



Alara Resources Limited
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30 September 2012 Quarterly Activities Report

Company Profile

Alara Resources Limited (ASX Code: AUQ) (**Alara**) is an Australian-based minerals exploration and development company. Alara has a current portfolio of advanced development and early stage exploration projects in Saudi Arabia, Oman and Chile as follows:

PROJECTS	LOCATION	STATUS
(1) Khnaiguiyah Zinc-Copper	Saudi Arabia	DFS
(2) Al Ajal-Washihi-Mullaq Copper-Gold Project	Oman	Exploration
(3) Daris Copper-Gold Project	Oman	Exploration
(4) Awtad Copper-Gold Project	Oman	Exploration
(5) Piedrecillas Copper-Silver Project	Chile	Exploration
(6) Marjan Precious and Base Metals	Saudi Arabia	Exploration

Quarterly Highlights

- **Circa 30% increase** in the JORC Measured and Indicated Zinc and Copper Resource at the Khnaiguiyah Project from the maiden JORC Resource announcement dated 21 February 2012.

Current JORC Resource is:

- Measured and Indicated JORC Zinc and Copper Resource of **25.32 Mt @ 4.03% Zn and 0.17% Cu**
- Measured and Indicated JORC Copper Resource (from the copper only domains) of **8.53 Mt @ 0.64% Cu.**
- Completion of the Khnaiguiyah Definitive Feasibility Study (DFS) is expected in December 2012.
- Draft scoping study has been received for an integrated mining and processing facility to develop Alara's Oman prospects. A review of this scoping study is currently being undertaken.
- On-going drilling across Daris, Washihi, Mullaq and Awtad prospects in Oman.
- Cash reserves of A \$6.4M as at 30 September 2012.
- Successful capital raising conducted on 25 October 2012 that raised \$A 7.8M.

Dated: 31 October 2012

FURTHER INFORMATION:

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ASX Code | **AUQ**





COMPANY PROJECTS

Saudi Arabia

Khnaiguiyah Zinc-Copper Project

(Alara - 50%, United Arabian Mining Company (**Manajem**) - 50%, of Khnaiguiyah Mining Company LLC (**KMC**))

Summary

The Company is planning to develop a 1.5 – 2 Mtpa mine at the Khnaiguiyah Zinc-Copper Project in Saudi Arabia, targeting production of 75,000 – 80,000 tonnes per annum of Zinc.

A Definitive Feasibility Study on the project is currently in progress, due for completion in December 2012.

JORC Resource - Upgrade

The maiden Measured and Indicated JORC Resource Statement for the Khnaiguiyah Zinc-Copper Project as announced on 21 February 2012 has been increased by circa 30% as at 30 October 2012¹, and now includes;

- Current Measured and Indicated JORC Zinc and Copper Resource of **25.32 Mt @ 4.03% Zn and 0.17% Cu**.
- In addition, current Measured and Indicated JORC Copper Resource (from the copper only domains) now stands at **8.53 Mt @ 0.64% Cu**.

This resource upgrade arises from over 93 additional drill holes having been completed in Zone 2 and several thousand metres of new drilling in Zone 1 since the cut-off date (22 November 2011) for determination of the maiden JORC resource announced in 21 February 2012.

The tables below summarise the current JORC Measured and Indicated Zinc, Zinc/Copper and Copper Resource at Khnaiguiyah.

Table 1: Khnaiguiyah JORC Measured and Indicated Zinc and Zinc/Copper Resource

Current JORC Resource - October 2012	Zn Cut-off (%)	Mineralised Zones	Tonnes (Mt)	Zinc %	Copper %
Measured	1.50	1, 2	9.65	3.37	0.16
	1.50	3	6.37	5.28	0.25
Indicated	1.50	1, 2	3.12	4.45	0.30
	1.50	3	6.18	3.55	0.05
Measured and Indicated	1.50	1, 2 and 3	25.32	4.03	0.17

Table 2: Khnaiguiyah JORC Measured and Indicated Copper Resource

Current JORC Resource - October 2012	Cu-Cut off (%)	Mineralised Zones	Tonnes (Mt)	Copper %
Measured	0.00	1, 2	4.70	0.72
	0.00	3	1.07	0.63
Indicated	0.00	1, 2	1.59	0.54
	0.00	3	1.16	0.43
Measured and Indicated	0.00	1, 2 and 3	8.53	0.64

Refer Figure 1 for location of drill hole locations within Mineralised Zones 1 to 4.

¹ Refer ASX market announcement dated 30 October 2012: [JORC Resource Upgrade and update for Khnaiguiyah Zinc-Copper Project](#) and ASX market announcement dated 12 October 2012: [JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project](#)

COMPANY PROJECTS

Saudi Arabia (cont...)

Khnaiguiyah Zinc-Copper Project (cont...)

