

Alara Resources

NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT TO SHAREHOLDERS

Date and Time of Meeting: 10:00 am (Perth time)
on Wednesday, 19 November 2014

Place of Meeting: Conference Room
Level 3, Construction House
35 Havelock Street
West Perth, Western Australia

PURPOSE OF THIS DOCUMENT

This Notice of Annual General Meeting and Explanatory Statement has been prepared for the purpose of providing shareholders with all the information known to the Company that is material to the shareholders' decision on how to vote on the proposed resolutions at the Annual General Meeting. Shareholders should read this Notice of Annual General Meeting and Explanatory Statement in full to make an informed decision regarding the resolutions to be considered at this Annual General Meeting.

The Chairman of the Annual General Meeting will vote open proxies received in favour of all resolutions to be considered at the Annual General Meeting.

This Notice of Annual General Meeting and Explanatory Statement is dated 2 October 2014.

ENQUIRIES

If you have any questions regarding the matters set out in this Notice of Annual General Meeting and Explanatory Statement, please contact the Company or your professional advisers.



ASX Code: AUQ

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

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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 **Conference Room, Level 3, 35 Havelock Street, West Perth**, Western Australia at **10:00 am (Perth time) on Wednesday, 19 November 2014**.

AGENDA

1. 2014 Annual Report

To consider and receive the 2014 Directors' Report, Financial Statements and Audit Report of the Company.

The 2014 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2014 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 John Hopkins as Director

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

"That Mr John David Hopkins, who retires at this Annual General Meeting pursuant to the Constitution of the Company (having been appointed by the Board since the last Annual General Meeting), being eligible, be re-elected as a Director of the Company."

3. Resolution 2 - Re-Election of HRH Prince Abdullah as Director

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

"That His Royal Highness Prince Abdullah bin Mosaad bin Abdulaziz Al Saud, who retires at this Annual General Meeting pursuant to the Constitution of the Company (having been appointed by the Board since the last Annual General Meeting), being eligible, be re-elected as a Director of the Company."

4. Resolution 3 - 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, who retires (by rotation) at this Annual General Meeting pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company."

5. Resolution 4 - Approval of Employee Share Option Plan

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

"That, for the purposes of ASX Limited (ASX) Listing Rule 7.2 (exception 9) and for all other purposes, the Company's Employee Share Option Plan tabled at the meeting (and signed by the Chair of the meeting for the purpose of identification), and the issue of securities under that Plan, is approved."

6. Resolution 5 - 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 5 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:

- (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.

7. Resolution 6 - Adoption of 2014 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 2014 be adopted.”

Note: The vote on Resolution 6 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 6 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 2014 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 6 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 6, then on the poll for that item, the Chair intends to vote any undirected proxies in favour of Resolution 6. Shareholders may also choose to direct the Chair to vote against Resolution 6 or to abstain from voting on this resolution.

DATED THIS 2nd DAY OF OCTOBER 2014

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. 2014 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 2014 Annual Report.

A copy of the 2014 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2014 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 JOHN HOPKINS AS DIRECTOR

[Resolution 1](#) seeks shareholder approval for the re-election of Mr John David Hopkins as a Director of the Company.

The Board appointed Mr Hopkins as Non-Executive Director on 16 October 2013.¹

The Company's [Constitution](#) requires a Director appointed by the Board since the last AGM to retire at the following AGM. Mr Hopkins retires at this AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Hopkins's qualifications and experience are detailed in the Directors' Report in the Company's 2014 Annual Report.

The Board (other than Mr John Hopkins who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr Hopkins 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 HRH PRINCE ABDULLAH AS DIRECTOR

[Resolution 2](#) seeks shareholder approval for the re-election of High Royal Highness Prince Abdullah bin Mosaad bin Abdulaziz Al Saud as a Director of the Company.

The Board appointed HRH Prince Abdullah as Non-Executive Director on 26 October 2013.²

The Company's Constitution requires a Director appointed by the Board since the last AGM to retire at the following AGM. HRH Prince Abdullah retires at this AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

HRH Prince Abdullah's qualifications and experience are detailed in the Directors' Report in the Company's 2014 Annual Report.

The Board (other than HRH Prince Abdullah (and his Alternate Director, Mr James Phipps) who makes no recommendation in respect of his own re-election as a Director) supports the re-election of HRH Prince Abdullah to the Board of Directors of the Company and recommends that **shareholders vote in favour of [Resolution 2](#)**.

¹ Refer Alara ASX market announcement dated [16 October 2013 and entitled "Appointment of Director"](#)

² Refer Alara ASX market announcement dated [29 October 2013 and entitled "Appointment of Director"](#)

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

Resolution 3 seeks shareholder approval for the re-election of Mr Ian James Williams AO 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. A Director appointed by the Board since the last AGM and subject to retirement and re-election at this AGM is also not taken into account in determining the number of Directors who must retire by rotation.

