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Tuesday, 21 June 2011

MARKET ANNOUNCEMENT

Investor Update Presentation

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

Further information:

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NOTE:

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
June 2011



ASX: AUQ

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Investor Update – June 2011

1. INTRODUCTION

- The Company: Management, Structure and Share Price Performance

2. SAUDI ARABIA

- Khnaiguiyah: Targeting DFS completion Q1 2012
- Marjan: New concessions nearby Khnaiguiyah

3. OMAN

- Daris and Awtad: Helicopter-borne VTEM Survey completed

4. CHILE

- El Quillay: Planning, geophysics and mapping program

5. SUMMARY

- Recent accomplishments and the way forward



Company Profile

Directors

Ian Williams AO Chairman

- 40+ years mining experience
- Hamersley Iron, Rio Tinto, Century Zinc & Pasminco
- Awarded Order of Australia for services to Indigenous communities

Shanker Madan Managing Director

- 35+ years mining industry experience
- BHP, Rio Tinto & Hamersley Iron

Doug Stewart

- 35+ 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

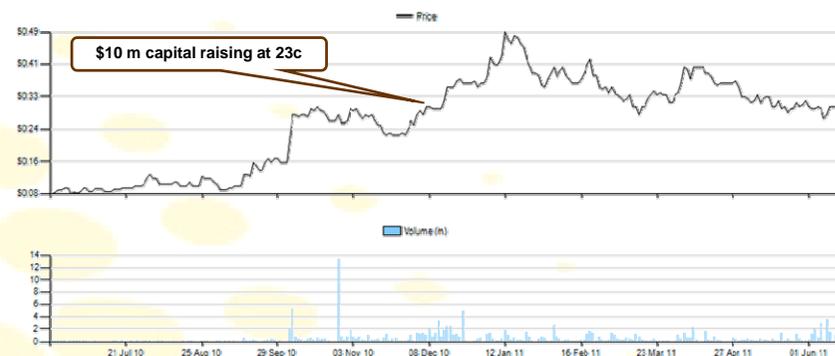
- 30+ years experience in mine operations, project management, technical services and project financing

Stock

ASX Code	AUQ
Market Cap (17 June 2011):	\$ 67.5M
Issued Capital	
- Shares	210.5M
- Options	42.2M
Cash	\$ 37M

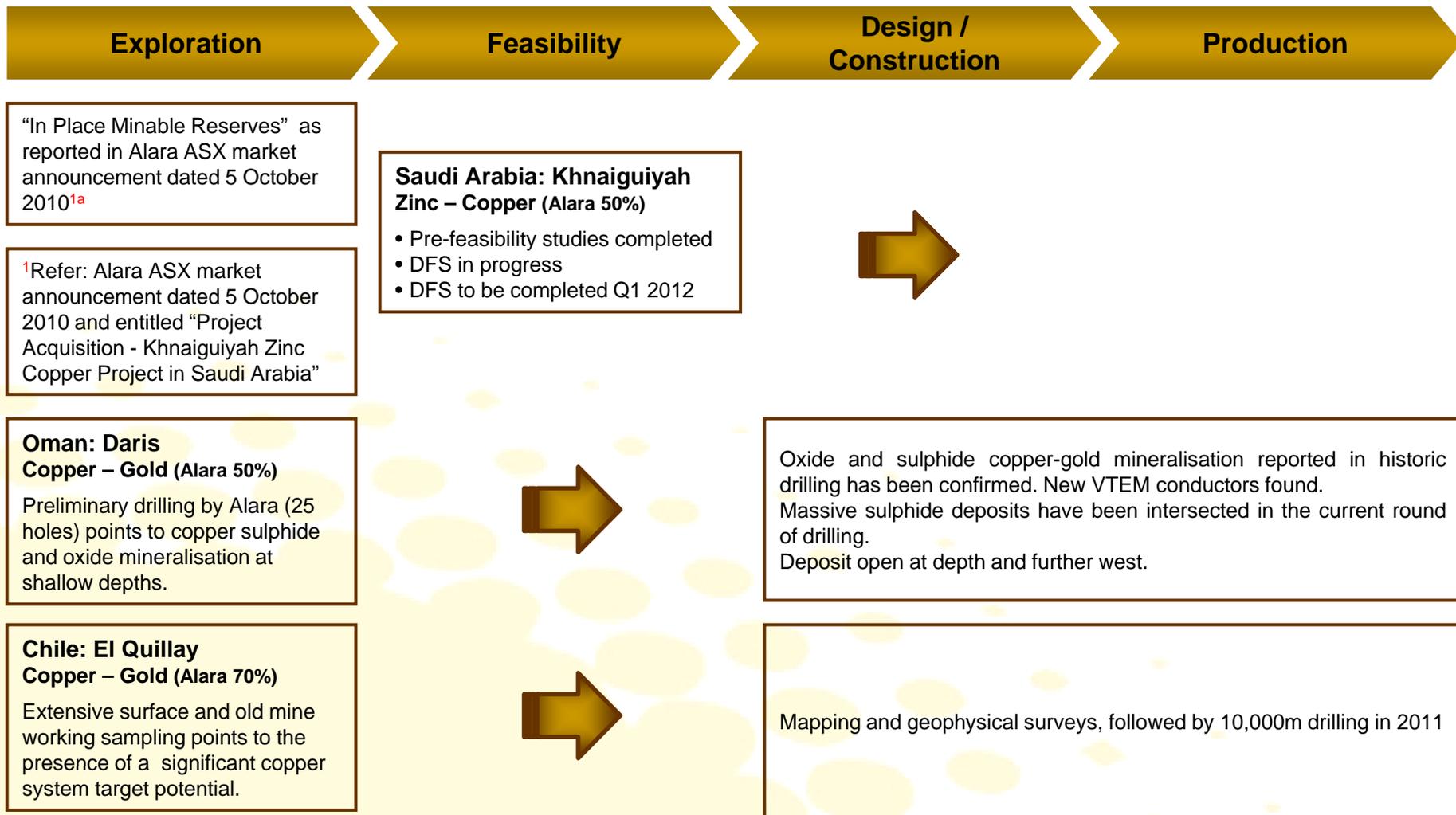
Top Shareholders

JP Morgan Nominees	17.97%
HSBC Custody Nominees	16.46%
National Nominees	13.87%
Citicorp Nominees	9.53%



Pipeline

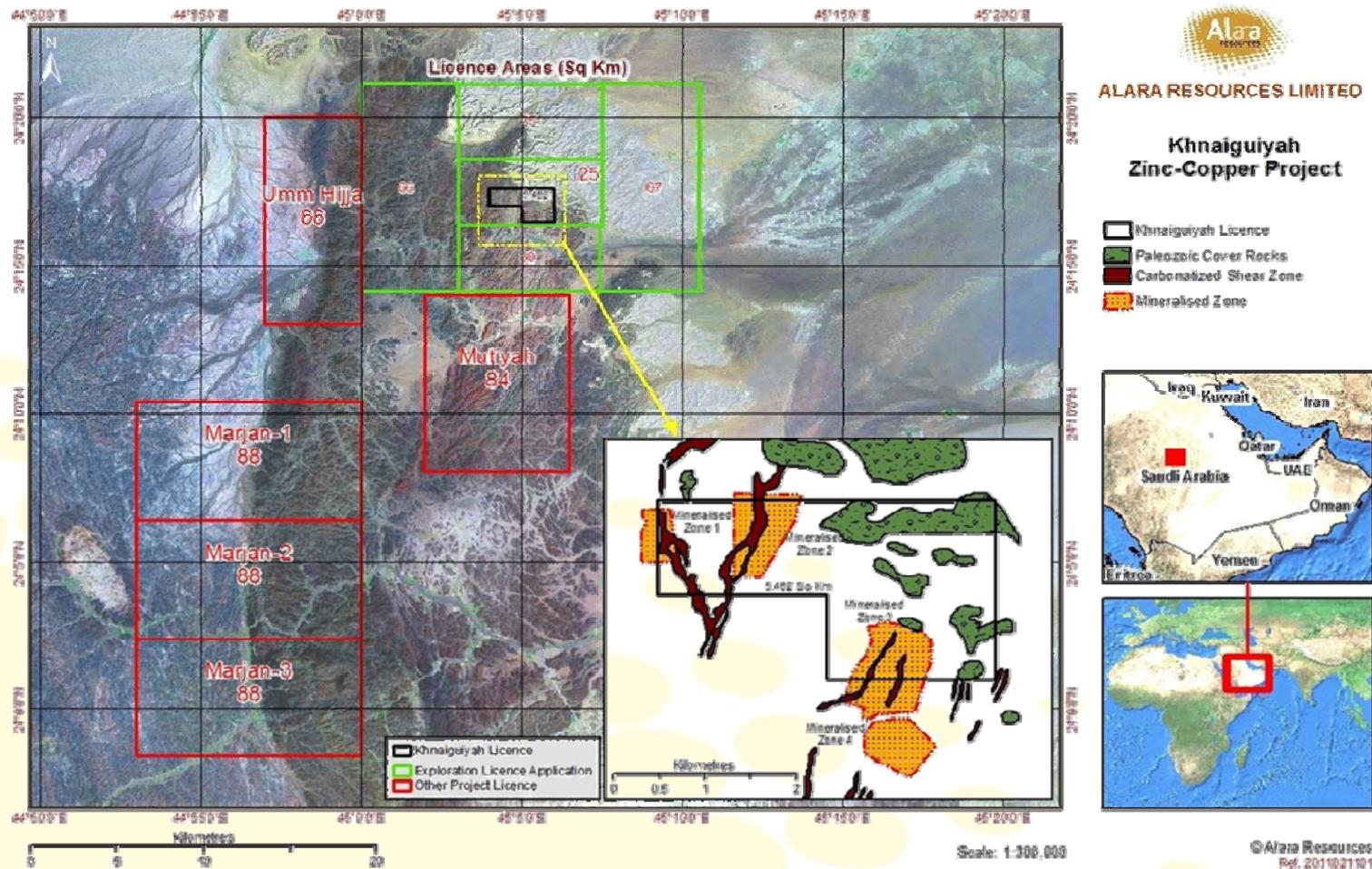
Alara has a strong pipeline of base metal development projects