(Alara - 50%, United Arabian Mining Company (Manajem) - 50%, of Khnaiguiyah Mining Company LLC (KMC))

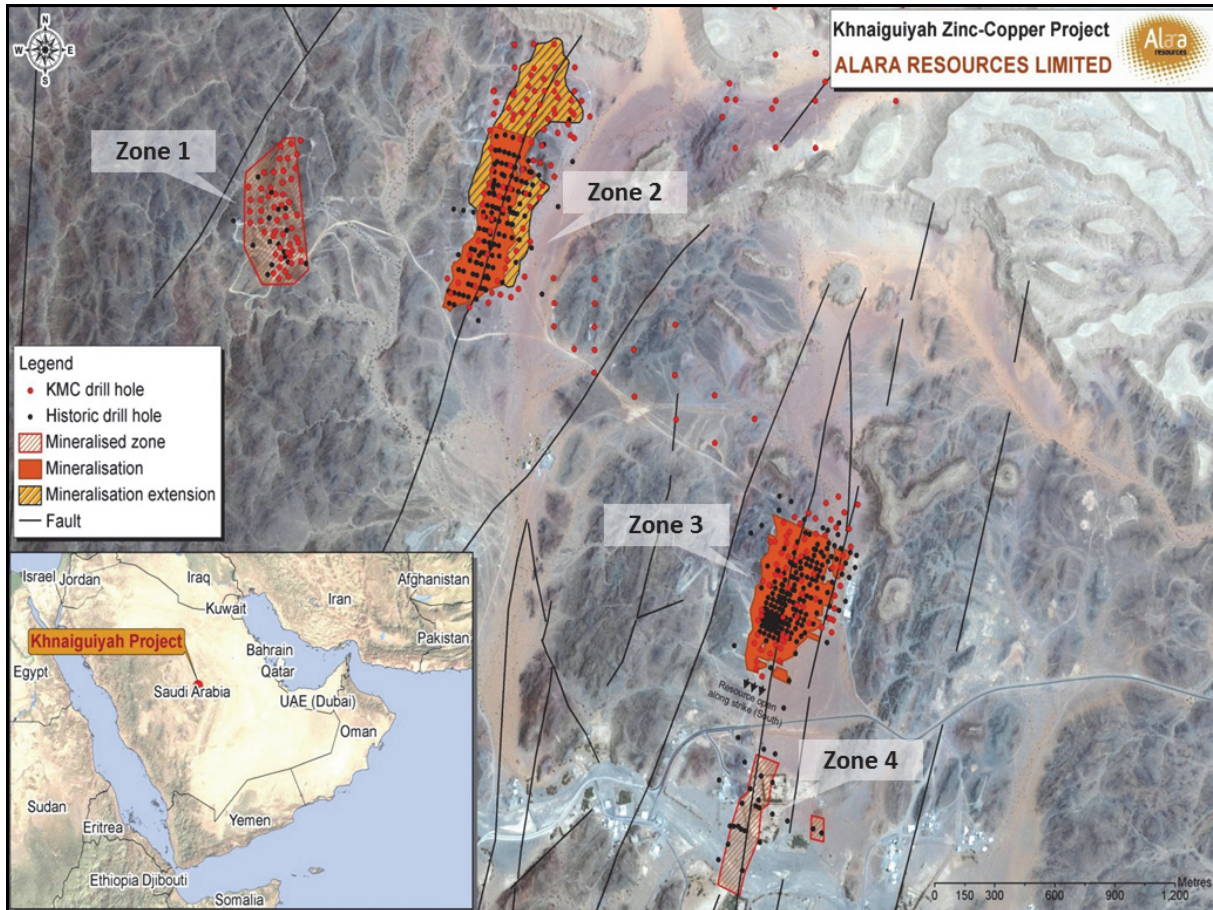


Figure 1: Drill hole locations in Mineralised Zones 1 to 4 at Khnaiguiyah Project

Definitive Feasibility Study (DFS)

On 10 July 2012², Alara announced that it had received a draft copy of the DFS report from Ausenco, the lead consultant for the DFS.

On 30 July 2012³, Alara announced that it had reviewed the draft report and identified a number of significant components, outstanding issues and trade-off opportunities that require further work to deliver a final DFS to the satisfaction of the Company.

Alara estimates that this process is expected to be completed in Q4 2012.

2 Refer ASX market announcement dated 10 July 2012: [Definitive Feasibility Update – Khnaiguiyah Zinc-Copper Project](#).

3 Refer ASX market announcement dated 30 July 2012: [Update – Khnaiguiyah Zinc-Copper Project](#).



COMPANY PROJECTS

Saudi Arabia (cont...)

Khnaiguiyah Zinc-Copper Project (cont...)

(Alara - 50%, United Arabian Mining Company (**Manajem**) - 50%, of Khnaiguiyah Mining Company LLC (**KMC**))

Environmental Approvals

On 30 July 2012³, Alara announced that its joint venture partner, Manajem, has 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.

Marjan Precious and Base Metals Project

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

During the quarter, mapping and preliminary reconnaissance drilling continued in high priority areas within the exploration licence. Such work targeted gold, silver and zinc mineralisation.

Assay results confirm previously identified and drilled mineralisation. Reports on this work are being compiled for submission to the Saudi Arabian Department of Mines.

COMPANY PROJECTS

Oman

Summary

Alara has joint venture interests in five exploration licenses in Oman extending over 1,188 km² (refer Figure 2).

