are outlined in Alara's ASX market announcement dated 25 October 2010 and entitled "[Execution of Joint Venture Agreement - Khnaiguiyah Zinc-Copper Project in Saudi Arabia](#)".

Alara's focus, upon securing the grant of a 30 year Mining Licence in December 2010, has been to delineate and extend the mineralisation from historical work, define a JORC Code compliant resource and complete a definitive feasibility study. Further details on the Khnaiguiyah Project are in the Company's 2012 Annual Report.

The Company's market announcements referred to above may be downloaded and viewed from the Company's website (www.alararesources.com) or the ASX website (www.asx.com.au) under ASX Code: AUQ. Copies of these market announcements and the Company's 2012 Annual Report can also be emailed to shareholders upon request to info@alararesources.com or posted by mail to shareholders upon request by telephone to (08) 9214 9787.

The total consideration payable to Manajem under the Shareholders' Agreement is US\$7.5 million, which is payable in stages subject to completion of project milestones. The Company has paid US\$3.558 million to Manajem to date. There is one further tranche of US\$3.942 million payable upon KMC receiving the grant of all environmental approvals and mining permits for the commencement of mining operations under the Mining Licence (subject to completion of the transfer of the Mining Licence from Manajem to KMC), with such consideration to be satisfied as follows:

- (i) US\$2.010 million to be satisfied by the issue of 6,700,000 shares in Alara Resources Limited, at an issue price of US\$0.30 per share (equivalent to ~A\$0.29 per share based on the current A\$1.00/~US\$1.03 exchange rate); and

1 Source: BRGM Geoscientists, 1993, Khnaiguiyah zinc-copper deposit – prefeasibility study – 1, 2, and 3: Saudi Arabian Directorate General of Mineral Resources Technical BRGM-TR-13-4, 651p., 209 figs., 171 tables, 78 appendixes, 23 photoplates

2 Bureau de Recherches Géologiques et Minières ("Office of Geological and Mining Research") (www.brgm.fr)

- (ii) US\$1.932 million to be satisfied by the payment of cash.

The Company notes that its share price as at the date of the Shareholders' Agreement on 21 October 2010 was \$0.28 per share and the US\$0.30 issue price referred to above was equivalent to ~A\$0.306 per share based on a A\$1.00/~US\$0.98063 exchange rate at that time).

The Company notes that, in July 2012, Manajem received confirmation from the Presidency of Meteorology and Environment in Saudi Arabia of the grant of approvals for construction and mining operations at the Khnaiguiyah Project. The approvals require the commencement of construction within one year. However, the transfer of the Mining Licence from Manajem to KMC is still pending completion.

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under ASX Listing Rule 7.1. In accordance with ASX Listing Rule 7.3, the following information is provided to shareholders to assist them to assess whether to approve Resolution 4:

- (a) 6,700,000 shares may be issued by the Company, provided the triggers for payment are satisfied under the Shareholders' Agreement (as described above);
- (b) The shares will be issued at a price of US\$0.30 per share. This is equivalent to ~A\$0.29 per share based on the current A\$1.00/~US\$1.03 exchange rate;
- (c) The shares will be ordinary, fully-paid shares issued on the same terms and conditions as the shares currently on issue by the Company;
- (d) The allottee is United Arabian Mining Company LLC (Manajem), who is not a related party or associate of the Company;
- (e) The shares will be issued and allotted upon KMC receiving all required environmental approvals and mining permits to develop and operate a mine for commercial exploitation in respect of the Khnaiguiyah Mining Licence (subject to completion of the transfer of the Mining Licence from Manajem to KMC), pursuant to the Shareholders' Agreement. The Company is unable to specify the date upon which these matters will be completed as they are beyond the control of the Company. To accommodate the possibility that this may occur later than 3 months after the date of shareholder approval of Resolution 4, the Company may apply to the ASX for a waiver of the applicable ASX Listing Rules to permit the Company to issue the shares after this time. If so, the Company will lodge an ASX market announcement to advise of the ASX's decision on the Company's waiver application;
- (f) No funds will be raised from the issue of the shares (which are being issued as part of the consideration payable to Manajem under the Shareholders' Agreement).