Saudi Arabia: The Khnaiguiyah Project



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





Previous Studies

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 ~USD\$2,140 per tonne³
- 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

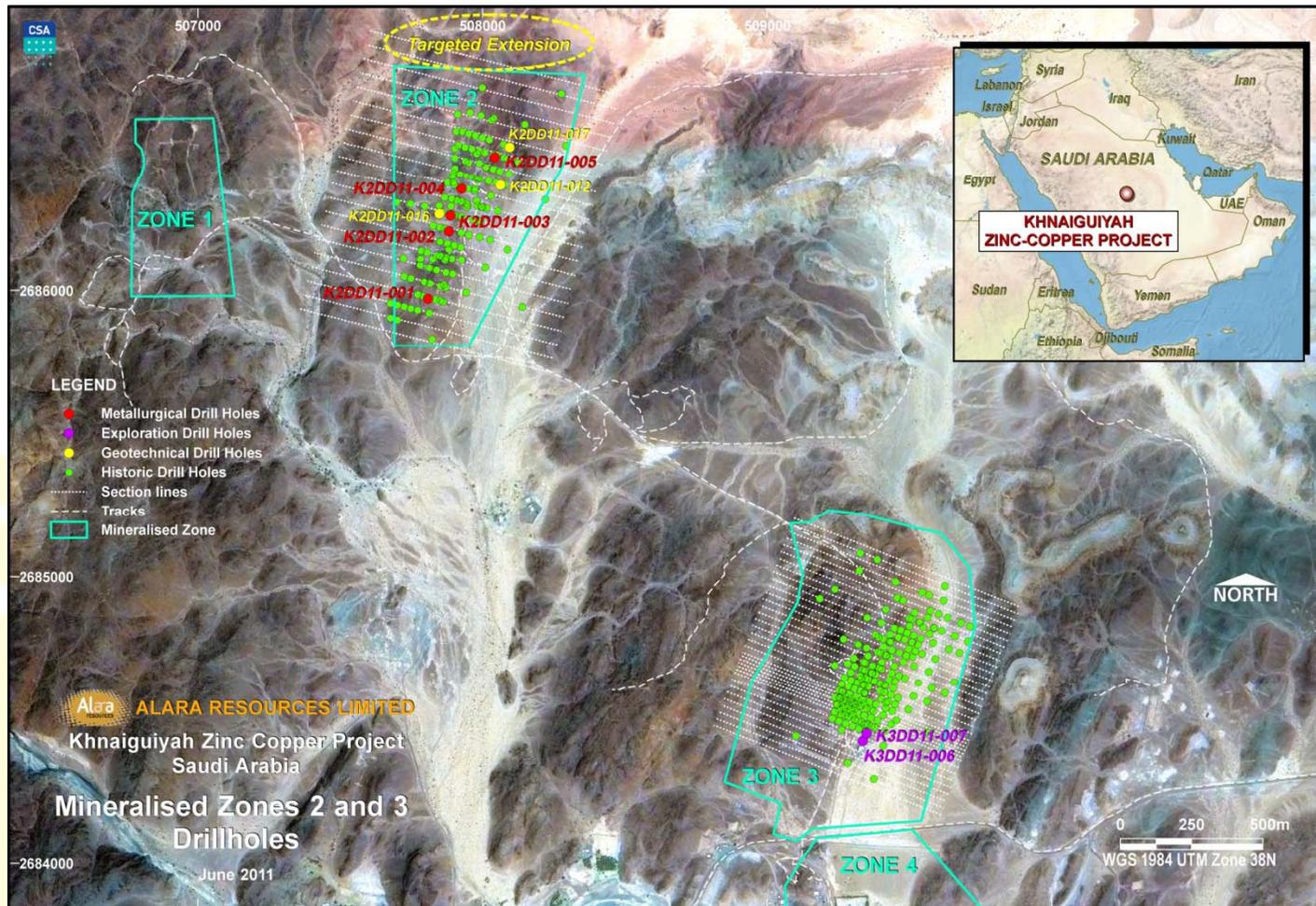
¹ Refer: Alara ASX market announcement dated 5 October 2010 and entitled “Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia”

² BRGM Geoscientists 1993, Khnaiguiyah Zinc- Copper deposit – pre-feasibility study – 1,2 and 3, Saudi Arabian Directorate General of Mineral Resources Technical Report BRGM TR 13-4, 651p, 209 figs, 171 tables, 78 appendices and 23 photo plates

³ LME Zinc cash price as at 24 May 2011 (<http://www.lme.com/zinc.asp>)

Potential

High potential exists for new discoveries along strike and depth in the various mineral zones at Khnaiguiyah





Previous Work and Studies

Alara's Definitive Feasibility Study (DFS) scheduled for completion in Q1 2012 is building on a considerable amount of previous work

- 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 four mineralised zones within 3km²
 - BRGM completed 25,193m of percussion and core drilling in 192 drill holes on profiles 100m x 25m / 50m
 - Additional infill drilling on profiles 50m 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