Alara's objective in Oman is to delineate a core project at Washihi and a series of satellite high grade deposits that can be trucked to a central process plant, taking advantage of low fuel costs in Oman.

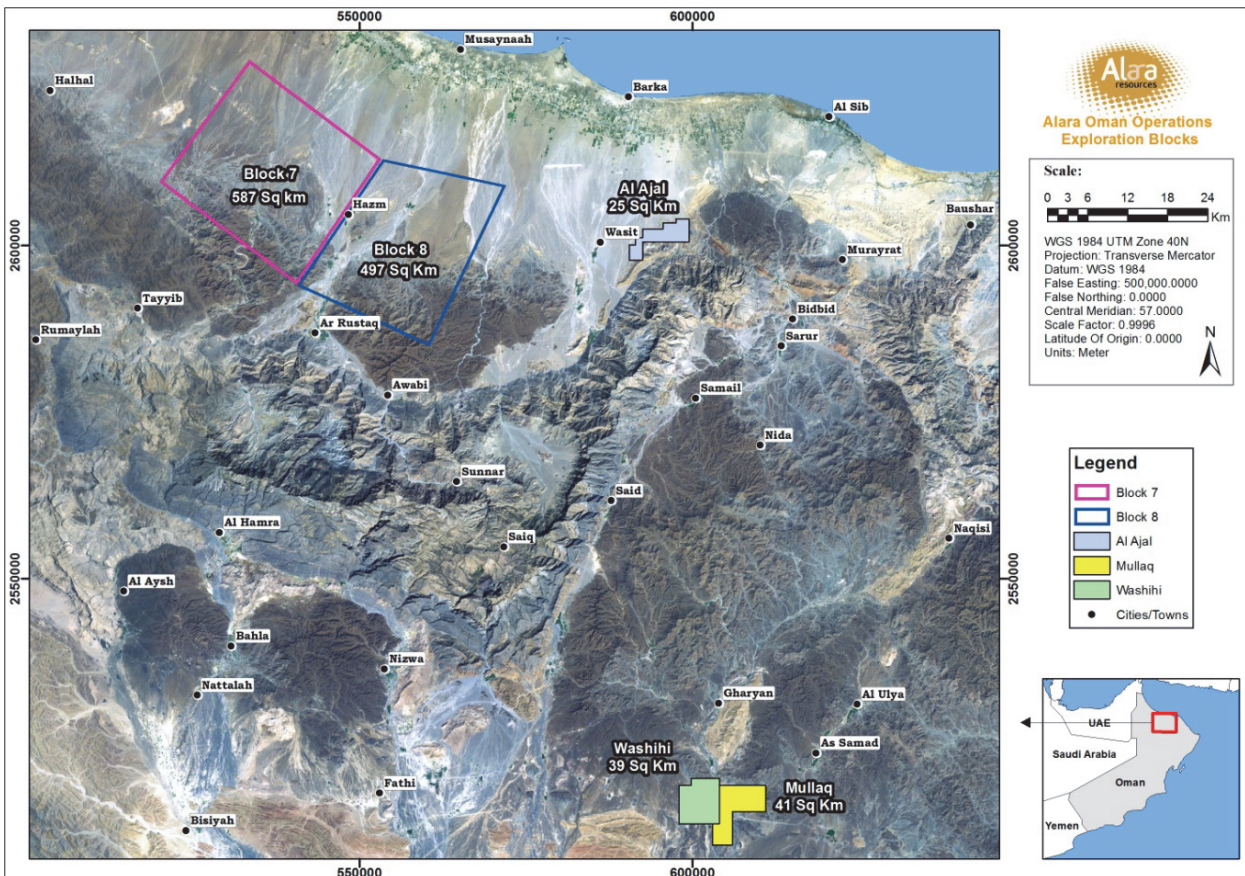


Figure 2: Location of Alara's Exploration Licence Areas in Oman

Initial JORC Resource and Scoping Study

On 15 October 2012⁴, Alara announced an initial JORC Resource at its Washihi Copper-Gold Project as follows;

- **6.9Mt Inferred @ 0.76% Cu and 0.16g/t Au; and**
- **2.1Mt Indicated @ 0.70% Cu and 0.17g/t Au.**

As part of its broader strategic objectives in Oman, a Scoping Study had been initiated for an integrated mining and processing facility to develop the:

- Washihi;
- Mullaq;
- Al Ajal; and
- Daris (Block 7) prospects.

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



COMPANY PROJECTS

Oman (cont...)

Initial JORC Resource and Scoping Study (cont...)

Local Environmental and Hydrogeology consultants have also been engaged to contribute towards the study.

Due to low fuel costs in Oman, Alara's drilling methodology is to delineate a core project at Washihi and a series of satellite high grade deposits that can be trucked to a central process plant.

Alara has delineated a significant resource at Washihi.

The Daris (Block 7) copper-gold prospect is located 170km northwest of Muscat. The Mullaq prospect is located 100km south-southeast of Daris (Block 7). Both prospects are located on or very close to high quality bitumen roads.

The relative proximity of the Daris (Block 7) prospect to the Mullaq prospect together with the Washihi prospect, provide an increasing level of confidence that a significant resource inventory can be established to justify a copper mine based on a central processing plant at Washihi.

