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**Thursday, 26 May 2011**

# MARKET ANNOUNCEMENT

## Replacement - Investor Update Presentation at General Meeting

*This market announcement replaces the announcement uploaded to ASX earlier today (with the same announcement title) with a correction made due to a typographical error.*

Alara Resources Limited is pleased to attach a copy of a presentation to be made at the Company's General Meeting to be held at 10:30am (Perth time) later today.

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### Further information:

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Managing Director  
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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**





ASX: AUQ

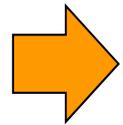
# Alara Resources Limited

Investor Update  
May 2011





# Agenda



- 1. Introduction**
- 2. Saudi Arabia**
  - a. Khnaiguiyah Project**
  - b. Marjan Project**
- 3. Oman: Daris Project**
- 4. Chile: El Quillay Project**
- 5. Summary**



# Investor Update May 2011

- The Company
  - Structure
  - Share Price Performance.
- Projects:
  - **Saudi Arabia** : *Targeting Khnaiguiyah DFS completion Q1 2012*
  - **Oman** : *Helicopter - borne VTEM Survey completed*
  - **Chile** : *Planning geophysics and mapping program.*
- Summary of recent accomplishments and the way forward

# Company Profile

## Directors

### Ian Williams AO Chairman

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

### Shanker Madan (MD)

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

### Doug Stewart

- 35 plus 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

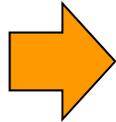
- 30 + years experience in mine operations, project management, technical services, and project financing

## Stock

<b>ASX Code</b>	<b>AUQ</b>
<b>Market Cap (24 May 2011):</b>	<b>\$ 43M</b>
<b>Issued Capital</b>	
- Shares	<b>144.5M</b>
- Options	<b>41M</b>
<b>Cash</b>	<b>\$12.4M</b>
<b>Top Shareholders</b>	
JP Morgan Nominees	15.4%
HSBC Custody Nominees	14.4%
National Nominees	13.6%



# Pipeline



Alara has a strong pipeline of base metal development projects

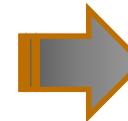


*"In Place Movable Reserves" as reported in Alara ASX market announcement dated 5 October 2010<sup>1</sup>*

<sup>1</sup> Refer: Alara ASX market announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia"

## Saudi Arabia: Khnaiguiyah Zinc - Copper (Alara 50%)

Pre-feasibility studies completed.  
DFS team appointed.  
DFS to be completed Q1 2012.



## Oman: Daris Copper-Gold (Alara 50%)

Preliminary drilling by Alara (25 holes) points to copper sulphide and oxide mineralisation at shallow depths.



*Oxide and sulphide copper-gold mineralisation reported in historic drilling has been confirmed .  
Massive sulphide deposits have been intersected in the current round of drilling.  
Deposit open at depth and further west .*

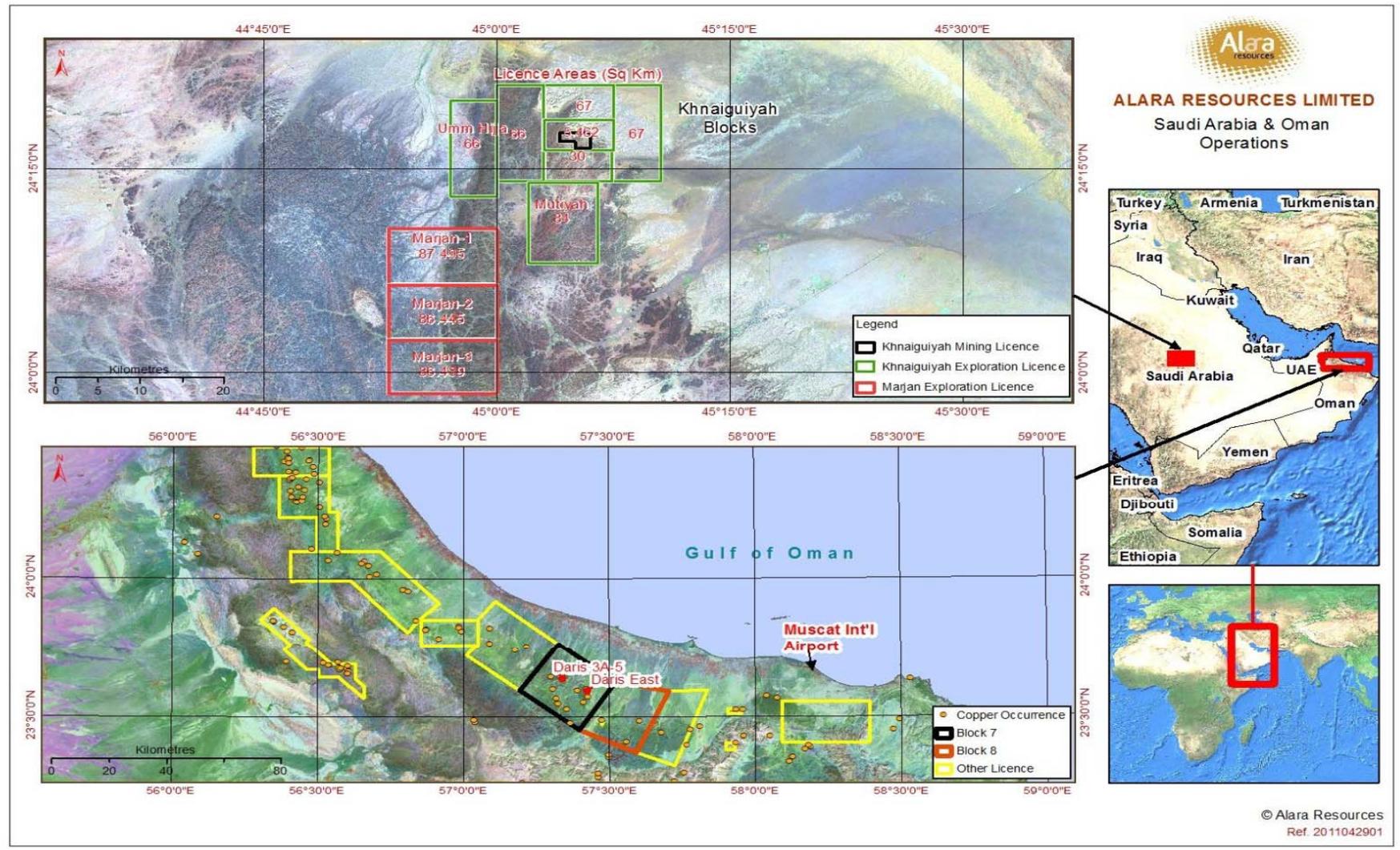
## Chile: El Quillay Copper-Gold (Alara 70%)