Directors' Recommendations

The Directors unanimously recommend that **shareholders vote in favour of approving Resolution 4**, as the issue of 6,700,000 shares (at an issue price of US\$0.30 per share) in lieu of US\$2,010,000 cash consideration otherwise payable to Manajem under the Shareholders' Agreement will preserve the Company's cash funds, obviate the need for the Company to potentially issue shares at a more dilutory issue price to fund the payment of a cash consideration and is in the best interests of the Company.

Voting Exclusion

In accordance with ASX Listing Rules 7.3 and 14.11, the Company will disregard any votes cast on Resolution 4 by United Arabian Mining Company LLC and any person who might obtain a benefit (except a benefit solely in the capacity of the security holder) if Resolution 4 is passed, and any person associated with those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

6. ORDINARY RESOLUTION 5 – RATIFICATION OF \$7.875 MILLION / 31.5 MILLION SHARE PLACEMENT

Resolution 5 seeks shareholder ratification of the issue by the Company of a total of 31,500,000 fully-paid, ordinary shares in the capital of the Company at \$0.25 per share (raising \$7,875,000 gross) to professional and institutional investors entitled to accept offers of securities under section 708 of the Corporations Act (the **Placement**).

The Company announced on 25 October 2012 that it had undertaken a placement of 31.5 million shares at \$0.25 per share to raise a total of \$7.875 million (the Placement). The Placement was managed by Petra Capital Pty Ltd ABN 95 110 952 782 (AFSL 317944) (**Petra Capital**) and was accepted by professional and institutional investors. Petra Capital will receive a commission on the gross funds raised under the Placement.

Acceptances from professional and institutional investor clients under the Placement were received on 24 October 2012 and settlement was completed on 30 October 2012, with shares issued on 31 October 2012.

The Placement issue price of \$0.25 per share represents a discount of ~11% to the ~\$0.28 closing price of the Company's shares on 22 October 2012 (the date prior to the Company requesting a 2 day trading halt to conduct and complete the Placement) and a discount of ~11% to the ~\$0.28 volume weighted average price (**VWAP**) for the Company's shares on ASX over the 30 days preceding the trading halt requested by the Company on 22 October 2012. Over the three months ending 22 October 2012, the Company's shares have traded on ASX in a range of \$0.23 to \$0.335, with a VWAP of ~\$0.27.

The \$7.875 million funds raised under the Placement, after expenses of the issue, will be applied principally towards the costs of development of the Company's flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and exploration, evaluation and development of the Company's resource projects in Oman. The balance of the funds, together with the Company's existing cash and liquid investments, will be applied towards the Company's other projects and for general working capital purposes. Further details on the Company's projects are in the 2012 Annual Report.

ASX Listing Rule 7.1 provides, in summary, that a listed company may not issue or agree to issue equity securities in any 12 month period which exceed 15% of the number of fully paid ordinary securities of the company on issue at the beginning of the 12 month period, except with the prior approval of shareholders.

The issue of 31,500,000 shares comprises approximately 14.96% of the Company's pre-Placement total issued share capital of 210,507,500 shares.

The Placement of 31,500,000 shares did not exceed the 15% limit under ASX Listing Rule 7.1. However, whilst prior shareholder approval (under ASX Listing Rule 7.1) was not required for the Placement issue, the effect of the issue is to reduce the Company's capacity to issue additional securities in the future without prior shareholder approval as permitted under ASX Listing Rule 7.1.

The Company therefore wishes to seek shareholder ratification and approval for the purposes of ASX Listing Rule 7.4 in order to renew the Company's capacity to issue up to 15% of the securities of the Company on issue in a 12 month period under ASX Listing Rule 7.1.