Access, Camp and Drilling Activities

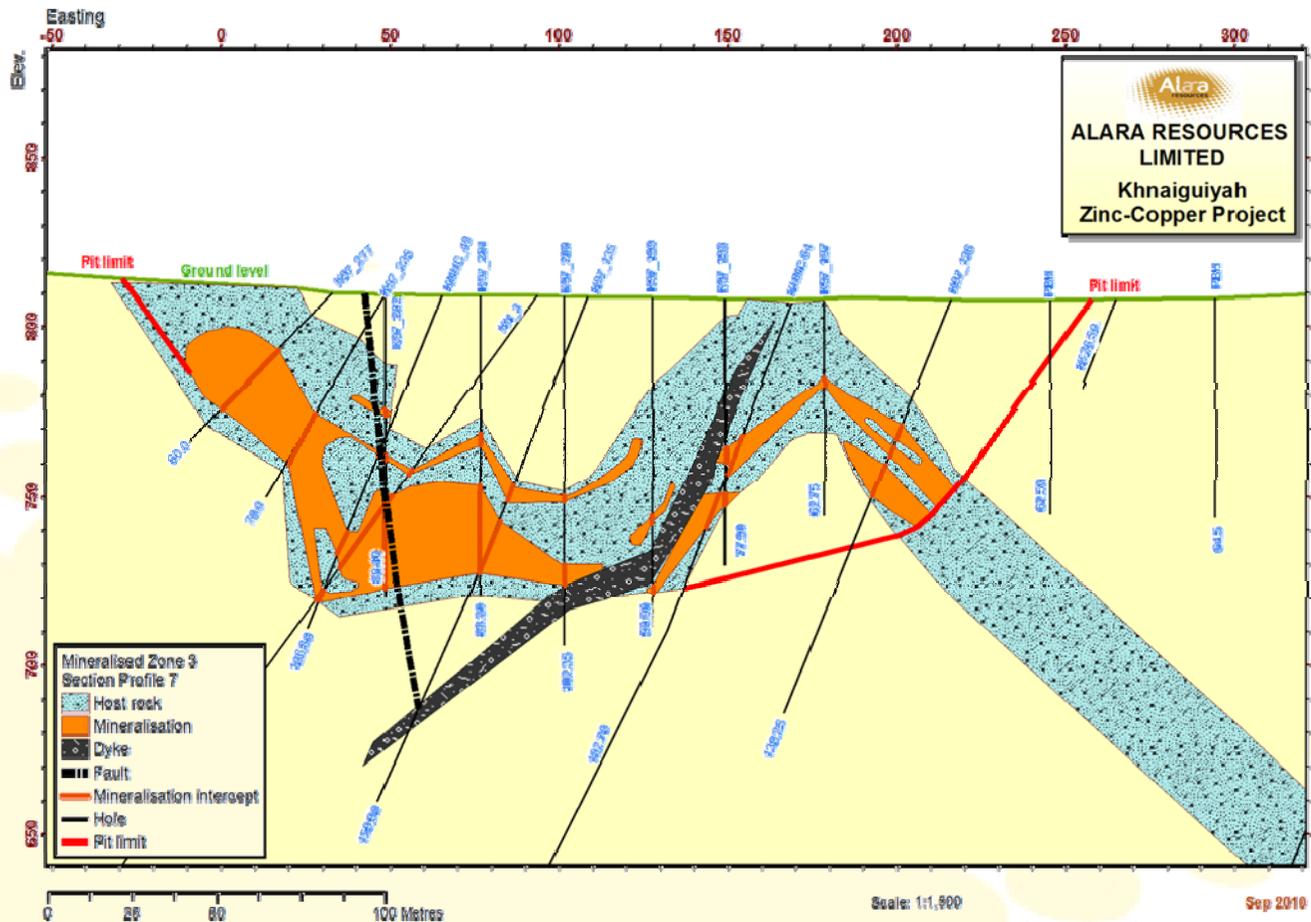


The Khnaiguiyah Zinc-Copper Project has excellent road access and available power



Mineralisation

Mineralisation is thick, high grade, open and has good continuity
 Mineralised Zone 3 is thicker and close to the surface on the east limb but generally
 Copper rich and open towards the west

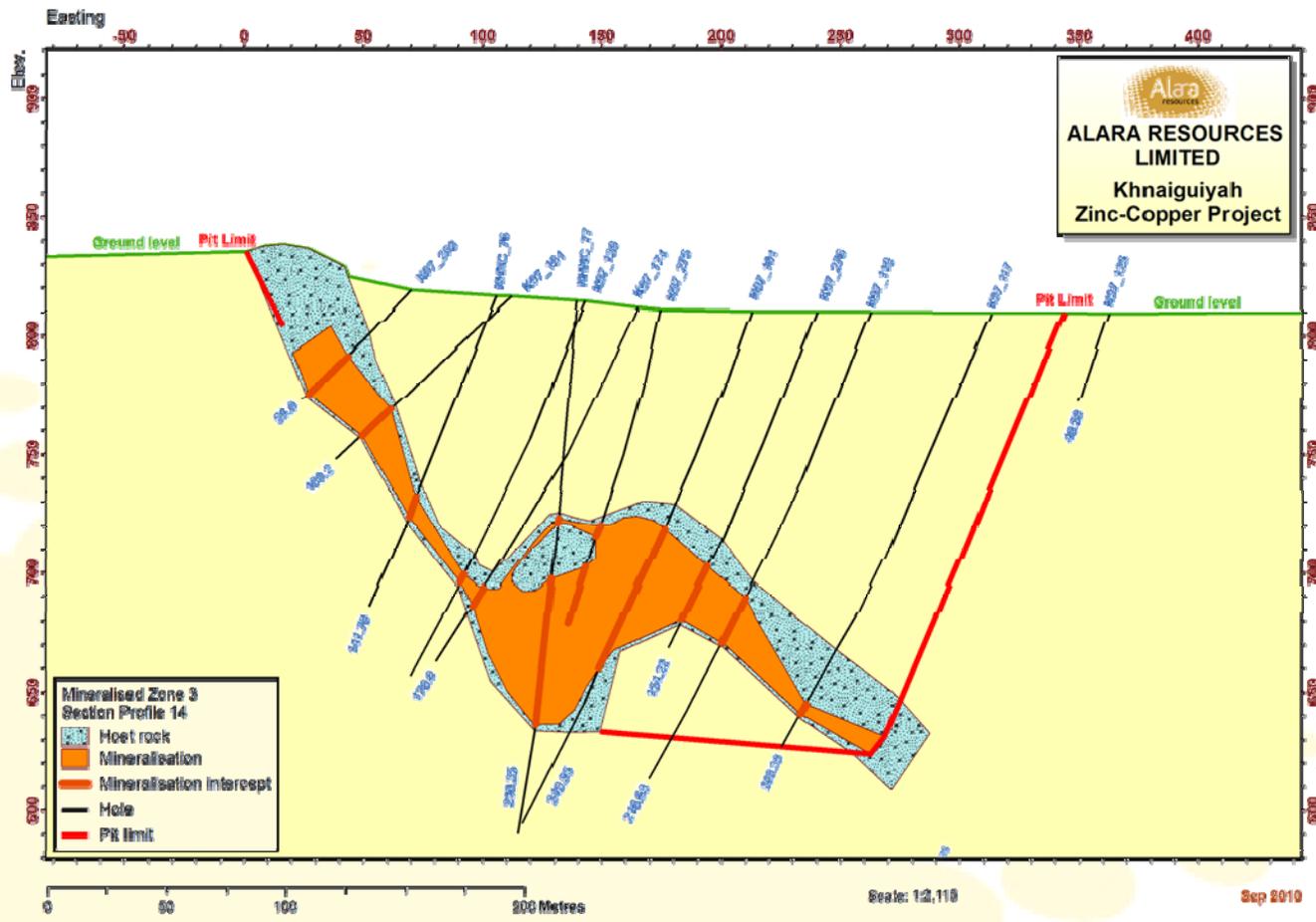


Drill hole intersections:

- 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

Mineralisation

High grade thicknesses within a defined structural envelope
 Mineralised Zone 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



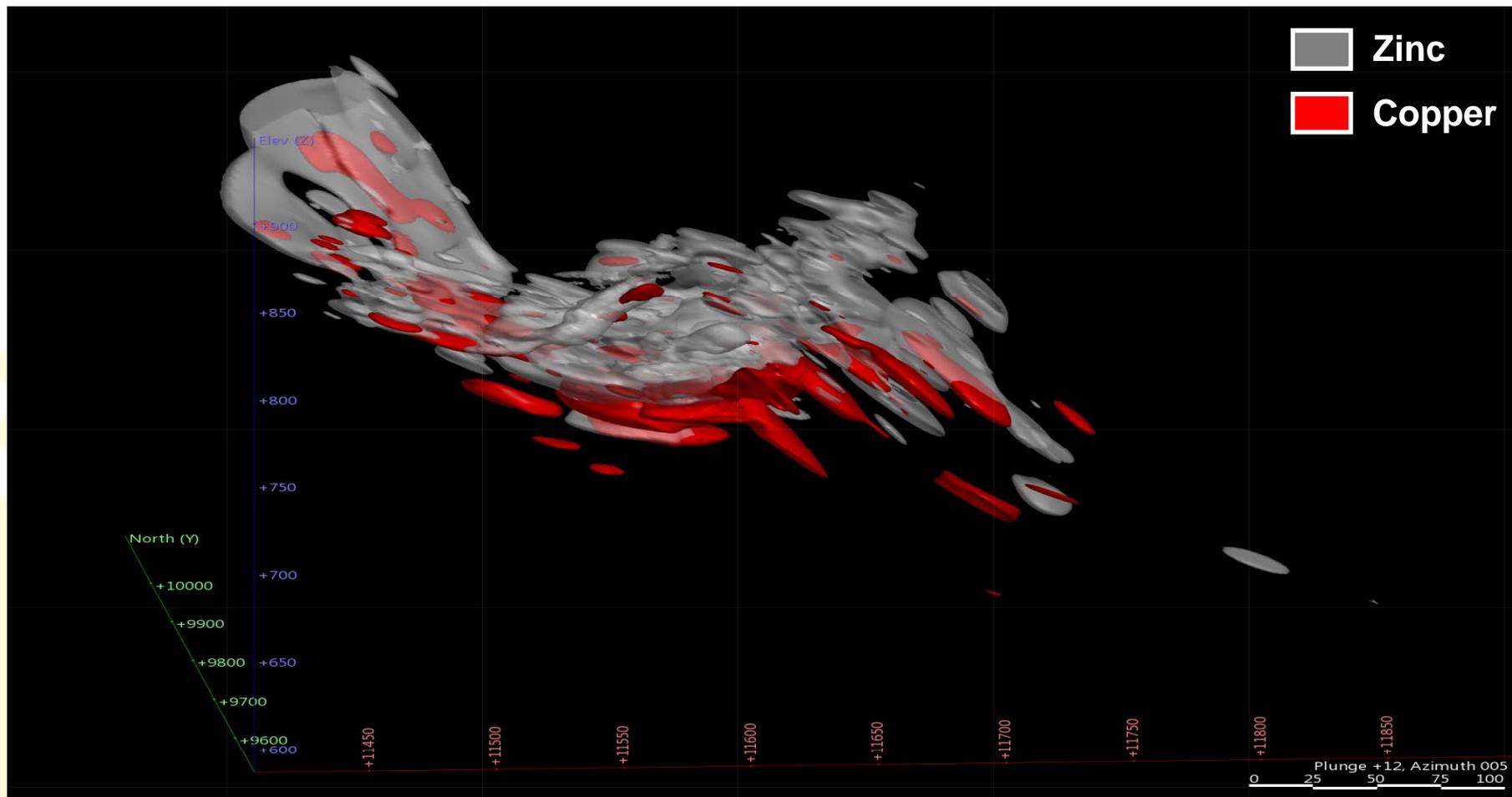
Drill hole intersections:

- 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: 61.7m @ 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

Mineralisation

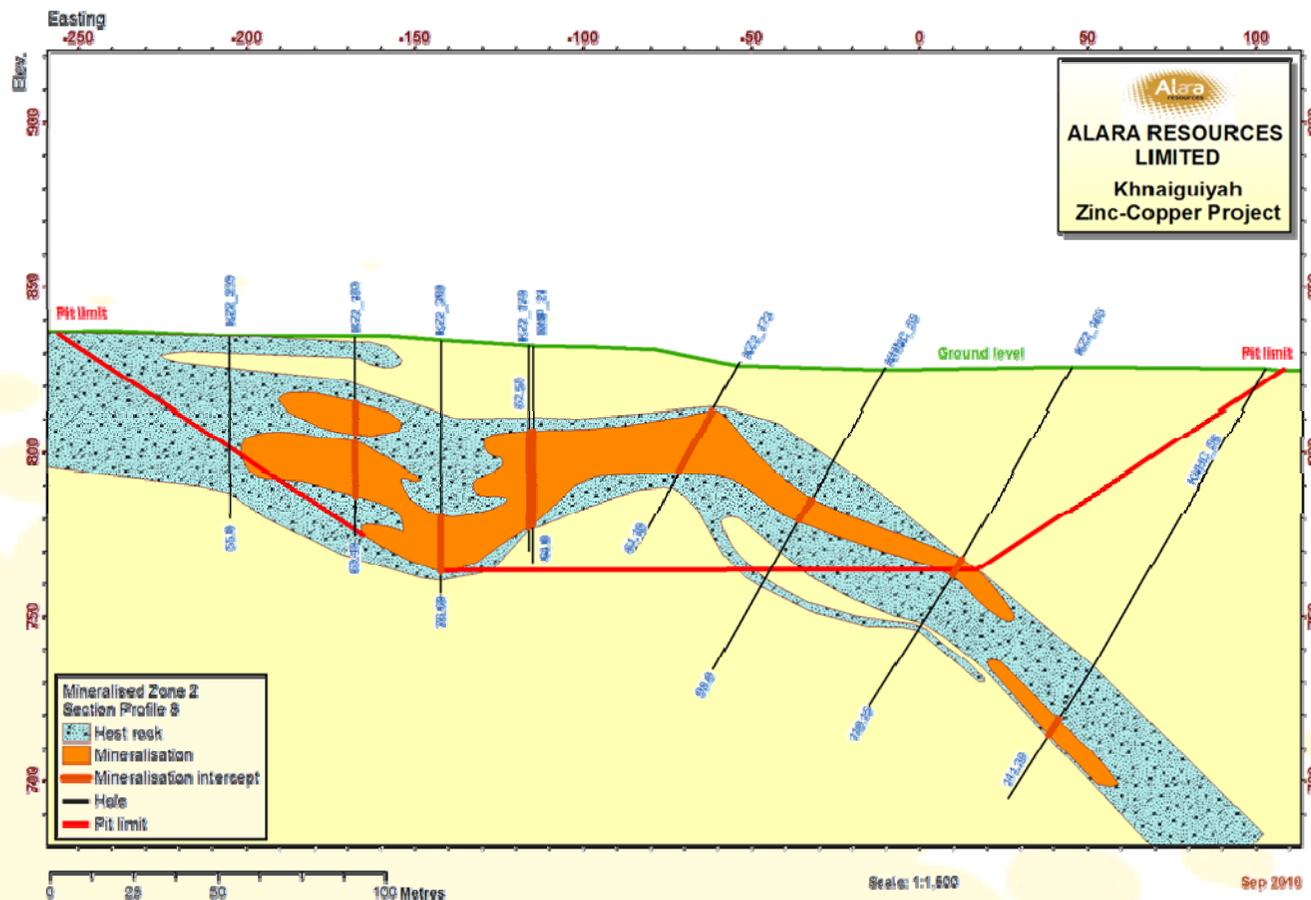
Structural continuity demonstrated

A stacked 3D model of Mineralised Zone 3 shows structural continuity



Mineralisation

Mineralisation in Zone 2 is flat lying and shallow
Mineralised Zone 2 is generally flat lying and open to the east