Extensive surface and old mine working sampling points to the presence of a significant copper system target potential.



*Planning for mapping and geophysics survey during 2011, followed by 10,000m drilling.*

# Saudi Arabia and Oman Operations





# Agenda

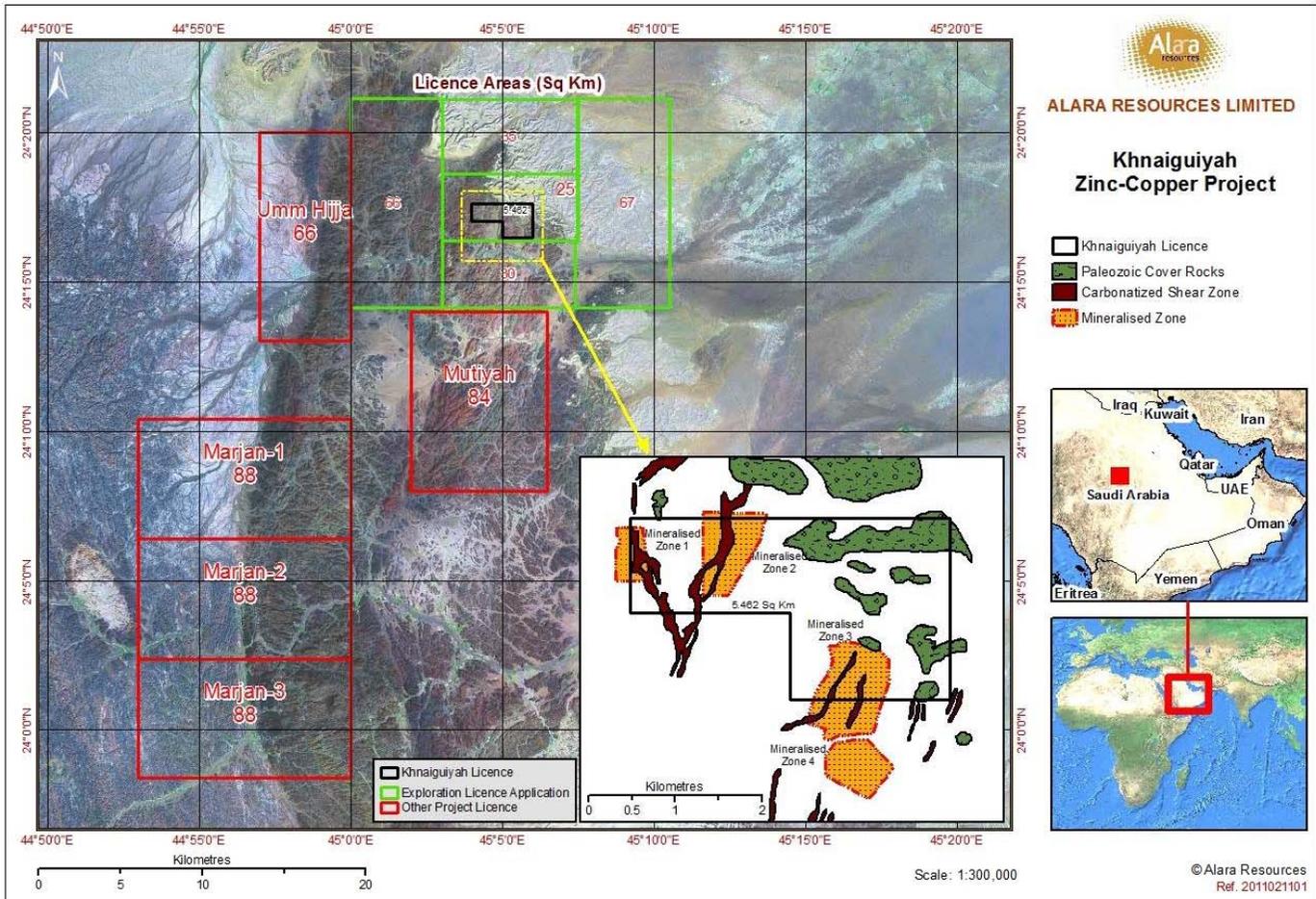
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- ➔ 2. Saudi Arabia
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  - b. Marjan Project
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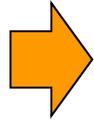
# The Khnaiguiyah Project