ASX Listing Rule 7.5 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under ASX Listing Rule 7.4. In accordance with ASX Listing Rule 7.4, the following information is provided to shareholders to assist them to assess whether to approve Resolution 5:

- (a) 31,500,000 shares were issued by the Company upon settlement of the Placement. Settlement was completed on 30 October 2012 with shares issued on 31 October 2012;
- (b) The shares were issued at a price of \$0.25 per share;
- (c) The shares are ordinary, fully-paid shares issued on the same terms and conditions as the shares currently on issue by the Company;
- (d) The shares were issued and allotted to professional and institutional investor clients of Petra Capital entitled to accept offers of securities under section 708 of the Corporations Act. None of the recipients are related parties or associates of the Company; and
- (e) The funds raised from the Placement (after paying expenses of the issue) will be applied towards the costs of advancement of exploration, evaluation and development of the Company's resource projects and for general working capital purposes.

Directors' Recommendations

The Directors believe that a "refreshment" of the Company's capacity to issue up to 15% of the securities of the Company on issue in a 12 month period under ASX Listing Rule 7.1 is in the best interests of the Company and unanimously recommend that **shareholders vote in favour of Resolution 5**.

Voting Exclusion

In accordance with ASX Listing Rules 7.5 and 14.11, the Company will disregard any votes cast on Resolution 5 by any person who participated in the Placement issue and their associates.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

7. SPECIAL RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY

Resolution 6 seeks shareholder approval to issue Equity Securities under a 10% Placement Facility over a 12 month period following the 2012 AGM.

ASX Listing Rule 7.1A enables 'eligible entities' to seek shareholders' approval at an AGM to issue Equity Securities (as defined under the ASX Listing Rules, which includes a share, a right to a share, an option over an issued or unissued security and a convertible security) representing up to 10% of its issued share capital over a 12 month period after the AGM (**10% Placement Facility**).

The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An 'eligible entity' for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. As at the date of this Notice and Explanatory Statement, the Company is an eligible entity.

The maximum number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer section 7.1(c) below).

7.1. Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval of Resolution 6 (being a special resolution) at this AGM.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as the Company's existing quoted class of equity securities.

The Company, as at the date of this Notice and Explanatory Statement, has on issue the following listed and unlisted classes of securities:

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	242,007,500	-	242,007,500
\$0.35 (16 September 2013) Unlisted Options ³	-	1,000,000	1,000,000
\$0.35 (16 September 2013) Unlisted Options ³	-	16,400,000	16,400,000
\$0.35 (25 October 2014) Unlisted Options ⁴	-	3,650,000	3,650,000
\$0.60 (25 October 2014) Unlisted Options ⁴	-	2,000,000	2,000,000
\$0.50 (25 May 2014) Unlisted Options ⁵	-	400,000	400,000
\$0.60 (25 May 2014) Unlisted Directors' Options ⁶	-	500,000	500,000
\$0.60 (25 May 2014) Unlisted Options ⁵	-	250,000	250,000
\$0.70 (25 May 2014) Unlisted Options ⁵	-	250,000	250,000
\$0.35 (22 August 2015) Unlisted Options ⁷	-	400,000	400,000
Total	242,007,500	24,850,000	266,857,500

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities that have obtained shareholder approval at an AGM may issue or agree to issue, during the 12 month period following the AGM, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

- A** has the same meaning in Listing Rule 7.1 when calculating a company's 15% placement capacity being the number of ordinary shares on issue 12 months before the date of issue or agreement to issue:
- (i) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2;
 - (ii) plus the number of partly paid ordinary shares that became fully paid in the 12 months;
 - (iii) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval; and
 - (iv) less the number of fully paid ordinary shares cancelled in the 12 months.
- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

3 Terms and conditions of issue are set out in a [Notice of General Meeting and Explanatory Statement dated 18 August 2008](#) for a General Meeting held on 17 September 2008 and in an ASX [Appendix 3B New Issue Announcement lodged on 24 September 2008](#)

4 Terms and conditions of issue are set out in a [Notice of Annual General Meeting and Explanatory Statement dated 26 October 2009](#) for an Annual General Meeting held on 30 November 2009 and in ASX Appendix 3B New Issue Announcements lodged on [26 October 2009](#) and [1 December 2009](#)

5 Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)

6 Terms and conditions of issue are set out in a terms and conditions of issue are set out in a [Notice of General Meeting and Explanatory Statement dated 15 April 2011](#) for a General Meeting held on 26 May 2011 and in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)

7 Terms and conditions of issue are set out in an ASX [Appendix 3B New Issue Announcement lodged on 23 August 2010](#)

At the date of this Notice, the Company has on issue 242,007,500 fully paid ordinary shares and has a capacity to issue:

- (i) 36,301,125 Equity Securities under Listing Rule 7.1 (being the 15% placement capacity), once Resolution 5 has been passed; and
- (ii) subject to the passing of Resolutions 5 and 6, 24,200,750 Equity Securities under Listing Rule 7.1A (being the 10% Placement Facility).