A scoping study has now been completed and is currently being examined by Alara.

A preliminary review of the study has indicated a robust project with relatively low capital investment and early payback of capital.

The study has been based on a proposed throughput of 500,000 tonnes per annum and a projected mine life of 8 years.

The study was initiated in April 2012 at which time the full extent of the current Washihi JORC Resource incorporating recently encountered thick intersections and additional mineralisation was not included.

Alara believes that the incorporation of recently completed drilling and the resource estimate since the scoping study kick-off date will significantly enhance the economics and scope of this project.

Further details of the scoping study will be released once fully reviewed by Alara.

Al Ajal-Washihi-Mullaq Copper Gold Project

(Alara - right to subscribe for 10% and earn up to 60% to 75% of Pilatus Resources Oman LLC)

Washihi Prospect

On 23 August 2012⁵, Alara announced ongoing drilling results from an initial phase of 9 diamond core holes totalling 1,615m which confirmed the potential for thick mineralisation at high grade from the Washihi prospect.

Intersection highlights include:

Hole WH12DD010 - intersected 112m @ 0.78% copper and 0.11 g/t gold from 113m (including 67m @ 1.0% copper from 113m)

Drilling along the strike confirms a larger system than previously envisaged from earlier holes, now confirmed over 600m strike; other intersection highlights:

WH12DD005 – 72m @ 1.3% copper and 0.15g/t gold (from 160m)

WH12DD007 – 18m @ 1.4% copper and 0.21g/t gold (from 62m)

WH12DD009 – 40m @ 0.6% copper and 0.21g/t gold (from 52m)

5 Refer ASX market announcement dated 23 August 2012: [Substantial Copper Discovery - 112m at 0.8% Cu and and 72m at 1.3% Cu - Washihi Project in Oman](#)

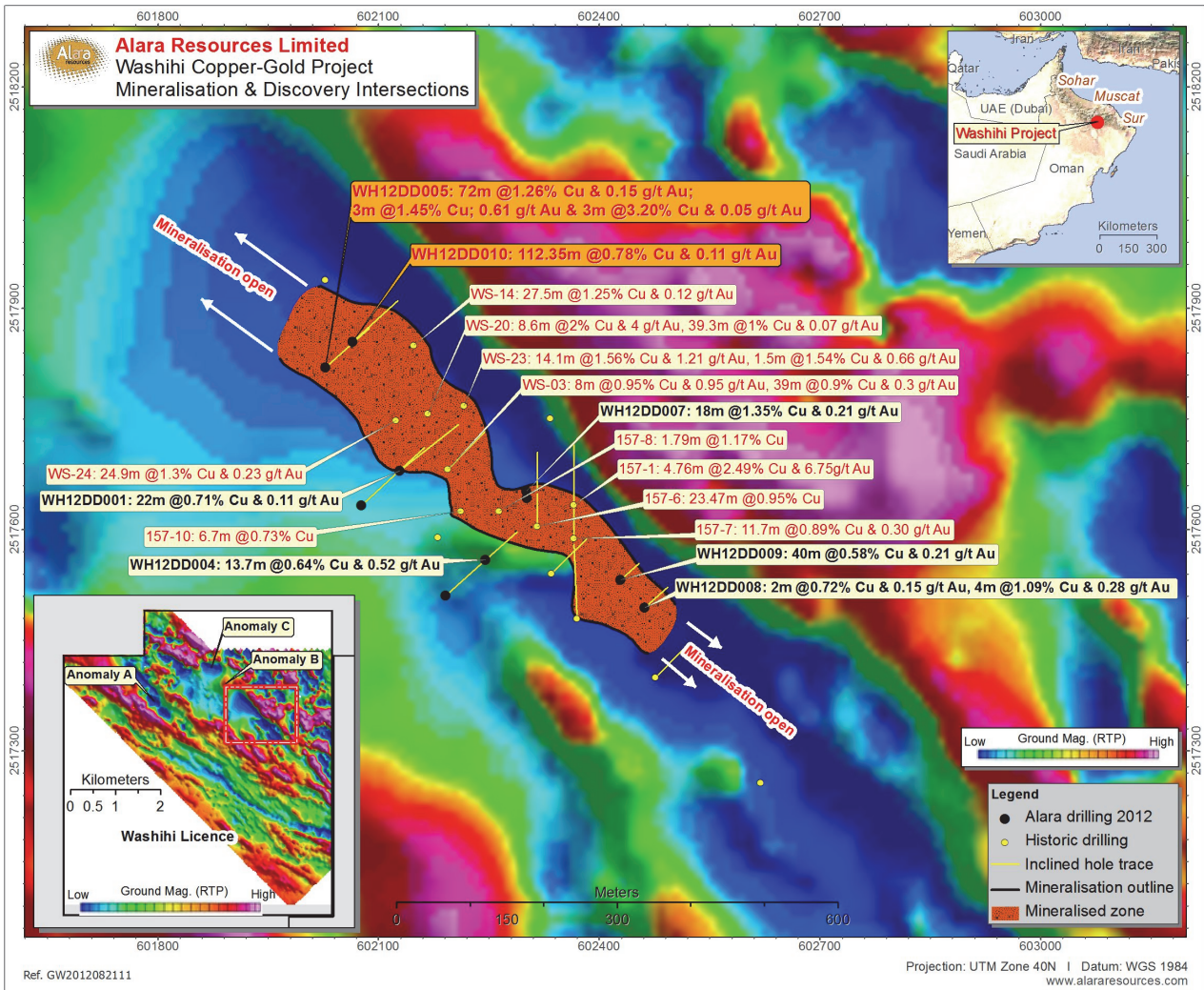
COMPANY PROJECTS

Oman (cont...)