Mr Williams retires at this AGM under this rule. 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 2010³ and the Chairman of the Board since 10 May 2011 and was most recently re-elected a Director at the 2013 AGM held on 22 November 2013⁴. Mr Williams' qualifications and experience are detailed in the Directors' Report in the Company's 2014 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 3**.

5. RESOLUTION 4 – ADOPTION OF EMPLOYEE SHARE OPTION PLAN

The Company has established an Employee Share Option Plan (**ESOP**) to assist in the recruitment, reward, retention and motivation of employees (excluding Directors) of the Alara group, which was previously approved by shareholders approximately three years ago at the 2011 Annual General Meeting held on 4 November 2011.⁵

Shareholder approval is not required for the adoption of an ESOP, however without shareholder approval of the plan issues of options under the plan would count towards the 15% placement capacity limit in [ASX Listing Rule 7.1](#).

Under ASX Listing Rule 7.1, a company is prohibited from issuing securities representing more than 15% of its share capital in a 12 month period without shareholder approval, subject to certain exceptions.

ASX Listing Rule 7.2 (exception 9) permits issues of securities under an employee incentive scheme for a maximum 3 year period if shareholders approve those issues under the scheme.

As the adoption of the Company's 2011 ESOP was approximately 3 years ago, shareholder approval is sought at this AGM to freshly adopt a 2014 ESOP to ensure that any options issued under the plan in the next 3 years are excluded from the calculations in determining the number of securities the Company can issue without shareholder approval under the 15% placement capacity limit.

Under the 2014 ESOP, the Board will nominate employees to participate in the plan and will offer options to subscribe for shares to those employees. A summary of the terms of the 2014 ESOP is set out in Annexure A to this Notice of AGM and Explanatory Statement. Shareholders may view a copy of the 2014 ESOP by appointment at the Company's registered office during business hours and at the AGM.

The Company's ESOP does not extend to the issue of options to Directors.

Since the adoption of the 2011 ESOP, the Company has issued the following options pursuant to the plan:

| No. of Options Issued | Date of Issue | Description of Unlisted Options | Exercise Price | Expiry Date | Vesting Criteria | Current Status |
|-----------------------|-------------------------------|---------------------------------|----------------|-------------|-----------------------|------------------|
| 200,000 | 23 December 2011 ⁶ | \$0.50 (25 May 2014) Options | \$0.50 | 25 May 2014 | 100% on date of issue | Lapsed on expiry |
| 125,000 | | \$0.60 (25 May 2014) Options | \$0.60 | | | |
| 125,000 | | \$0.70 (25 May 2014) Options | \$0.70 | | | |

3 Refer Alara ASX market announcement dated [29 November 2010 and entitled "Appointment of Directors"](#)

4 Refer Alara ASX market announcement dated [22 November 2013 and entitled "Results of 2013 AGM"](#)

5 Refer [Alara Notice of 2011 Annual General Meeting](#) released on ASX on 6 October 2011 and ASX market announcement dated [4 November 2011 and entitled "Results of 2011 Annual General Meeting"](#)

6 Terms and conditions of issue are set out in an [Appendix 3B New Issue ASX Announcement lodged on 29 December 2011](#).

Directors' Recommendations

The Directors unanimously recommend that shareholders vote in favour of Resolution 4 as it allows the Company to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 months.

6. SPECIAL RESOLUTION 5 - APPROVAL OF 10% PLACEMENT FACILITY

Resolution 5 seeks shareholder approval to issue Equity Securities under a 10% Placement Facility over a 12 month period following the 2014 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).

6.1. 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 5 (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:

| Class of Security | Quoted on ASX | Unlisted | Total |
|--|----------------------|-------------------|--------------------|
| Fully paid ordinary shares | 242,007,500 | - | 242,007,500 |
| \$0.35 (25 October 2014) Unlisted Options ⁷ | - | 3,650,000 | 3,650,000 |
| \$0.60 (25 October 2014) Unlisted Options ⁷ | - | 2,000,000 | 2,000,000 |
| \$0.35 (22 August 2015) Unlisted Options ⁸ | - | 400,000 | 400,000 |
| \$0.10 (15 January 2016) Unlisted Director's Options ⁹ | - | 10,000,000 | 10,000,000 |
| \$0.15 (15 January 2016) Unlisted Director's Options ⁹ | - | 10,000,000 | 10,000,000 |
| \$0.15 (21 November 2016) Unlisted Managing Director's Options ¹⁰ | - | 6,666,667 | 6,666,667 |
| \$0.20 (21 November 2016) Unlisted Managing Director's Options ¹⁰ | - | 3,333,333 | 3,333,333 |
| Total | 242,007,500 | 36,050,000 | 278,057,500 |

7 Terms and conditions of issue are set out in Appendix 3B New Issue ASX Announcements lodged on [26 October 2009](#) and [1 December 2009](#)

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

9 Terms and conditions of issue are set out in an ASX [Appendix 3B New Issue Announcement lodged on 21 January 2014](#)

10 Terms and conditions of issue are set out in an ASX [Appendix 3B New Issue Announcement lodged on 28 November 2013](#)

(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.