The actual number of Equity Securities that the Company will have the capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 7.1(c) above).

(e) Minimum Issue Price

The Equity Securities will be issued (under Listing Rule 7.1A) at an issue price of not less than 75% of the VWAP for the Company's Equity Securities in the same class calculated over the 15 trading days on which days trades in those securities were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in section 7.1(e)(i) above, the date on which the Equity Securities are actually issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the AGM until the earlier of:

- (i) the first anniversary of the AGM; or
- (ii) the date of approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period as may be allowed by ASX (the **10% Placement Period**).

7.2. Effect of passing Resolution 6

The effect of shareholders passing Resolution 6 will be to allow the Directors to issue Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using/in addition to using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote at the AGM.

7.3. Additional specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to Resolution 6 and the 10% Placement Facility as follows (to the extent that such information is not disclosed elsewhere in this Explanatory Statement):

- (a) If Resolution 6 is approved by shareholders and the Company issues Equity Securities under the 10% Placement Facility, existing shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the AGM; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

- (b) The table below shows the dilution of existing shareholders' voting power on the basis of the current market price of shares and the current number of Equity Securities for Variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice and Explanatory Statement.

The table also shows:

- (i) two examples where Variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of Equity Securities the Company has on issue (as contemplated under the formula in section 7.1(c) above). The number of Equity Securities on issue may increase as a result of issues of Equity Securities that do not require shareholder approval (for example, a pro rata entitlements issue) or future specific placements under Listing Rule 7.1 that are approved at a future shareholders' meeting; and
- (ii) two examples of where the issue price of the Equity Securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Assumed Issue Price		
		\$0.14	\$0.28	\$0.42
		50% Decrease in Issue Price	Issue Price	50% Increase in Issue Price
Current Variable 'A' total shares: 242,007,500	10% voting dilution - new shares issued	24,200,750	24,200,750	24,200,750
	Funds raised	\$3,388,105	\$6,776,210	\$10,164,315
50% Increase in Current Variable 'A' total shares: 363,011,250	10% voting dilution - new shares issued	36,301,125	36,301,125	36,301,125
	Funds raised	\$5,082,158	\$10,164,315	\$15,246,473
100% Increase in Current Variable 'A' total shares: 484,015,000	10% voting dilution - new shares issued	48,401,500	48,401,500	48,401,500
	Funds raised	\$6,776,210	\$13,552,420	\$20,328,630

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) No current options are exercised into shares before the date of the issue of the Equity Securities.
 - (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Facility, based on that shareholder's holding at the date of the AGM.
 - (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A and no other issues of Equity Securities (including issues under the 15% placement capacity pursuant to Listing Rule 7.1).
 - (vi) The issue price is \$0.28, being the closing price of shares on ASX on 22 October 2012.
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or Listing Rule 11.2 (disposal of the Company's main undertaking).
- (d) The Company may issue Equity Securities under the 10% Placement Facility for the following purposes:
- (i) to raise additional cash funds. In such circumstances, the Company may use the funds raised for continued exploration, evaluation and development expenditure on the Company's projects, towards potential transactions deemed by the Board to be in the best interests of the Company and/or general working capital; or
 - (ii) as non-cash consideration for transactions deemed by the Board to be in the best interests of the Company. In such circumstances, the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

- (e) The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities.
- (f) The Company's allocation policy will depend on prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.
- (g) The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to various factors, including but not limited to the following:
 - (i) the methods of raising funds that are then available to the Company;
 - (ii) the effect of the issue of the Equity Securities on the control of the Company;
 - (iii) the financial situation and solvency of the Company; and
 - (iv) advice from professional and corporate advisers.
- (h) Allottees under the 10% Placement Facility have not been determined as at the date of this Notice and Explanatory Statement, but may include existing shareholders and/or new shareholders who are not related parties of the Company. Further, if the Company is successful in acquiring new resources assets or investments, allottees under the 10% Placement Facility may include the vendors of those assets.
- (i) The Company has not previously sought or obtained shareholder approval under Listing Rule 7.1A.