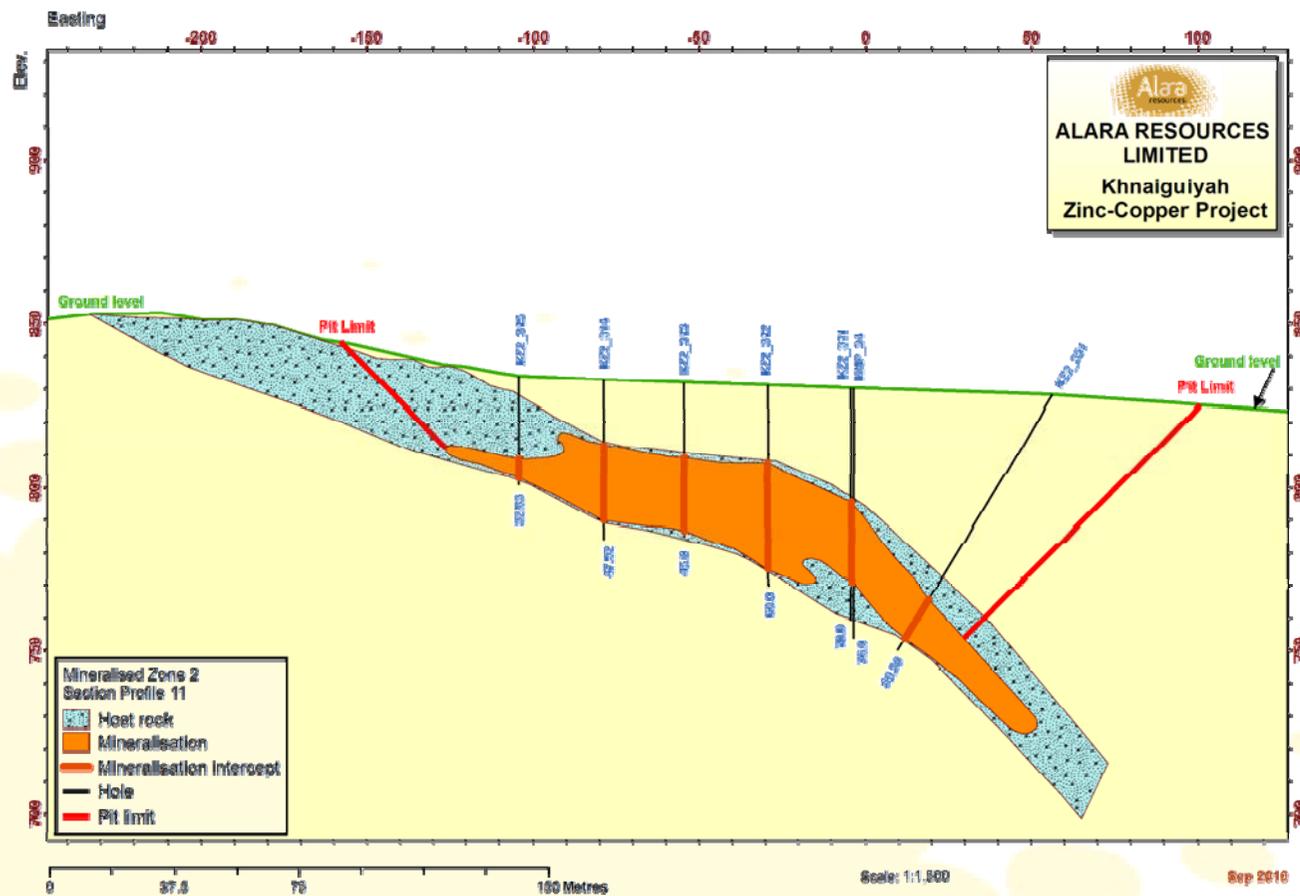


Drill hole intersections:

- 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

Mineralisation

Mineralisation in Zone 2 is thick and continuous
Mineralised Zone 2 is shallow and thick

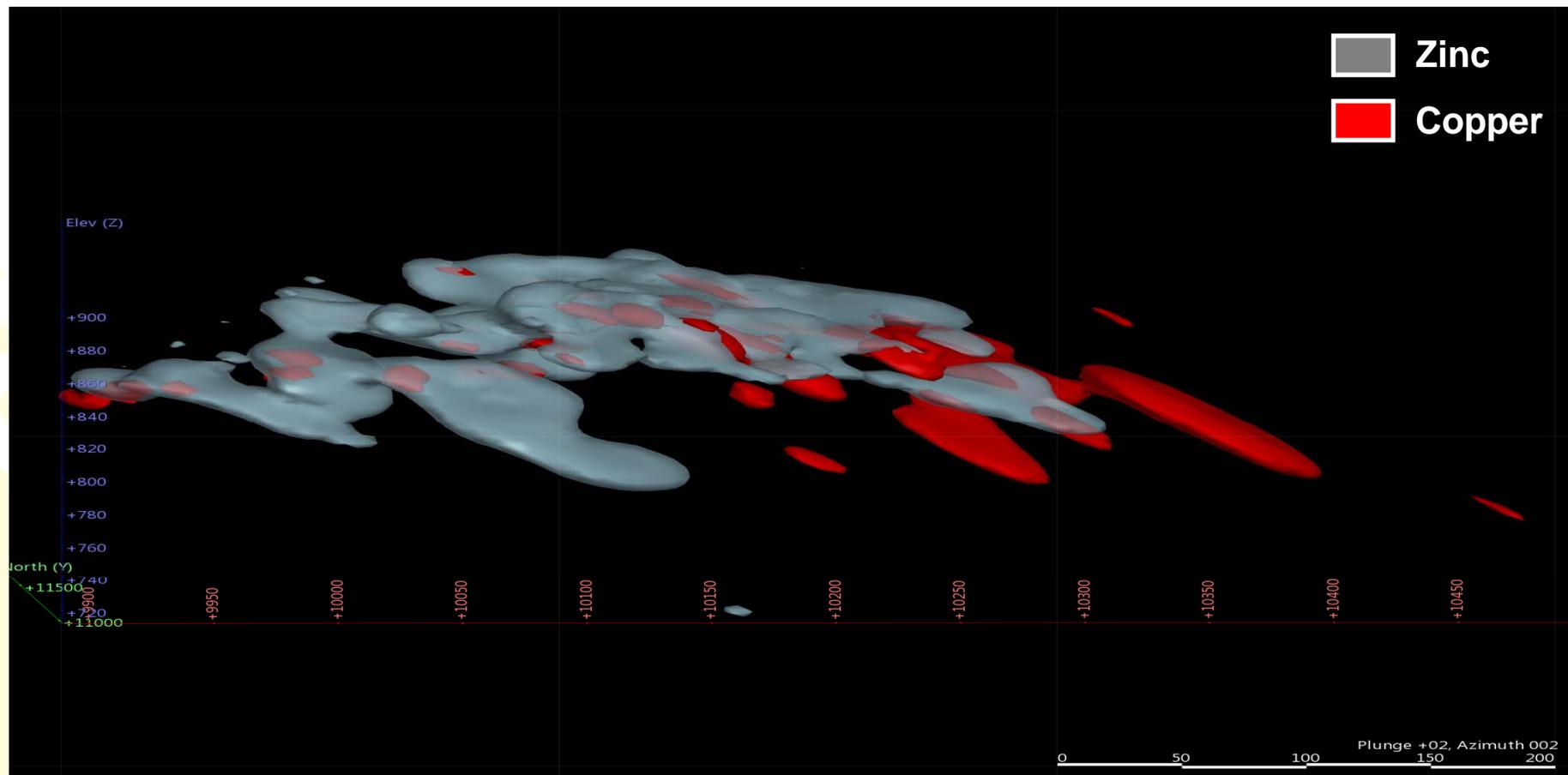


Drill hole intersections:

- 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

Mineralisation

Recent drilling aimed at copper mineralisation and strike extensions
A stacked 3D model of Mineralised Zone 2 shows the flat and shallow disposition of the mineralisation



Progress

Highlights of recent drilling

K2DD11_001

- 27.43m @ 12.88% Zn and 0.47% Cu from 52.60m to 80.03m

K2DD11_004

- 23.07m @ 10.14% Zn and 0.41% Cu from 17.91m to 40.98m
 - (includes 8.12m @ 17.93% Zn from 20.66m to 28.78m)

K2DD11_005 (above 0.55% Copper cut off)

- 12.12m @ 2.04% Cu from 63.54m to 75.66m

K3DD11_006

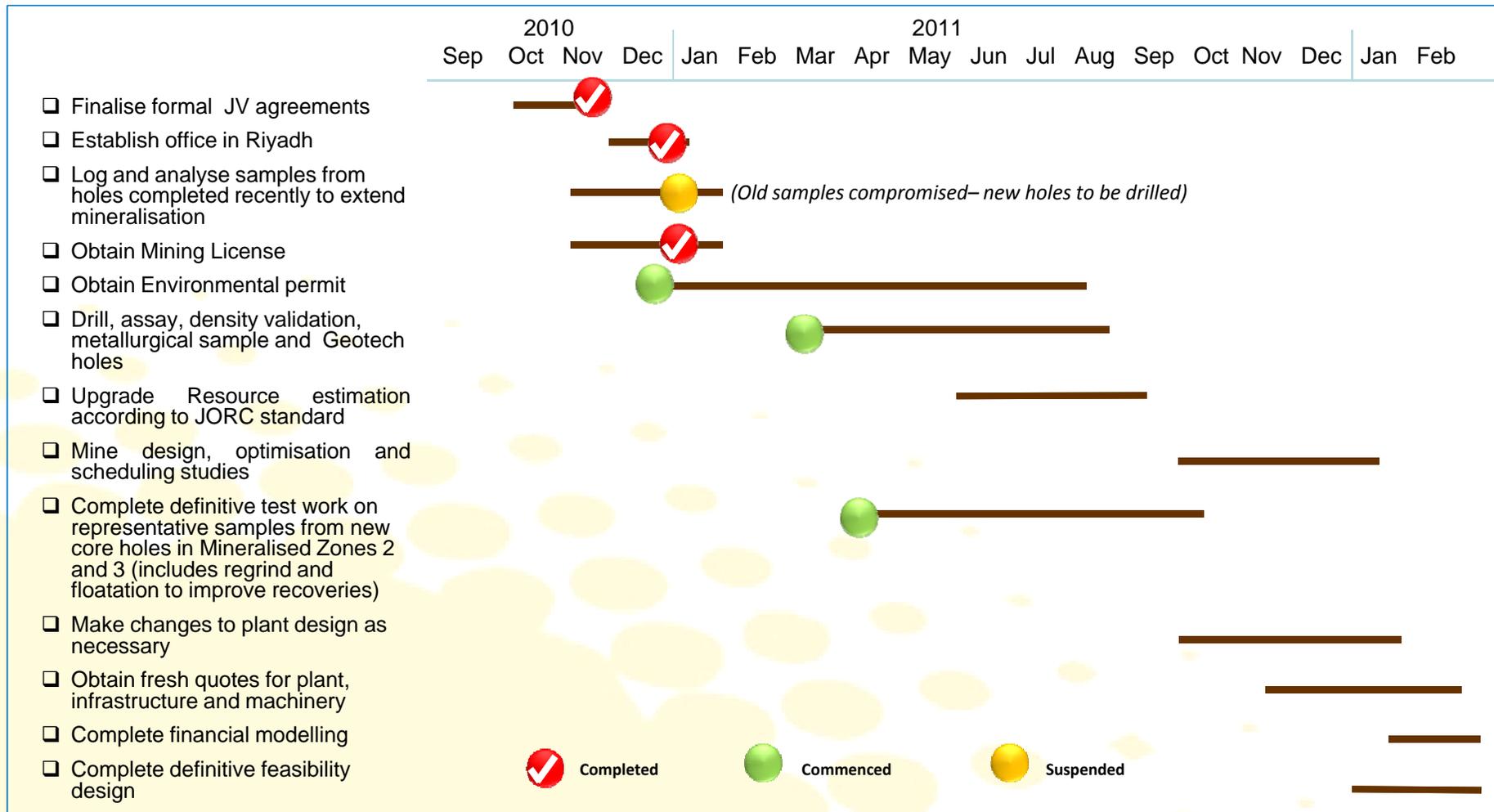
- 48m at 5.84% Zinc from 44m including a zone of 4m at 26% Zinc from 85m
- 10m at 12.99% Zinc from 83m, includes highest recorded assay of 1m at 43.6% Zinc from 87m