Al Ajal-Washihi-Mullaq Copper Gold Project (Cont...)

Washihi Prospect (cont...)

The drill hole location map (Figure 3) and a tabulation of significant intersection results assayed to date (Table 3), are below.





COMPANY PROJECTS

Oman (cont...)

Al Ajal-Washihi-Mullaq Copper Gold Project (Cont...)

Washihi Prospect (cont...)

Table 3: Washihi Prospect – Significant Intersection Results from Alara Drilling

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS							
Drill Hole	Significant Mineralisation				Mineralised Zone		
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
WH12DD001	Primary	137	159	22	0.71	0.11	-
	<i>Inclusion</i>	144	153	9	1.08	0.15	-
WH12DD004	Primary	120.3	134	13.7	0.64	0.52	-
	<i>Inclusion</i>	120.3	127	6.7	0.78	0.93	-
	<i>Inclusion</i>	126	128	2	1.16	0.61	-
WH12DD005	Primary	160	232	72	1.26	0.15	-
	<i>Inclusion</i>	168	169	1	3.57	0.21	-
	<i>Inclusion</i>	187	188	1	4.66	0.08	-
	Primary	206	209	3	1.45	0.61	-
	Primary	229	232	3	3.20	0.05	-
WH12DD007	Primary	62	80	18	1.35	0.21	-
	<i>Inclusion</i>	62	66	4	2.26	0.12	-
	<i>Inclusion</i>	77	78	1	1.26	0.51	-
WH12DD008	Primary	74	76	2	0.72	0.15	-
	Primary	82	86	4	1.09	0.28	-
	<i>Inclusion</i>	84	85	1	3.19	0.48	-
WH12DD009	Primary	52	92	40	0.58	0.21	-
	<i>Inclusion</i>	55	58	3	1.08	0.27	-
WH12DD010	Primary	112.65	225	112.35	0.78	0.11	-
	<i>Inclusion</i>	112.65	180	67.35	1.00	0.13	-
	<i>Inclusion</i>	105.25	118	12.75	-	-	7.5

Notes to Table 3:

- Drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modelling stage. The drill intersections are approximately perpendicular to mineralisation and no significant difference is expected in true and intersection thickness.
- The cut-off grade is 0.2% Cu. In addition to cut-off, a natural break in assay (a marked change in grade) was also considered in calculation of intersections. Assays less than 0.2% Cu within primary interval are included as internal dilution.
- WH12DD002 and WH12DD003 intersected no significant mineralisation.
- WH12DD006 was abandoned at 61.7m due to technical reasons and WH12DD007 is a re-drill at the same location.



COMPANY PROJECTS

Oman (cont...)

Mullaq Prospect

Assay results from one of seven recently completed diamond drill holes at the Mullaq prospect have been received.

The presence of high grade near 7% copper over a 2m interval accompanied by several other copper intersections including 3m at 4.7% copper provide for encouraging positive initial results which will require further testing (refer Table 4).

As results of the balance of the seven diamond drill holes are received and analysed, a more detailed picture of the mineralisation zone will be developed.

Table 4: Drilling results from Mullaq Prospect

Drill Hole	Interval	From	To	Length	Cu (%)	Ag (ppm)
MQ12DD004	Primary	33.00	36.00	3.00	0.597	-
	Primary	75.00	78.00	3.00	4.676	-
	<i>Inclusion</i>	76.00	78.00	2.00	6.91	3.00

Daris Copper Gold Project (Block 7)

(Alara 50% with right to increase to 70%+, Al Tamman Trading Establishment LLC – 50% of Daris Resources LLC)

During the Sept 12 quarter, ongoing drilling results from Daris 3A -5 were received and the results are shown in Table 5.

Table 5: Drilling results from Daris 3A-5 Prospect

MINERALISED ZONE - SIGNIFICANT INTERSECTIONS							
Drill Hole	Significant Mineralisation				Mineralised Zone		
	Intersections	From (m)	To (m)	Length (m)	Cu (%)	Au (g/t)	Ag (g/t)
D3DC001	Primary	15	37.65	22.65	1.61	3.39	50.68
	<i>Inclusion</i>	30	37.65	7.65	4.69	3.71	77.95
D3DC002	Primary	28.4	46.25	17.85	3.85	2.61	22.51
	<i>Inclusion</i>	34.35	46.25	11.9	5.74	2.06	24.07
	Primary	50.6	59	8.4	4.45	1.36	20.34
	<i>Inclusion</i>	50.6	54.05	3.45	10.28	3.10	46.79
D3DC003	Primary	41	71.75	30.75	4.69	1.56	16.75
	<i>Inclusion</i>	51.5	68.7	17.2	8.05	2.67	28.95
D3DC008	Primary	23	35.8	12.8	0.74	6.62	31.11
	<i>Inclusion</i>	33.5	35.8	2.3	3.92	5.20	106.37
D3DC009	Primary	21	31	10	0.07	3.34	5.41
	<i>Inclusion</i>	23	25	2	0.06	7.13	23.67
	Primary	36	39	3	0.85	0.01	1.23
D3DC010	Primary	57	67	10	5.62	1.16	17.82
	<i>Inclusion</i>	59.35	65.7	6.35	8.58	1.78	27.48

