

16 June 2015

ASX Compliance Pty Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

Attention: Mr Dale Allen
Senior Adviser, Listings Compliance (Perth)

By Email: dale.allen@asx.com.au

Dear Mr Allen,

RESPONSE TO ASX PRICE AND VOLUME QUERY

We refer to ASX's share price query dated 11 June 2015 and respond as follows:

1. *Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?*

Yes.

The Company is currently in discussion and negotiations with another company in relation to a potential corporate transaction between the parties. The parties have entered into a mutual confidentiality and exclusivity deed and are also conducting due diligence parallel to the negotiations. No agreement (other than the confidentiality and exclusivity deed) has been reached between the parties. There is no assurance that a final agreement will be reached between the parties on terms satisfactory to all parties.

2. *If the answer to question 1 is "yes":*
 - (a) *Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?*

Yes.

ASX Listing Rule 3.1 requires that when the Company is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities, the Company must immediately tell ASX that information. Listing Rule 3.1A provides for certain exceptions to Listing Rule 3.1.

In the circumstances of the Company, the Company considered the discussion and negotiations with the party referred to in the Company's response to Question (1) above were within the Listing Rule 3.1A exceptions in that:

- (a) The information concerns an incomplete proposal or negotiation;
- (b) The information comprises matters of supposition and is insufficiently definite to warrant disclosure;
- (c) The information is confidential; and
- (d) A reasonable person would not expect the information to be disclosed.

The Company also notes the following matters in relation to the potential corporate transaction referred to above:

- (i) The Company received a confidential non-binding proposal (subject to due diligence and various other conditions) from the relevant company on 29 April 2015 and executed a mutual confidentiality and exclusivity deed with the same on 15 May 2015. The parties have been in discussions and negotiations since, in relation to a mutual due diligence process and the terms of a formal agreement.
- (ii) The Company considers that no announcement was necessary in relation to these matters for the reasons outlined in the Company's response to Question (2)(a) above.
- (iii) The Company has no reason to believe that the discussion and negotiations with the party referred to in the Company's response to Question (1) above has ceased to be confidential;
- (iv) The Company has no reason to believe that the recent trading in its shares on ASX is in fact related to the discussion and negotiations.

(b) *Can an announcement be made immediately?*

No. However, the Company has prepared a market announcement entitled "Company Update" which will be lodged on ASX contemporaneously with this response to ASX.

This announcement was prepared after the receipt of the ASX share price and volume query and the Company's request for a trading halt.

The Company considers that no announcement was necessary prior to the receipt of the ASX share price and volume query for the reasons outlined in the Company's response to Question (2)(a) above.

(c) *If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?*

The discussions and negotiations with the party referred to in the Company's response to Question (1) above is ongoing and incomplete and no agreement has been entered into. The Company is relying on the Listing Rule 3.1A exceptions as outlined in the Company's response to Question (2)(a) above. The Company will make a market announcement if and when an agreement has been entered into with the party.

3. *If the answer to question 1 is "no", is there any other explanation that the Company may have for the recent trading in its securities?*

Not applicable.

4. *Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

The Company confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1 concerning the Company's continuous disclosure obligations.

Yours Sincerely,



Victor Ho
Company Secretary

Email: cosec@alararesources.com



11 June 2015

Mr Victor Ho
Company Secretary
Alara Resources Limited
Level 3, 35 Havelock Street
West Perth WA 6005

By Email: vho@alararesources.com.au

Dear Mr Ho,

Alara Resources Limited (the “Company”) - ASX price and volume query

We have noted a change in the price of the Company's securities from a closing price of \$0.006 on Wednesday, 10 June 2015, to an intra-day high of \$0.01, today, 11 June 2015. We have also noted an increase in the volume of trading in the Company's securities over this period.

In light of the price change and increase in volume, ASX asks you to respond separately to each of the following questions:

1. Is the Company aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in its securities?
2. If the answer to question 1 is “yes”:
 - a) Is the Company relying on Listing Rule 3.1A not to announce that information under Listing Rule 3.1?

Please note that the recent trading in the Company's securities would suggest to ASX that such information may have ceased to be confidential and therefore the Company may no longer be able to rely on Listing Rule 3.1A. Accordingly, if the answer to this question is “yes”, you need to contact us immediately to discuss the situation.
 - b) Can an announcement be made immediately?

Please note, if the answer to this question is “no”, you need to contact us immediately to discuss requesting a trading halt (see below).
 - c) If an announcement cannot be made immediately, why not and when is it expected that an announcement will be made?
3. If the answer to question 1 is “no”, is there any other explanation that the Company may have for the recent trading in its securities?
4. Please confirm that the Company is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **04:00 pm WST today, 11 June 2015**. If we do not have your

response by then, ASX will have no choice but to consider suspending trading in the Company's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at dale.allen@asx.com.au and tradinghaltsperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Company to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Company's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, or if the answer to question 1 is "yes" and an announcement cannot be made immediately, you should discuss with us whether it is appropriate to request a trading halt in the Company's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Dale Allen

Senior Adviser, Listings Compliance (Perth)