K3DD11_007

- 5m at 6.58% Zinc from 37m including a zone of 4m at 7.56% Zinc
- 10m at 0.6% Copper from 41m including a zone of 3m at 1.01% Copper

DFS Completion

Alara is targeting completion of Khnaiguiyah DFS in Q1 2012





Acquisition of Marjan

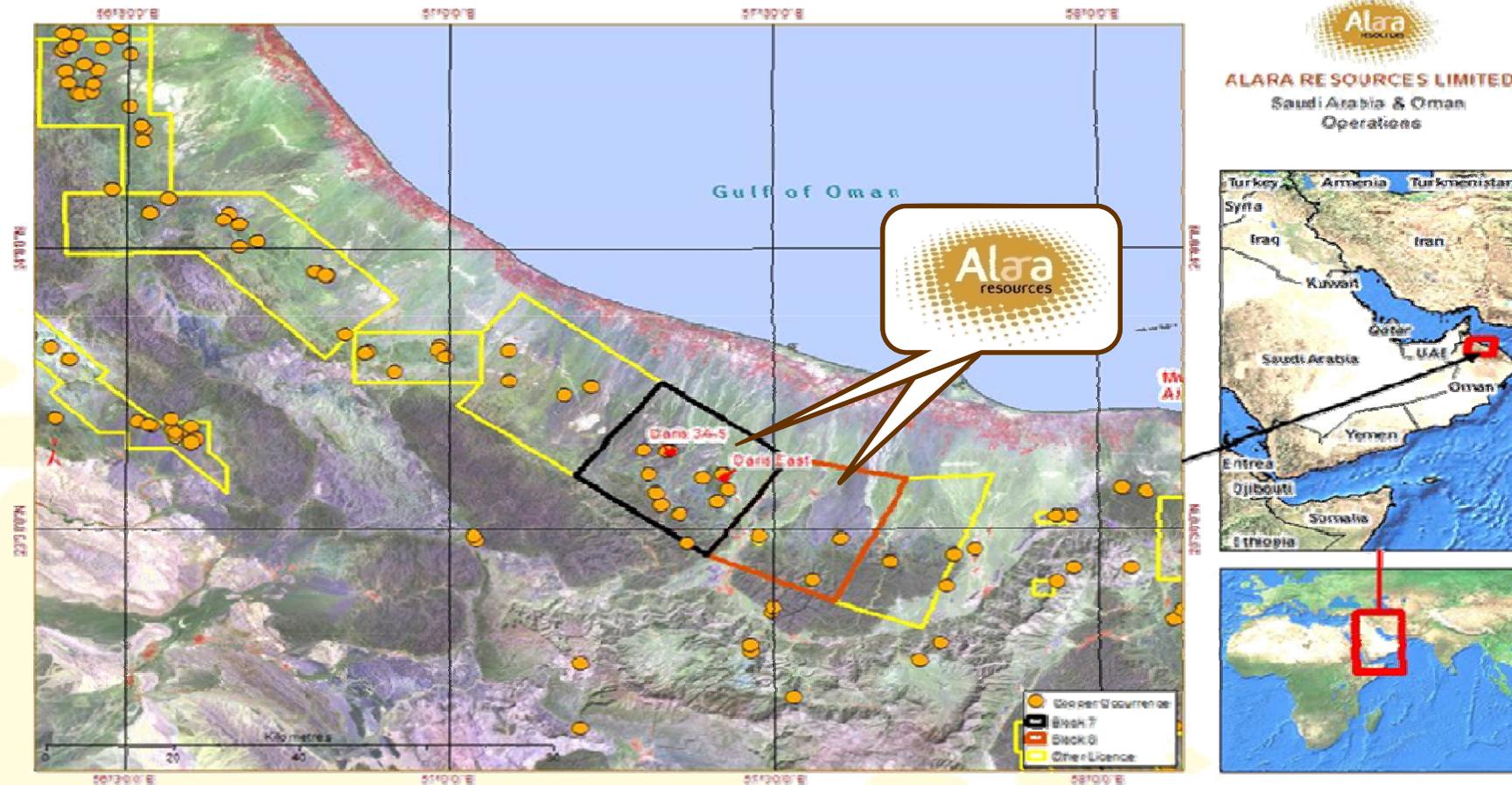
The Marjan Project comprises three Exploration Licences that have combined area of approximately 260km² – predominantly Gold, with associated Silver, Zinc and Copper

- Alara has recently secured a 50% interest in the Marjan Project in Saudi Arabia
- Historical drilling in the Marjan Project area has returned values up to 7 g/t Gold, 31.3 g/t Silver, 4.7% Zinc, and 1.6% Lead, over 3m
- Grab samples from the Marjan Project area have returned values of up to 0.7% Copper, 22.4% Zinc, 100g/t Silver, 2.18g/t Gold and 5.4% Lead
- The Marjan Project is located within trucking distance approximately 30kms south south-west of Alara's Khnaiguiyah Zinc-Copper Project