Notes to Tables 4 and 5:

- The cut-off grade is 0.2% Cu in respect of intersections within the Copper Rich Zones.
- Drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modelling stage.

COMPANY PROJECTS

Oman (cont...)

Awtad Copper Gold Project (Block 8)

(Alara right to subscribe for 10% initially with right to increase to 51% and subsequently 70% +, existing local shareholders = the balance of shareholding interests of Awtad Copper LLC)

During the Q3 2012 quarter:

- 1,747m in 76 RAB drill holes and 299m in eleven core drill holes were completed;
- A high resolution ground geophysical magnetic survey was completed over the Al Mansur prospect which has identified an RTP magnetic low coincident with mapped structural intersection and proximal copper anomaly in rock-chip and RAB samples (refer Figure 4);
- Results of samples collected from drill cores and gossan outcrops over the geophysical anomaly were generally negative.
- Further work has been deferred until after a review of geophysical and drilling data has been completed.

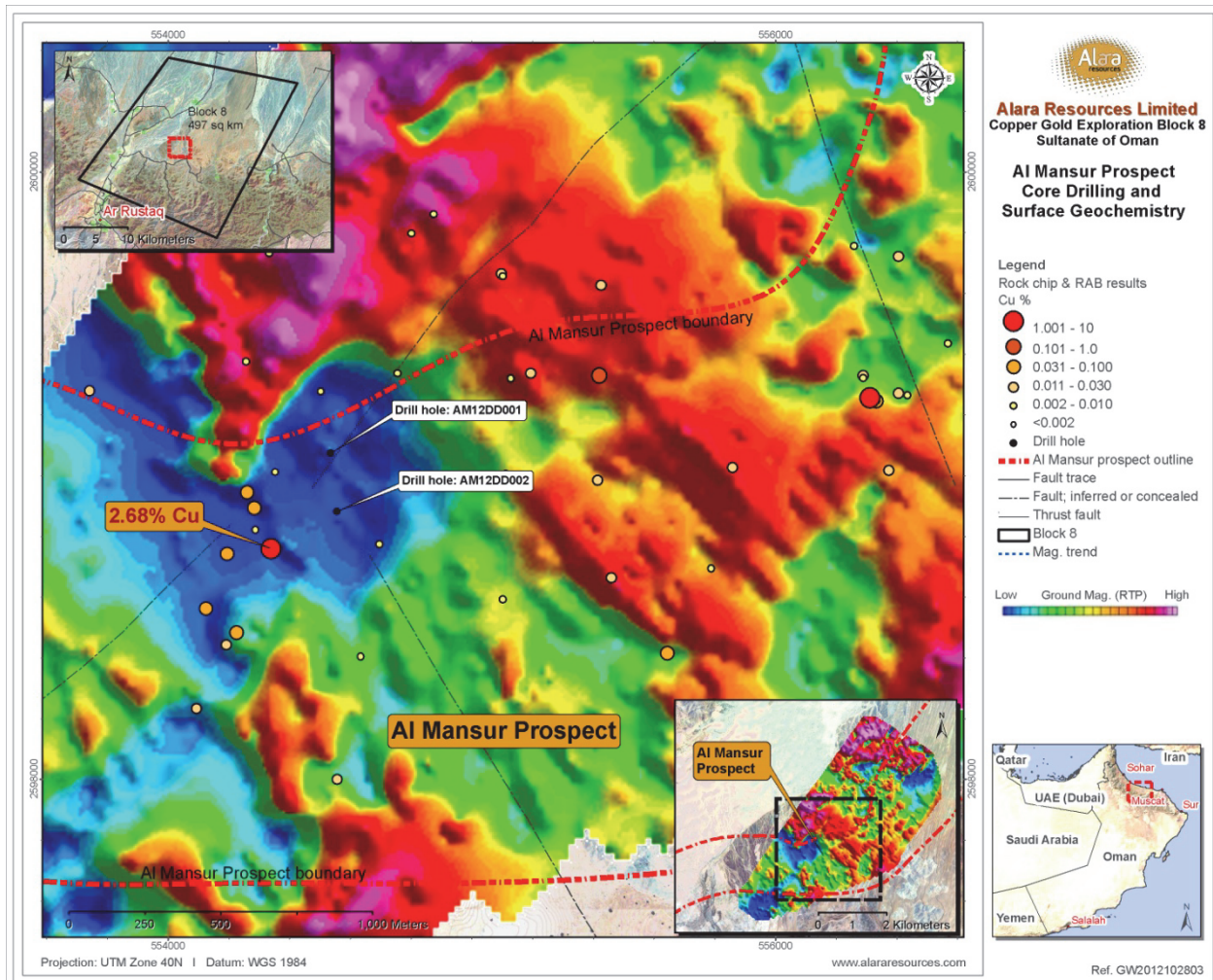


Figure 4: Al Mansur Prospect (within Awtad Block 8) Drill Hole Location Map on Ground Mag (RTP) Image