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**

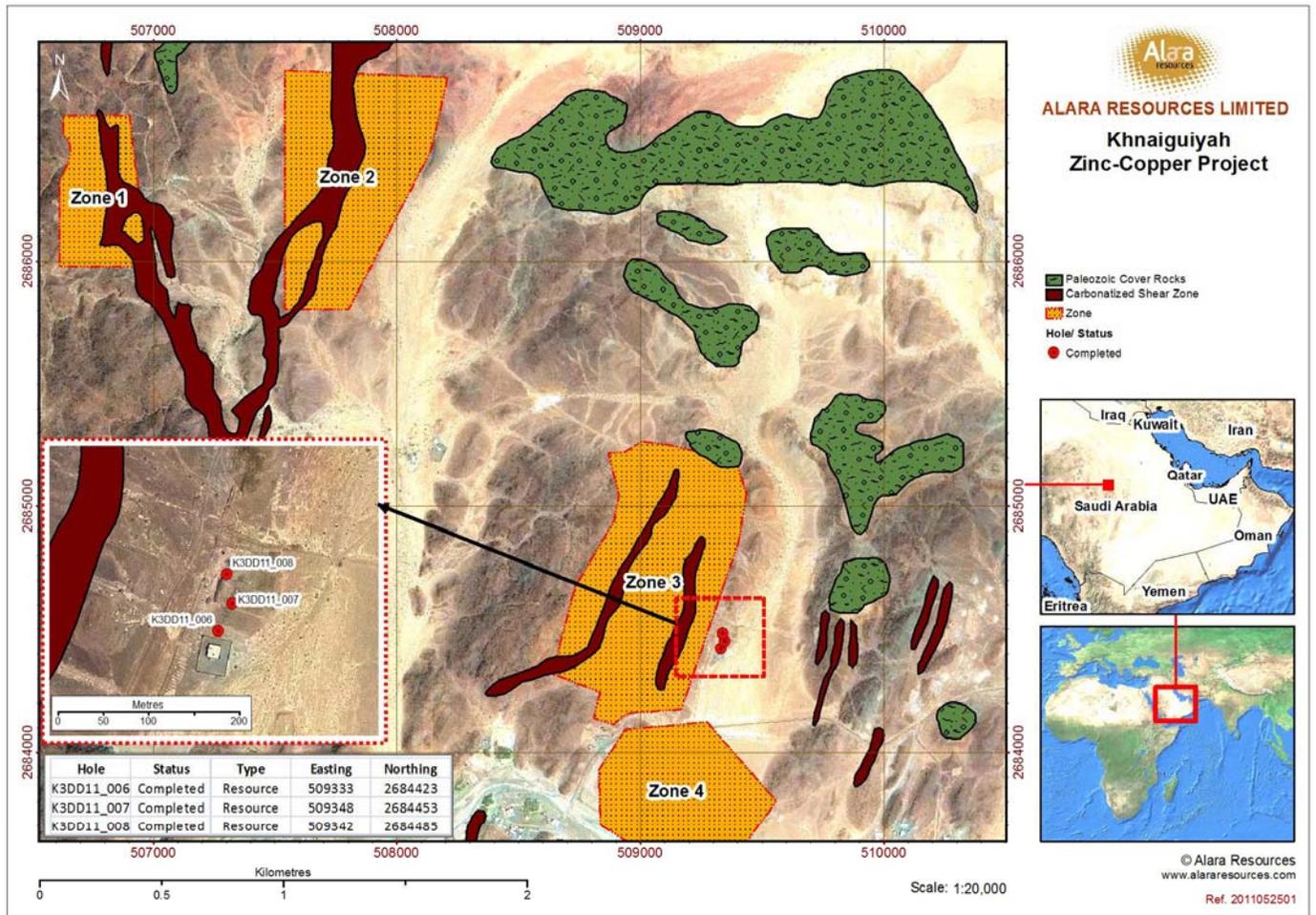
- “In Place Movable Reserves” as reported in Alara ASX market announcement dated 5 October 2010<sup>1</sup>
- The PFS (1990’s) indicates the project was commercially viable at a price assumption for zinc of US\$1,200 per tonne – considerably lower than today’s price of ~US\$2,140 per tonne<sup>2</sup>
- 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