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



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Ref. 2011000901

Targets

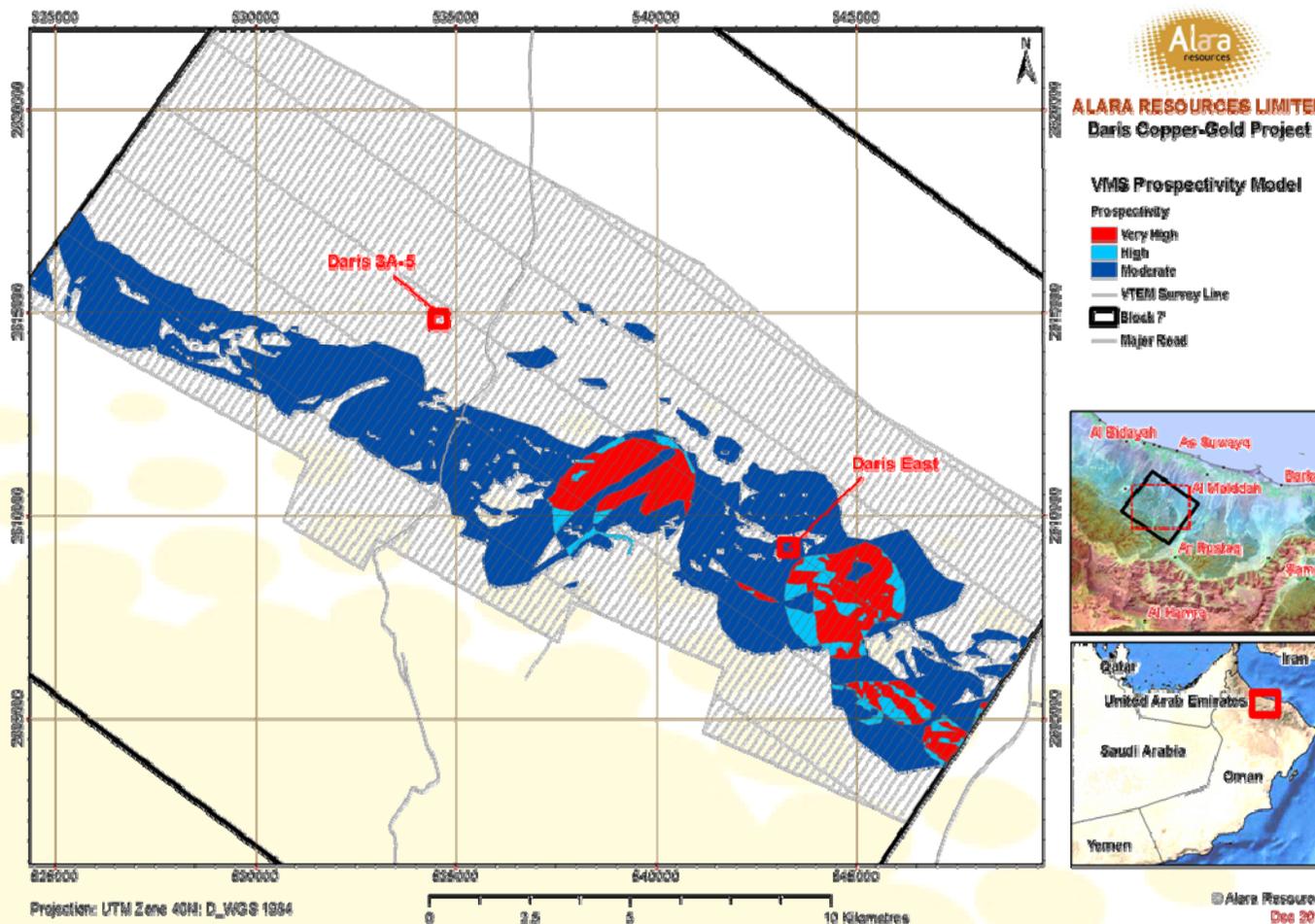
New targets identified

Alara is targeting 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% to 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
- Drilling has expanded sulphide mineralisation approximately from 120m to 270m strike distance and established its strike and dip extension additionally to the east – 3 rigs operating
- Helicopter-borne VTEM geophysical survey outlined several anomalies. Ground survey has confirmed a new conductor between Daris East and Daris 3A-5

Mineralisation

A helicopter-borne VTEM survey has been completed over Daris and the adjoining Awtad areas. New targets have been identified

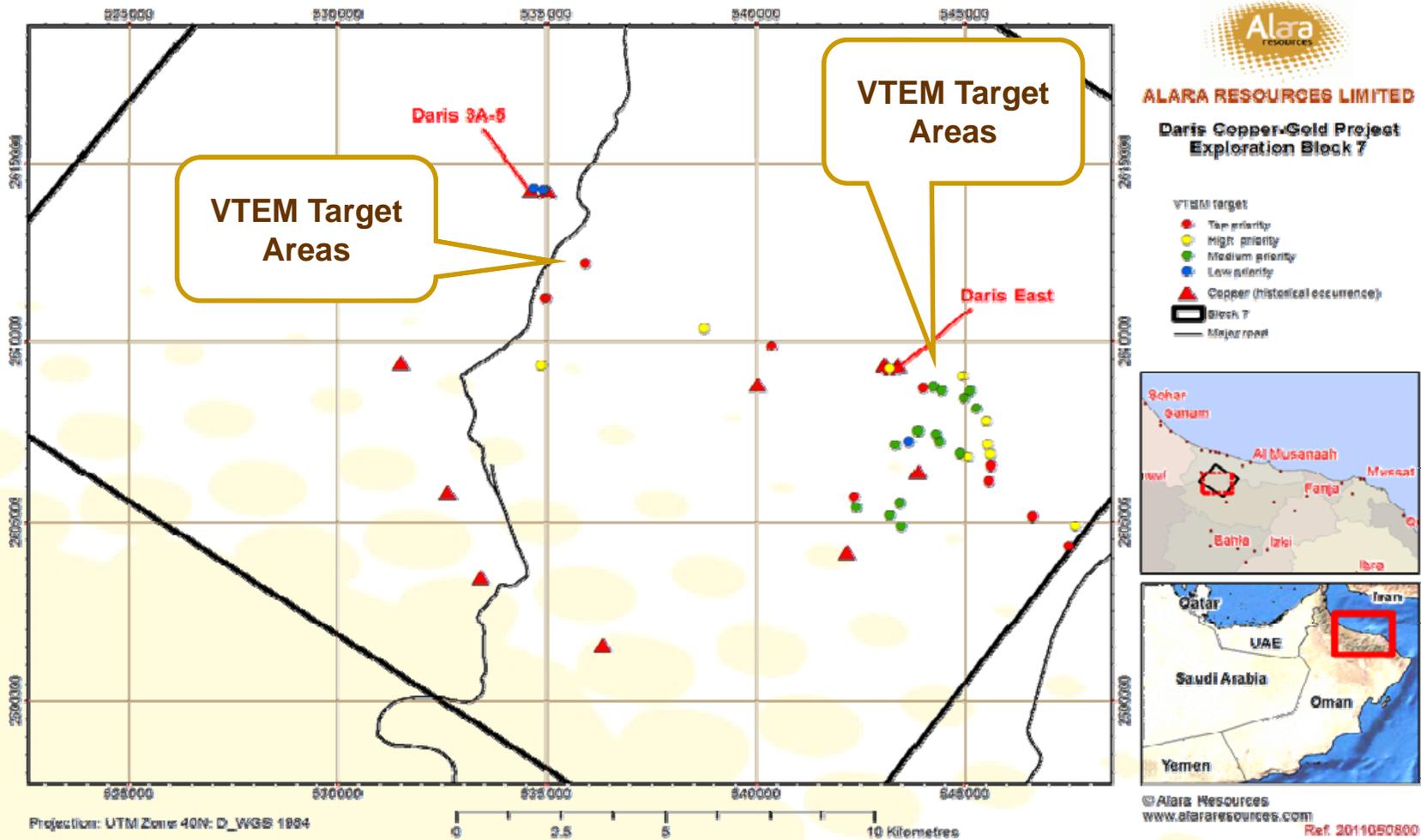


- Spatial Data and Predictive Modelling of VMS potential has identified several new unexplored targets in the Daris Project
- VTEM survey and reconnaissance has confirmed a new conductor where drilling has just commenced
- Reconnaissance survey of VTEM conductors ongoing

VTEM Findings



New target areas



Targets



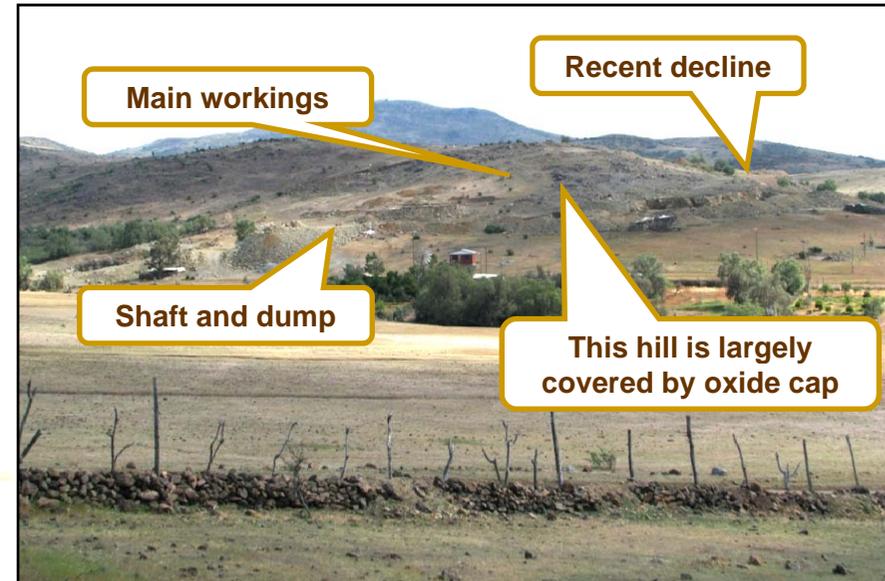
In Chile, Alara is targeting Copper-Gold prospects in an area with extensive previous workings and walk up drill targets