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); and
- (ii) subject to the passing of [Resolution 5](#), 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 6.1(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 volume weighted average price (**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 6.1(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**).

6.2. Effect of passing Resolution 5

The effect of shareholders passing Resolution 5 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 5 is a special resolution and therefore requires approval of 75% of the votes cast by shareholders present and eligible to vote at the AGM.

6.3. 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 5 and the 10% Placement Facility as follows (to the extent that such information is not disclosed elsewhere in this Explanatory Statement):

- (a) If Resolution 5 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 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 6.1(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 | Variable 'A' in Listing Rule 7.1A.2 | Assumed Issue Price | | |
|--|---|-----------------------------|-------------|-----------------------------|
| | | \$0.017 | \$0.033 | \$0.050 |
| | | 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 | \$411,412 | \$798,624 | \$1,210,037 |
| 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 | \$617,119 | \$1,197,937 | \$1,815,056 |
| 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 | \$822,825 | \$1,597,249 | \$2,420,075 |

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 \$0.033, being the Company's closing bid price on ASX on 2 October 2014.
- (c) The Company will only issue the Equity Securities during the 10% Placement Period. The approval under [Resolution 5](#) 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 acquisition or investment transactions in relation to mineral resources projects, assets or investments deemed by the Board to be in the best interests of the Company and/or general working capital; or
 - (ii) as non-cash consideration towards potential acquisition or investment transactions in relation to mineral resources projects, assets or investments 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 resource assets or investments, allottees under the 10% Placement Facility may include the vendors of those assets (on the basis that consideration is satisfied in whole or in part by the issue of shares in the Company).
- (i) The Company has previously sought but failed to obtain shareholder approval under Listing Rule 7.1A at the 2012¹¹ and 2013¹² AGM's.

6.4. 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 5](#)**.

6.5. Voting Exclusion

In accordance with ASX Listing Rules 7.3A and [14.11](#), the Company will disregard any votes cast on [Resolution 5](#) 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.

¹¹ Refer Alara ASX market announcement dated [30 November 2012 and entitled "Results of 2012 Annual General Meeting"](#)

¹² Refer Alara ASX market announcement dated [22 November 2013 and entitled "Results of 2013 AGM"](#)

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.

7. ADVISORY NON-BINDING RESOLUTION 6 - ADOPTION OF 2014 REMUNERATION REPORT

Resolution 6 seeks shareholder approval to adopt the 30 June 2014 Remuneration Report as disclosed in the Company's 2014 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 6 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 6** to adopt the Remuneration Report.

Voting Exclusion

A voting exclusion applies to Resolution 6 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 6.

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 6 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 6, 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 6.