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

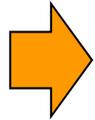
<sup>2</sup> LME Zinc cash price as at 24 May 2011 (<http://www.lme.com/zinc.asp>)

# The Potential

➔ High potential exists for new discoveries in unexplored carbonatized shears and along strike extension of explored shear zones at Khnaiguiyah



# Definitive Feasibility Studies

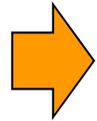


**Alara believes that previous BRGM and Manajem studies can be taken to Definitive Feasibility Study (DFS) standard by Q1 2012**

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



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



2hrs from Riyadh on Riyadh-Jeddah Highway

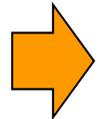


PQ – test work core. At AMMTEC in Perth

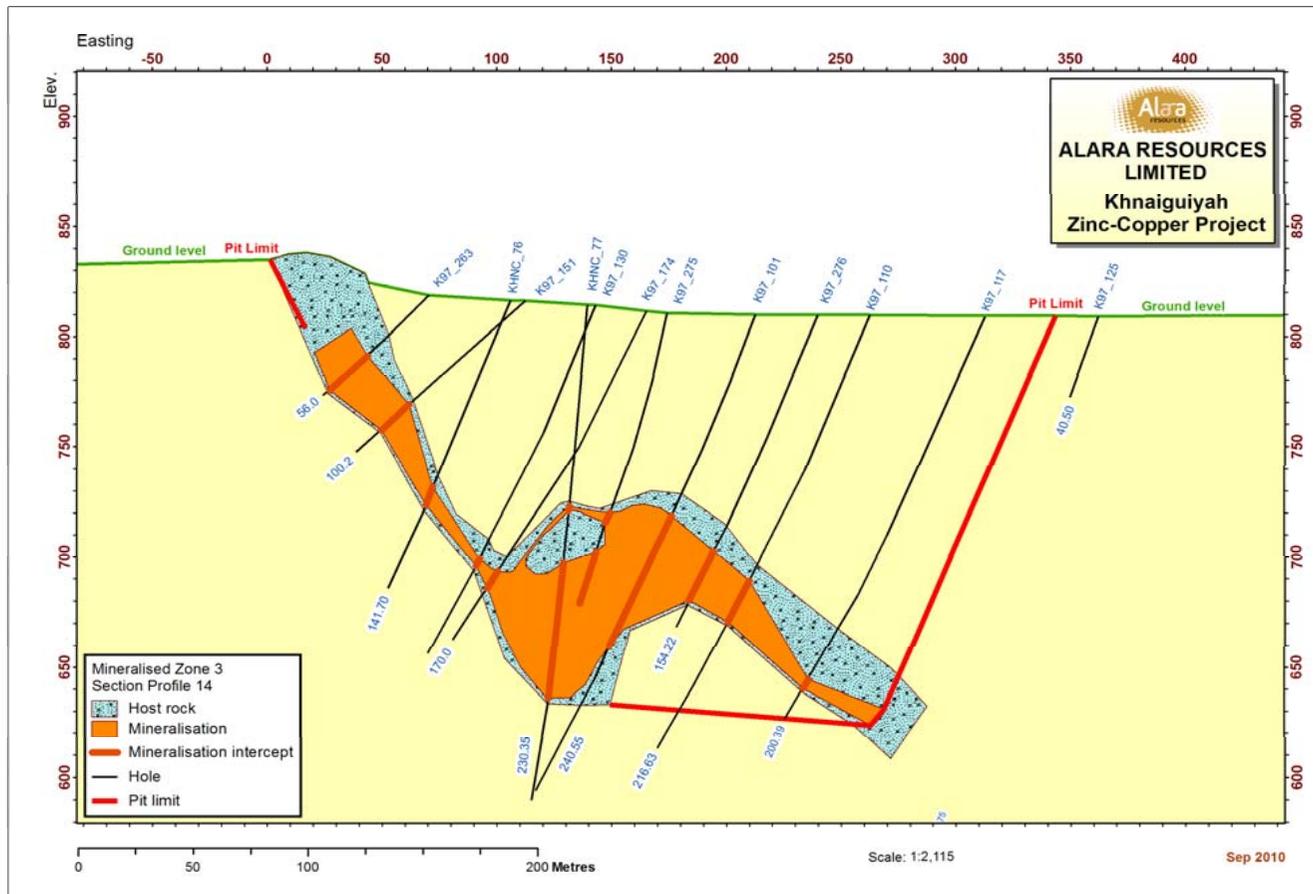




# Mineralisation



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



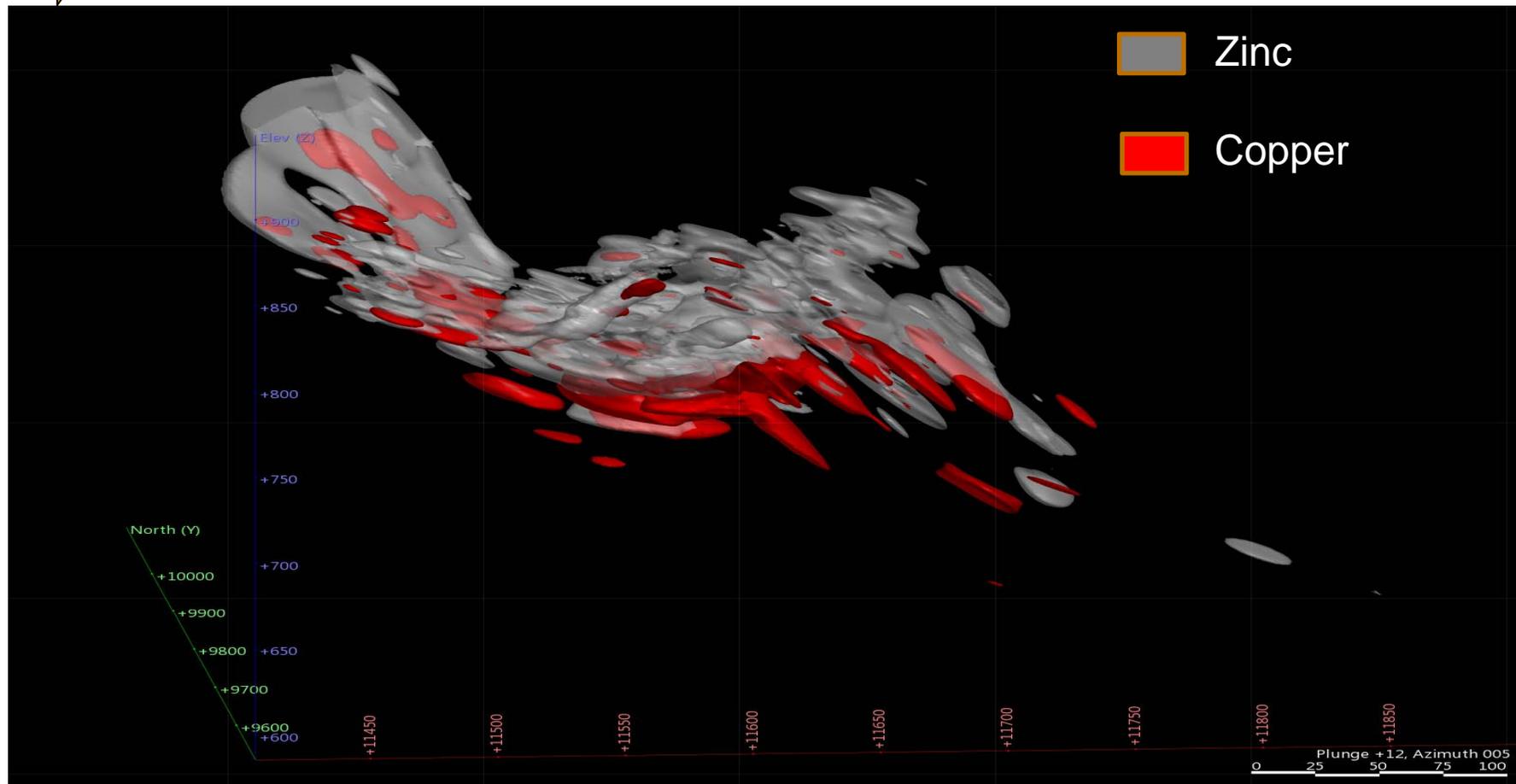
### Drill hole intersections

K97_263	–	23m @ 4.4% Zn, 0.08% Cu
KHNC_76	–	<b>8.31m @ 13.5% Zn</b> , 0.37% Cu
K97_151	–	16.78m @ 6.18% Zn, 0.31% Cu
KHNC_77	–	<b>61.7m @ 9.07% Zn, 1.22% Cu</b> 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
		<b>12m @ 0.06% Zn, 1.89% Cu</b>
K97_117	–	4m @ 4.07% Zn, 0.04% Cu 3m @ 0.06% Zn, 0.61% Cu
K97_101	–	<b>64.55m @ 9.39% Zn, 0.2% Cu</b>