- Definitive agreements with local partner due to be finalised June/July
- 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 potential¹:
 - 8 to 10Mt of oxide cap at 0.7% to 1.00% Copper to 30m depth, and 20Mt to 40Mt+ at 1.5% Copper equivalent as Copper Sulphides, Gold and Silver below oxide cap (based on surface widths and projections) (“**El Quillay**” Prospect)
 - 30Mt to 60Mt at 0.7% to 0.8% Copper equivalent in breccia pipes and porphyry (based on 2 drill holes, one of which intersected 180m at 0.70% Copper and up to 200ppm Molybdenum) (“**Lana and Corina**” prospect)
- Alara is earning a 70% interest over 3 years

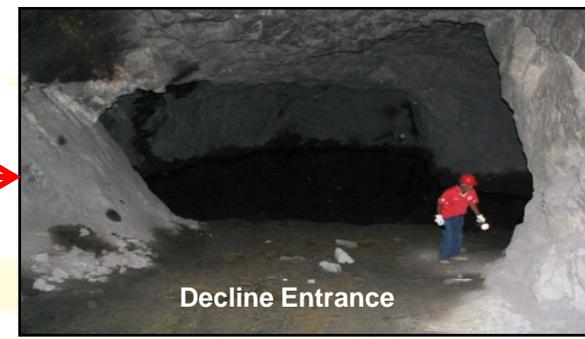
1. The potential quantity and grade of the target mineralisation of Copper equivalent is conceptual in nature, based on 500+ surface samples conducted by the vendor's geologist and a representative portion of which has since validated by Alara's consultants. There has been insufficient exploration to 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.

Prospects

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

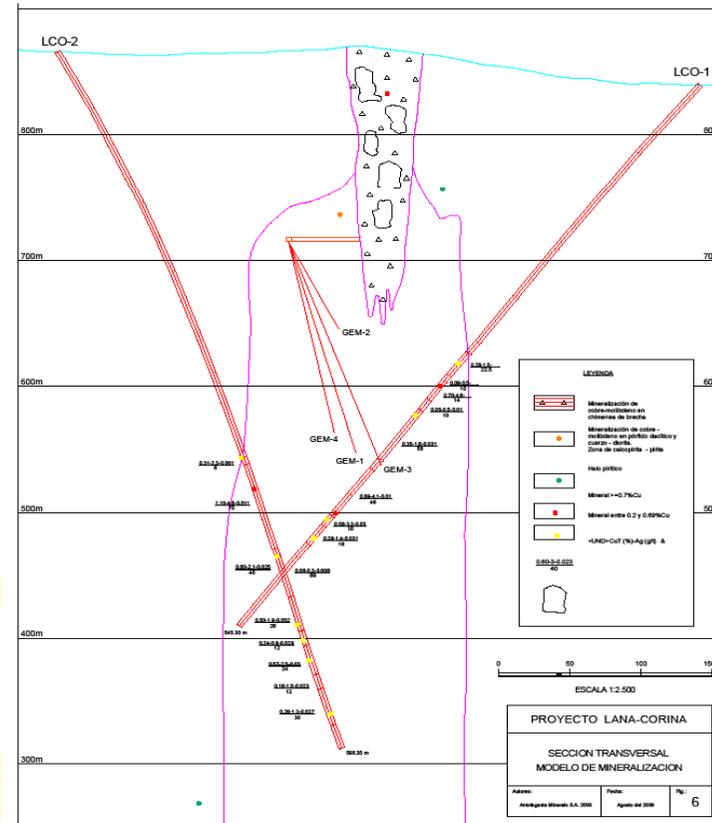
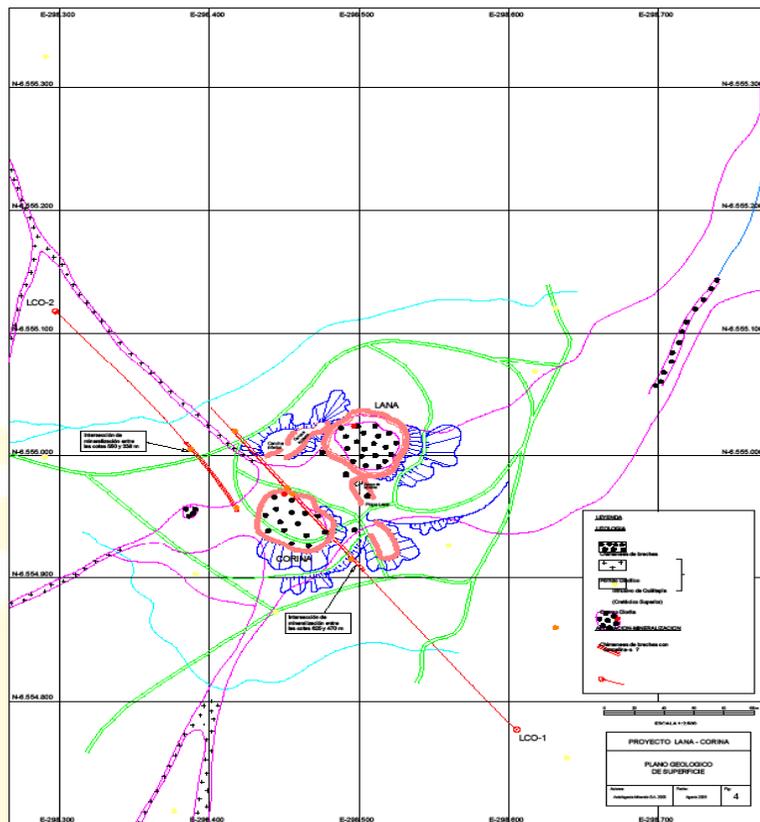


A half spiral decline dug in 2008 is wide enough to take regular trucks and loaders to sulphide mineralisation below the oxide cap which covers most of the hill



Prospects

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



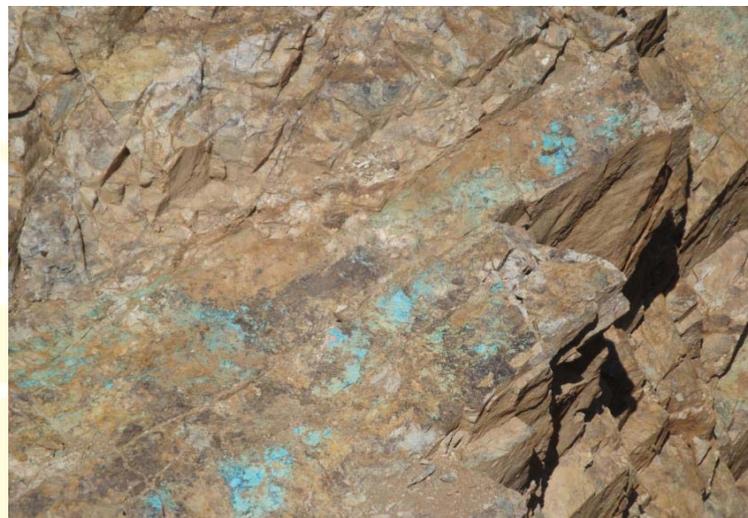
Two drill holes intersected greater than 130m of mineralisation, one of which intersected 180m of 0.70% Copper and up to 200ppm Molybdenum

2011 Work Program



An extensive work program is planned for El Quillay in 2011

- Technical and legal due diligence completed
- Definitive agreements with local partner due to be finalised June/July
- Mapping and geophysical surveys, including magnetic and Induced Polarisation (IP) planned for July to September
- An initial 5,000m of drilling in the El Quillay prospect is planned to be completed in July to September
- Experienced Exploration Manager appointed





Recent Accomplishments

- Experienced industry veterans added to Board of Directors
- \$30M capital raising completed May 2011
- Khnaiguiyah Mining License awarded in Saudi Arabia, awaiting transfer to JV company
- Four rigs drilling in Saudi Arabia and three in Oman
- Marjan agreement executed
- Positive results from step out drilling in Saudi Arabia
- Positive drilling results in Oman; VTEM survey completed
- GM Projects and GM Exploration appointed. Khnaiguiyah Project Manager and various Exploration Managers Appointed
- Experienced Senior Technical Advisor appointed
- DFS Lead Engineers and Study Teams in place for the Khnaiguiyah DFS



The Way Forward for 2011

- Completion of Khnaiguiyah DFS
- Increase Copper Exposure:
 - Continue drilling for Zinc and Copper extensions at Khnaiguiyah
 - Extension of high grade Copper Sulphide and Gold mineralisation in known discovery of additional lenses in both Saudi Arabia and Oman
 - Proving up multiple IOCG type and porphyry prospects in Chile

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