7.4. Directors' Recommendation

The Directors believe that providing the Company with a 10% Placement Facility (in addition to the Company's 15% placement capacity under the ASX Listing Rules) under ASX Listing Rule 7.1A is in the best interests of the Company and unanimously recommend that **shareholders vote in favour of Resolution 6**.

7.5. Voting Exclusion

In accordance with ASX Listing Rules 7.3A and 14.11, the Company will disregard any votes cast on Resolution 6 by any person who may participate in the issue of Equity Securities contemplated by the resolution and any person who might obtain a benefit (except a benefit solely in the capacity of a security holder) if this resolution is passed, and any person associated with those persons.

However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

At the date of this Notice and Explanatory Statement, the Company has not approached any existing shareholder or an identifiable class of existing shareholders to participate in any issue of Equity Securities under the 10% Placement Facility. No existing shareholder's votes will therefore be excluded under the voting exclusion statement.

8. ADVISORY NON-BINDING RESOLUTION 7 - ADOPTION OF 2012 REMUNERATION REPORT

Resolution 7 seeks shareholder approval to adopt the 30 June 2012 Remuneration Report as disclosed in the Company's 2012 Annual Report (refer above for information on accessing the report).

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

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

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

The vote on Resolution 7 is advisory only and does not bind the Directors or the Company.

Directors' Recommendations

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that **shareholders vote in favour of Resolution 7** to adopt the Remuneration Report.

Voting Exclusion

A voting exclusion applies to Resolution 7 in the terms set out in the Notice of AGM. In particular, the Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP. The Chair will use any undirected/open proxies to vote in favour of this resolution.

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, in relation to each resolution, including Resolution 7.

If shareholders have appointed the Chair of the Meeting as their proxy (or the Chair of the Meeting becomes their proxy by default), shareholders can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on Resolution 7 by marking the appropriate Voting Direction box opposite that resolution.

However, if the Chair of the Meeting is proxy under the Proxy Form and shareholders do not mark any of the Voting Direction boxes opposite Resolution 7, shareholders are, in effect, directing the Chair to vote "FOR" the resolution as the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 7.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this resolution.

9. ORDINARY RESOLUTION 8 – TO HOLD A BOARD RE-ELECTION MEETING

The Corporations Act was amended in June 2011 to introduce the so-called "two-strikes" rule - if at least 25% of the votes cast on the adoption of the remuneration report at two consecutive AGM's are against adopting the remuneration report, shareholders will have the opportunity to immediately vote on a "Board spill resolution" at the second AGM (being contingent Resolution 8 at this AGM).

At last year's (2011) AGM, a resolution to adopt the prior year (2011) Remuneration Report was passed by a majority (72.4%) of votes cast but 27.6% "No" votes were received. As the "No" votes exceed 25%, this constitutes a "first strike" under the new executive remuneration related provisions of the Corporations Act.

The Board has considered feedback from relevant stakeholders and reviewed and updated the Company's remuneration policy (as outlined in Section (1) of the Remuneration Report in the 2012 Annual Report). In particular, the Board notes that the Company has previously granted unlisted options to Key Management Personnel without any vesting conditions or performance hurdles on these options. The Company has not granted any equity based benefits during the 2011/2012 financial year to Key Management Personnel but the Board expects that unlisted options that may be issued to Key Management Personnel in the future will now have defined performance hurdles attached to the options.

The Board believes that the Company's current remuneration structure and practices are appropriate as detailed in the 2012 Remuneration Report.