# Mineralisation



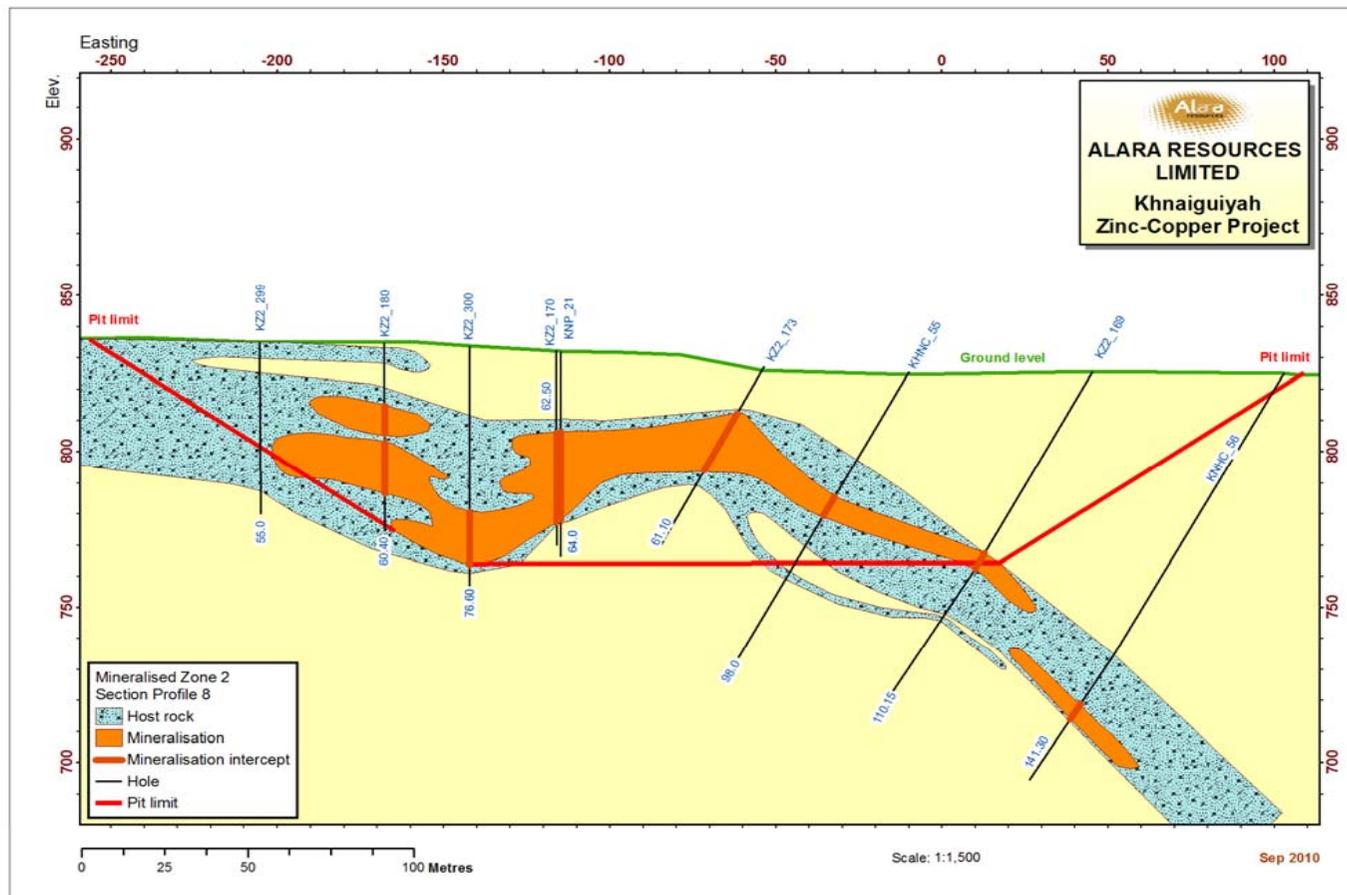
Stacked 3D Model of Mineralised Zone 3 shows structural continuity