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

Annexure A

SUMMARY OF THE TERMS OF THE ALARA RESOURCES LIMITED EMPLOYEE SHARE OPTION PLAN THE SUBJECT OF RESOLUTION 4

1. The Plan is managed and administered for the Company by the board or a committee established by the board for that purpose.
2. The Plan is open to all employees (full time or part time but excluding directors) of the Company or of any related body corporate of the Company or a principal contractor or principal consultant engaged by the Company or of an Associated Company (**employee**).
3. In its discretion, the board decides whether an employee is eligible to participate in the Plan. In so deciding, the board must consider:
 - 3.1. the employee's position within the Alara group and the services provided to the Alara group by the employee;
 - 3.2. the employee's record and length of employment or service with the Alara group;
 - 3.3. the employee's potential contribution to the growth of the Alara group;
 - 3.4. the employee's remuneration level; and
 - 3.5. any other matters which tend to indicate the employee's merit.
4. Each invitation to an employee to accept options must specify (among other things) the number of options the employee is invited to accept, the exercise price or (if applicable) method of calculation of the exercise price, the period in which the options vest and the period during which they may be exercised. The determination of each of these matters shall be at the discretion of the Company.
5. The board must not invite an application for an option or grant an option if that would exceed the share limit. In basic terms (and subject to certain exceptions), the share limit is exceeded if the total number of shares the subject of options issued under any employee share or option plan operated by the Company immediately following an issue of options under the Plan exceeds 15% of the then issued share capital of the Company.
6. The Plan will continue in operation until the board decides to terminate it.
7. Options issued under the Plan:
 - 7.1. may be issued to a nominee of the relevant employee, with the board's prior consent;
 - 7.2. are to subscribe for one fully paid ordinary share in the capital of the Company which rank equally in every way with those then issued fully paid ordinary shares in the capital of the Company;
 - 7.3. may be exercised:
 - 7.3.1. any time after they have vested but before they have expired;
 - 7.3.2. during a bid period of a takeover bid for the Company;
 - 7.3.3. during the 3 month period following a change in control of the Company not arising from a takeover bid; and
 - 7.3.4. during the period following a court order convening a meeting of the members of the Company concerning a proposed compromise or arrangement between the Company and its members and ending on the earlier of (A) the date that is 3 Business Days after the date on which an office copy of the court order approving the proposed compromise or arrangement is lodged with ASIC, and (B) the date on which the Company announces to ASX that the proposed compromise or arrangement will not be proceeding;
 - 7.4. if they have not vested, lapse on termination of employment;
 - 7.5. if they have vested and the employee ceases to be an employee for any reason (including retrenchment, retirement or redundancy, but not including death, permanent illness, permanent physical incapacity or permanent mental incapacity), the options lapse 30 days after cessation of employment (unless a longer period is otherwise determined by the board at its absolute discretion);
 - 7.6. if they have vested and the employee ceases to be an employee by reason of death, permanent illness, permanent physical incapacity or permanent mental incapacity, the options lapse 6 months after the cessation of employment (unless a longer period is otherwise determined by the board at its absolute discretion);
 - 7.7. are not transferable, except with the board's prior consent, or, in circumstances where the options have vested, the options may (be transferred to the spouse of the optionholder, a company in which the optionholder (or the spouse of the optionholder) is a shareholder or the trustee of a trust in which the optionholder (or the spouse of the optionholder) has a beneficial interest.
8. Optionholders may not participate in new issues of securities to Shareholders, but will be given notice of new issues in accordance with the Listing Rules. If there is a bonus share issue, the number of shares over which an option is exercisable will be increased accordingly. The exercise price of an option will be adjusted in the manner provided for in the Listing Rules if there is a pro rata issue (other than a bonus issue) to shareholders. Options will be reorganised in accordance with the Listing Rules if the Company's capital is reorganised.

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:

Conference Room commencing 10:00 am (Perth time)
Level 3, Construction House Wednesday, 19 November 2014
35 Havelock Street, West Perth, Western Australia

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:

- by facsimile to (08) 6323 5999;
- by mail to Alara Resources Limited, PO Box 1890, West Perth, Western Australia 6872; or
- by hand delivery to Alara Resources Limited, Level 3, 35 Havelock Street, West Perth, Western Australia,

so that it is received **not later than 10:00 am (Perth time) on Monday, 17 November 2014**.

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 Monday, 17 November 2014 (**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
www.alararesources.com

LODGE YOUR VOTE
By Mail: Alara Resources Limited
PO Box 1890
West Perth WA 6872
By Facsimile: (08) 6323 5999

ENQUIRIES: (08) 6323 5900 or cosec@alararesources.com

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

Our Reference: AUQ / {S-REG} / {SEQUENCE}
Shareholding as at [] October 2014: {CURRENT_UNITS}
Current Election to Receive Hard Copy Annual Report: {ANNUAL_REPORT}

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 **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 (by default), 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 **Conference Room, Level 3, 35 Havelock Street, West Perth, Western Australia at 10:00 am (Perth time) on Wednesday, 19 November 2014** 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 the Chair of the Meeting becomes your proxy (by specific appointment or 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 6 (inclusive) as the Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 1, 2, 3, 4, 5 and 6.
If you mark the ABSTAIN box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll on that resolution.
YOUR ACKNOWLEDGEMENTS ON REMUNERATION RELATED RESOLUTION
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 6.
Direction to Chair for voting on Resolution 6: 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 Resolution 6 in Section B below, I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of Resolution 6 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 John Hopkins as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (2) Re-election of HRH Prince Abdullah as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (3) Re-election of Ian Williams as Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (4) Approval of Employee Share Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (5) Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (6) Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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 |
| <div style="border: 1px solid black; width: 300px; height: 20px;"></div> | <div style="border: 1px solid black; width: 230px; height: 20px;"></div> | <div style="border: 1px solid black; width: 230px; height: 20px;"></div> |
| Sole Director and Sole Company Secretary | Director | Director / Company Secretary |
| ----- | | |
| Contact Name | (PHONE) 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 6 (Adoption of Remuneration Report) 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 6 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 6; or
- (b) if the Chair is your proxy, you expressly authorise him to vote as he sees fit on Resolution 6 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. Lodgement 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 **10:00 am (Perth time) on Monday, 17 November 2014** (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:

BY POST:
Alara Resources Limited
PO Box 1890
West Perth WA 6872

BY DELIVERY:
Alara Resources Limited
Level 3, 35 Havelock Street
West Perth, Western Australia

BY FACSIMILE:

+61 8 6323 5999