If at least 25% of the votes cast on Resolution 7 are against adopting the remuneration report at this (2012) AGM, this will constitute a "second strike" and Resolution 8 will be immediately put to the meeting and voted on as required by section 250V of the Corporations Act.

If put, Resolution 8 will be considered as an ordinary resolution.

If Resolution 8 is passed, a further meeting of shareholders must be held within 90 days (the **Board Re-election Meeting**).

Immediately before the end of the Board Re-election Meeting, each of the Company's Directors (other than the Managing Director) who remains in office at the time of the Re-election Meeting, currently expected to be Mr William Matthew Johnson, Mr Ian James Williams and Mr Douglas Haig Stewart (assuming each is re-elected at this AGM under Resolutions 1, 2 and 3 respectively at this AGM), will cease to hold office at the end of the Re-election Meeting unless re-elected (the **Relevant Directors**).

Each Relevant Director is eligible to seek re-election as a Director of the Company at the Board Re-election Meeting. If Resolution 8 is passed, shareholders should note that each of the Relevant Directors intends to stand for re-election at the Board Re-election Meeting.

Resolution 8 has the potential that the entire Board of Directors (other than the Managing Director) is removed from office. However, as a public company is required to have a minimum of 3 directors, the Corporations Act includes a mechanism to ensure that the Company will have at least 3 directors (including the Managing Director) after the Board Re-election Meeting.

That is, if at the Board Re-election Meeting, at least 2 Directors are not re-elected by ordinary resolution (ensuring the Board comprises a minimum of 3 Directors including the Managing Director), up to 2 Relevant Directors with the highest percentage of votes favouring their re-election cast at the Board Re-election Meeting on the resolution for their re-election will be taken to be appointed as directors of the Company (even if the resolution for their re-election as a Director did not pass at the Board Re-election Meeting).

Directors' Recommendations

Noting that as described in the Voting Exclusions on this resolution (set out in the Notice of AGM), that each Director (or any Closely Related Party of a Director) is excluded from voting their shares on this resolution, the Directors unanimously recommend that **shareholders vote against Resolution 8** to hold a Board Re-election Meeting.

Voting Exclusion

A voting exclusion applies to Resolution 8 in the terms set out in the Notice of AGM. In particular, the Restricted Voters may not vote on this resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a KMP. The Chair will use any undirected/open proxies to vote against this resolution.

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, in relation to each resolution, including Resolution 8.

If shareholders have appointed the Chair of the Meeting as their proxy (or the Chair of the Meeting becomes their proxy by default), shareholders can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on Resolution 8 by marking the appropriate Voting Direction box opposite that resolution.

However, if the Chair of the Meeting is proxy under the Proxy Form and shareholders do not mark any of the Voting Direction boxes opposite Resolution 8, shareholders are, in effect, directing the Chair to vote "AGAINST" that resolution as the Chair of the Meeting intends to vote undirected proxies against Resolution 8.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this resolution.

TIME AND PLACE OF AGM AND HOW TO VOTE

Venue

The Annual General Meeting of the shareholders of Alara Resources Limited will be held in:

Suite 2
The Forrest Centre Conference Suites
Level 14, The Forrest Centre
21 St Georges Terrace
Perth, Western Australia

commencing

11:00 am (Perth time)
Friday, 30 November 2012

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

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

Voting in Person

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

Voting by Proxy

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

- send the proxy by facsimile to the Company on facsimile number (08) 9322 1515; or
- deliver to the registered office of the Company at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000,

so that it is received **not later than 11:00 am (Perth time) on Wednesday, 28 November 2012**.

Proxies received after that time will not be effective.

Bodies corporate

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

Voting by Attorney

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

Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the Annual General Meeting all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 5:00pm (Perth time) on 28 November 2012 (**Voting Entitlement Time**). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXY FORM
Annual General Meeting
Alara Resources Limited
A.B.N. 27 122 892 719
Website: www.alararesources.com

PLEASE RETURN TO:
The Company Secretary
Alara Resources Limited
Level 14, The Forrest Centre
221 St Georges Terrace, Perth WA 6000
Enquiries: (08) 9214 9787
Facsimile: (08) 9322 1515
Email: info@alararesources.com

{Name1}
{Name2}
{Name3}
{Name4}
{Name5}
{Name6}, {POSTCODE}

A. Appointment of Proxy

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

☐

The Chair of the Meeting
(mark with ☒)

OR

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

or failing the person named, or if no person is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Alara Resources Limited to be held in **Suite 2, The Forrest Centre Conference Facilities, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at 11:00am (Perth time) on Friday, 30 November 2012** and at any adjournment of such Annual General Meeting.