# Mineralisation



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

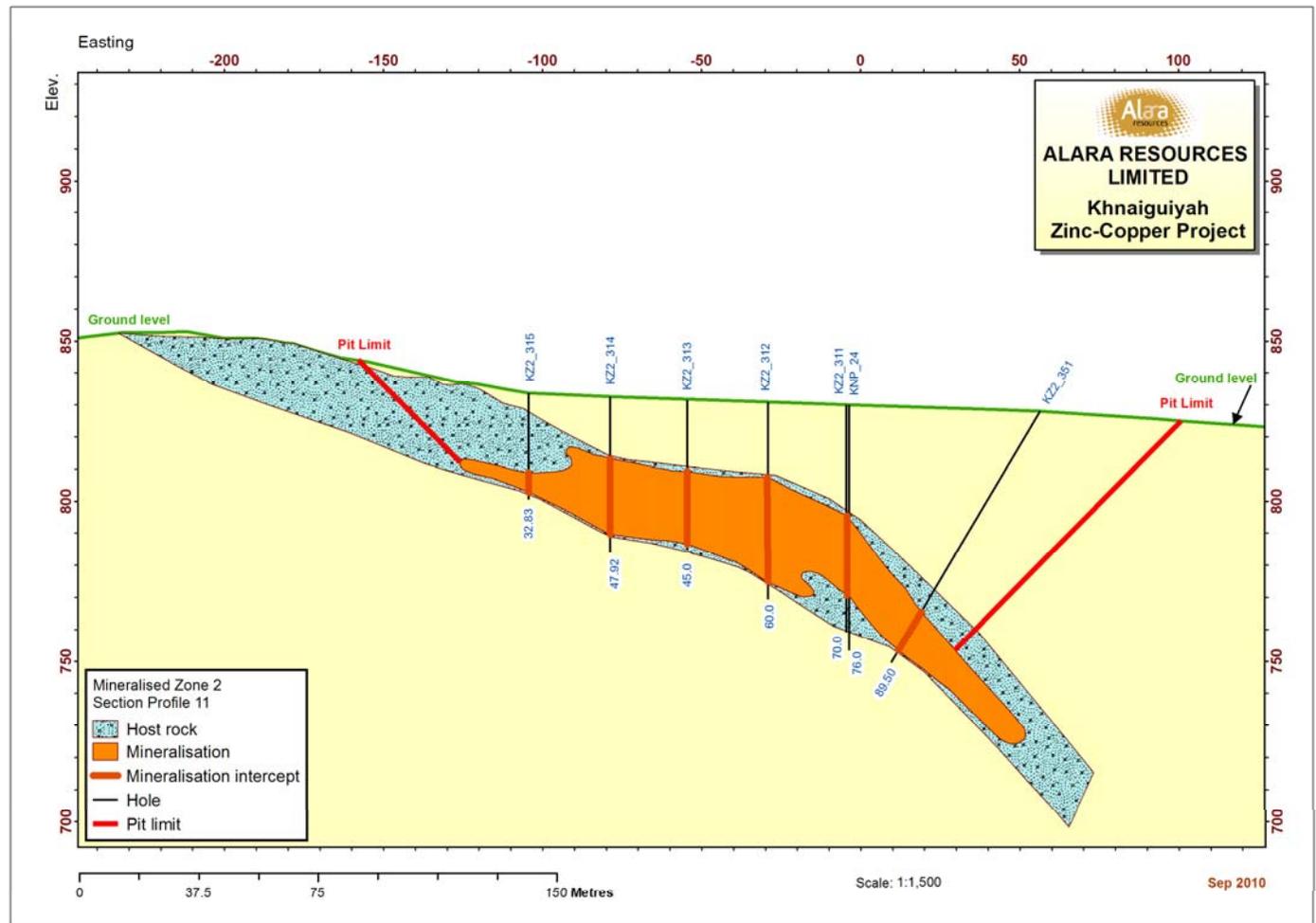


### Drill hole intersections

- 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

➔ Mineralised Zone 2 is shallow and thick



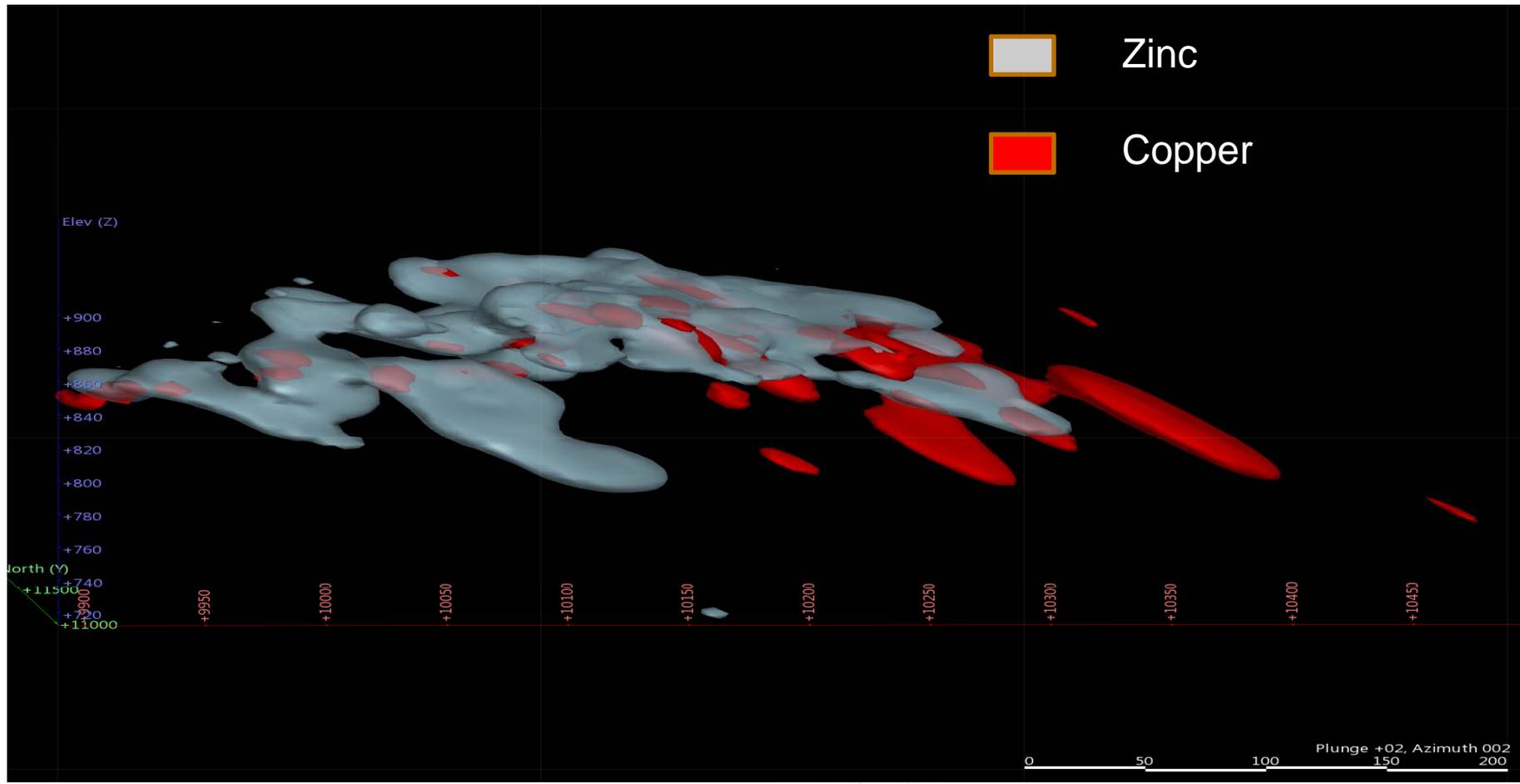
## Drill hole intersections

- 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



A Stacked 3D Model of Mineralised Zone 2 shows the flat and shallow disposition of the mineralisation