COMPANY PROJECTS

Chile

El Quillay Copper-Gold Project

(Alara – 70% of El Quillay SpA (ELQ) which has option to acquire 100% of SCM Antares)

Following approximately 5,000 metres of an initial drill program, assays from this drilling program failed to confirm the presence of the mineralisation that Alara was expecting.

As such, a decision was made not to progress further with Alara's El Quillay copper-gold exploration project in Chile. This decision was made prior to an advance of a US\$1 million option payment which was due to be paid to Alara's joint venture partner before 21 October 2012⁶.

Piedrecillas Copper-Silver Project

(Alara – option to acquire 50 to 100%)

In April 2012, Alara entered into an agreement to acquire up to a 100% interest in the Piedrecillas Copper-Silver Project in Chile.

The Piedrecillas Project consists of a series of exploration concessions covering a total area of approximately 2,370ha (24km²) and is located approximately 190km south of Santiago (capital) and 7km west of Santa Cruz, Chile.

The project area has good access to key project infrastructure requirements including water, power, roads, ports and favourably located close to towns and cities

Historical sampling taken in outcroppings, both at surface and from small underground mining works, show grades between 0.30% Cu to 3.30% Cu with up to 77g/t Ag, 0.15g/t Au and 0.001% Mo.

No activity was undertaken in the project area during the September quarter.

6 Refer ASX market announcement dated 22 October 2012: [Relinquishment of Interest in El Quillay Project, Chile](#)



COMPANY PROJECTS

Australia

Canning Well Base Metals/Uranium Project, Western Australia

Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km ²)	Area (hectares)	Location / Property Name	State	Company's Interest
Granted	E 46/629	02/08/05	21/08/12	19	57	5,700	Canning Well	WA	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); subject to a farm-out agreement with Process Minerals International Pty Ltd, a subsidiary of ASX-listed Mineral Resources Limited ⁷
Application	E 46/585	17/10/03	N/A	69	207	20,700	Canning Well	WA	Right to earn 85% (excluding all manganese mineral rights) (63.75% held by Alara Operations Pty Ltd and 21.25% held by Hume Mining NL)

Alara has determined not to renew Exploration Licence EL 46/629 upon expiry on 21 August 2012.

This tenement was subject to a farm-out agreement with Process Minerals International Pty Ltd, who was unable to identify any prospective targets for manganese that warranted giving notice to commence mining operations under the terms of the farm-out agreement. PMI has been released from its obligations under the agreement.

Bigrlyi South Uranium Project, Northern Territory

Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km ²)	Area (hectares)	Location / Property Name	State	Company's Interest
Granted	EL 24879	15/08/06	14/08/12	54	170	17,000	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); Thundelarra Exploration Ltd has a right under a joint venture with Alara to earn a 70% interest ⁸
Application	EL 24927	12/09/05	N/A	338	998.7	99,870	Haasts Bluff	NT	
Granted	EL 24928	24/08/06	23/08/12	12	28	2,800	Mount Doreen	NT	
Granted	EL 24929	24/08/06	23/08/12	26	56.8	5,680	Mount Doreen	NT	

Thundelarra Exploration Ltd (ASX: THX) has provided the following update:

- There was no field work undertaken on the joint venture tenements during the quarter;
- Continuing work has involved co-processing of gravity and AEM data to highlight prospective palaeovalley targets;
- THX has identified approximately 20kms of possible palaeovalleys from this work, within the granted joint venture tenements; and
- The process for the grant of the application for EL 24927 is on-going.

EL 24879, 24928 and 24929 are each subject to a 50% reduction in area at the time of their renewal in August 2012.

⁷ Under an agreement dated March 2010, Process Minerals International Pty Ltd (PMI) was to determine the feasibility of a manganese mining operation on EL 46/629. If the operation was feasible, PMI were to acquire the manganese rights in the tenement and develop an operation to mine and process manganese from the tenement. Upon commencement of mining, PMI were liable pay Alara a royalty based on a rate per dry metric tonne of manganese fines and lump mined - subject to variation in accordance with manganese price benchmarks and to the levels of manganese fines and lump produced.