IMPORTANT:

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

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

If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), you can direct the Chair of the Meeting to vote **FOR** or **AGAINST**, or to **ABSTAIN** from voting on the Resolutions by marking the appropriate Voting Direction boxes in Section B below. However, note that under Section A, if the Chair of the Meeting is your proxy and you do not mark any of the Voting Direction boxes in Section B below, you are, in effect, directing the Chair to vote "For" Resolutions 1 to 7 (inclusive) and "Against" Resolution 8 as the Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 3, 4, 5, 6 and 7 and against Resolution 8.

YOUR ACKNOWLEDGEMENTS ON REMUNERATION RELATED RESOLUTIONS

Chair's intention to vote undirected proxies: I/We acknowledge that the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 7 and against Resolution 8.

Direction to Chair for voting on Resolution 7 and 8: Where I/we have appointed the Chair of the Meeting as my/our proxy (or the Chair of the Meeting becomes my/our proxy by default), but I/we have not marked any of the boxes opposite Resolutions 7 and 8 in Section B below, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolutions 7 and 8 even though the Chair is, and those items are connected directly or indirectly with the remuneration of, a member of key management personnel for the Company.

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

RESOLUTIONS

	For	Against	Abstain*
(1) Re-election of William Johnson as Director	☐	☐	☐
(2) Re-election of Ian Williams as Director	☐	☐	☐
(3) Re-election of Douglas Stewart as Director	☐	☐	☐
(4) Approval of Issue of 6.7 Million Shares to United Arabian Mining Company LLC	☐	☐	☐
(5) Ratification of \$7.875 Million /31.5 Million Share Placement	☐	☐	☐
(6) Approval of 10% Placement Facility	☐	☐	☐
(7) Adoption of Remuneration Report	☐	☐	☐

Contingent Business (this Resolution 8 will only be considered at the meeting if Resolution 7 receives at least 25% "Against" votes)

(8) To Hold a Board Re-election Meeting	☐	☐	☐
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If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

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

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

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

D. Please Sign Here

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

Individual or Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company Secretary

Director

Director / Company Secretary

Contact Name

Contact Daytime Telephone

Date

Email Address

{Email}

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Change of Address

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

2. Annual Report Elections

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

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

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

3. Voting on Remuneration Matters

The Company will disregard any votes cast on Resolution 7 (Adoption of Remuneration Report) and Resolution 8 (To Hold a Board Re-election Meeting) by or on behalf of a "Key Management Personnel" (as defined in the Accounting Standards) and their "Closely Related Parties" (as defined in the *Corporations Act 2001*) (**Restricted Voter**). Key Management Personnel (**KMP**) are the Company's Directors and Executives identified in the Company's Remuneration Report. A Closely Related Party of a KMP means a spouse or child of the KMP, a child of the KMP's spouse, a dependant of the KMP or the KMP's spouse, anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the Company, or a company the KMP controls. The Company need not disregard a vote if a vote is cast by a KMP on Resolution 7 or 8 as a proxy, for a person other than a Restricted Voter, and either:

- (a) you directed the KMP the way they are to vote on Resolution 7 or 8; or
- (b) if the Chair is your proxy, you expressly authorise him to vote as he sees fit on Resolutions 7 and 8 under the Proxy Form even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

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

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

10. Signing Instructions

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

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

11. Lodgment of a Proxy

This Proxy Form (and the original or certified copy of any Power of Attorney under which it is signed) must be received at the address below not later than **11:00am (Perth time) on 28 November 2012** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the meeting. **Proxy Forms may be lodged** by posting, delivery or facsimile to the address below:

Alara Resources Limited
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

By Facsimile: (08) 9322 1515