⁸ Under a joint venture agreement, ASX listed Thundelarra Exploration Ltd (ASX Code: THX) is earning-in a 70% interest in Exploration Licenses EL 24879, EL 24928 and EL 24929 by incurring \$750,000 of expenditure on these tenements over a period of 5 years from the date of the agreement on 12 May 2009 and a 70% interest in Exploration License application EL 24927 by incurring \$750,000 of expenditure on this tenement over a period of 5 years from the date of grant. Refer Alara market announcement dated 14 May 2010 and entitled "[Bigrlyi South Uranium Joint Venture with Thundelarra](#)"



COMPANY PROJECTS

COMPETENT PERSONS' STATEMENTS:

- (1) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 in relation to the Khnaiguiyah Project (Saudi Arabia) is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
- (2) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zone 3 in relation to the Khnaiguiyah Project (Saudi Arabia) is based on information compiled by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
- (3) *The information in this report that relates to Mineral Resources in relation to the Daris Project (Oman) and the Washihi prospect (Oman) is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma is a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr Sharma has given his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.*
- (4) *The information in this report that relates to other Exploration Results is based on information 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 report of the matters based on his information in the form and context in which it appears.*



CORPORATE

Shareholder Information

As at 30 September 2012, Alara had 2,200 shareholders and 210,507,500 listed ordinary fully paid shares on issue with 25,350,000 unlisted options on issue.

During the quarter, 900,000 unlisted options lapsed were cancelled.

Cash Assets

Alara's cash balance as at 30 September 2012 was A\$6.4 million.

Financing

Alara successfully raised \$A 7.8 million on 25 October 2012 through the placement of 31.5 million shares.

Expenditure

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

Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

Alara Resources Limited and controlled/jointly controlled entities

ACN or ARBN

122 892 719

Quarter Ended

30 September 2012

Consolidated statement of cash flows

	Consolidated	
	Current Quarter September 2012 \$' 000	Year to Date 3 months \$' 000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(3,547)	(3,547)
(b) development	-	-
(c) production	-	-
(d) administration	(1,153)	(1,153)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	88	88
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
(a) Professional fees	-	-
Net operating cash flows	(4,613)	(4,613)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(1)	(1)
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(1)	(1)
1.13 Total operating and investing cash flows	(4,614)	(4,614)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc.	-	-
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	-	-
1.17 Repayment of borrowings	-	-
1.18 Dividends paid	-	-
1.19 Other (provide details if material)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(4,614)	(4,614)
1.20 Cash at beginning of quarter/year to date	10,950	10,950
1.21 Exchange rate adjustments to item 1.20	124	124
1.23 Cash at end of quarter	6,460	6,460

Payments to directors of the entity and associates of the directors

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

		Current Quarter September 2012 \$' 000
1.24	Aggregate amount of payments to the parties included in item 1.2	(169)
1.25	Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees, salaries and superannuation for the quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

Financing facilities available

		Amount available \$' 000	Amount used \$' 000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		Next Quarter \$' 000
4.1	Exploration and evaluation	(2,800)
4.2	Development	-
4.3	Production	-
4.4	Administration	(950)
Total		(3,750)

Reconciliation of cash

		Consolidated	
Reconciliation of cash at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows		Current Quarter \$' 000	Previous Quarter \$' 000
5.1	Cash on hand and at bank	2,328	4,518
5.2	Deposits at call	4,132	6,432
5.3	Bank overdraft	-	-
5.4	Other (Bank Bills)	-	-
Total: cash at end of quarter (item 1.22)		6,460	10,950

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (4))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer to Quarterly Activities Report		
6.2	Interests in mining tenements acquired or increased	Refer to Quarterly Activities Report		

Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (see note 5) (cents)	Amount paid up per security (see note 5) (cents)
7.1 Preference securities+				
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 Ordinary securities+	210,507,500	210,507,500	-	-
7.4 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 Convertible debt securities+				
7.6 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted \$0.55 (26 July 2012) Options	500,000	-	55 cents	26 July 2012
Unlisted \$0.35 (16 September 2013) Options	16,400,000	-	35 cents	16 September 2013
Unlisted \$0.35 (16 September 2013) Options	1,000,000	-	35 cents	16 September 2013
Unlisted \$0.35 (25 October 2014) Options	3,650,000	-	35 cents	25 October 2014
Unlisted \$0.60 (25 October 2014) Options	2,000,000	-	60 cents	25 October 2014
Unlisted \$0.50 (25 May 2014) Options	400,000	-	50 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Directors' Options	500,000	-	60 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Options	250,000	-	60 cents	25 May 2014
Unlisted \$0.70 (25 May 2014) Options	250,000	-	70 cents	25 May 2014
Unlisted \$0.35 (22 August 2015) Options	400,000	-	35 cents	22 August 2015
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted \$0.50 (25 May 2014) Options	300,000	-	50 cents	25 May 2014
Unlisted \$0.60 (25 May 2014) Options	300,000	-	60 cents	25 May 2014
Unlisted \$0.70 (25 May 2014) Options	300,000	-	70 cents	25 May 2014
7.11 Debentures (totals only)	-	-		
7.12 Unsecured notes	-	-		

Compliance statement

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



Elvio Ruggiero
Chief Financial Officer

31 October 2012

Notes:

The Company currently holds the following listed share investments:

Listed securities

	30-Sep-12	30-Jun-12
Market Value	\$393,128	\$393,128
	\$393,128	\$393,128

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

+ See Chapter 19 for defined terms

NOTES

- The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note
- The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- The Company holds foreign currencies denominated in US dollars, Omani Rials, Saudi Arabian Riyals and Chilean Pesos. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 30 September 2012.