# Progress



## Highlights of recent drilling

K3DD11\_006

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

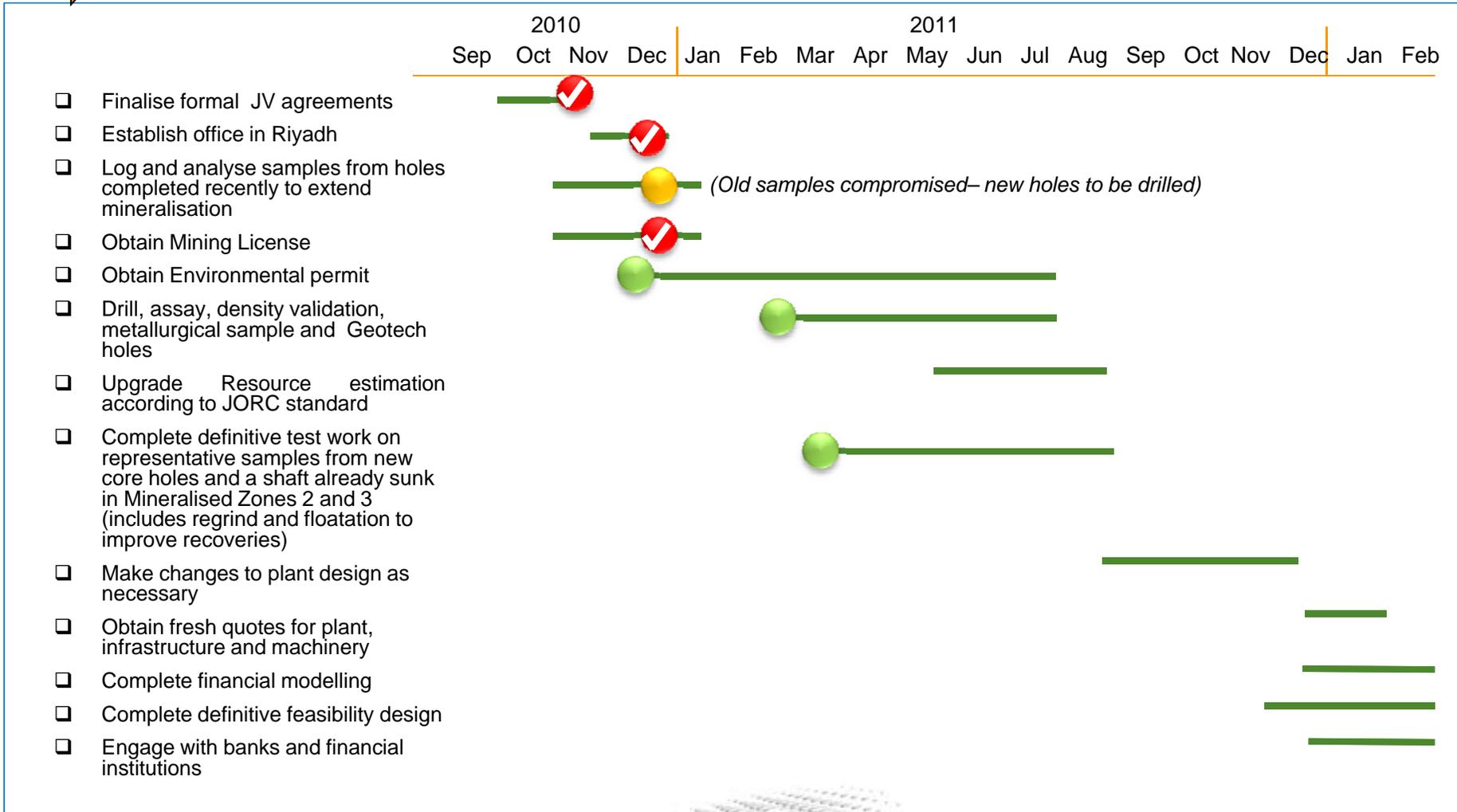
K3DD11\_007

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

# DFS Completion



Alara is targeting completion of Khnaiguiyah DFS in Q1 2012



Completed



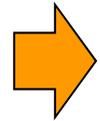
Commenced



Suspended



## Acquisition of Marjan



**The Marjan Project comprises three Exploration Licences that have combined area of approximately 260km<sup>2</sup> – 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 7g/t Au, 31.3 g/t Ag, 4.7% Zn, and 1.6% BP over 3m
- Grab samples from the Marjan Project area have returned values of up to 0.7% Cu, 22.4% Zn, 100g/t Ag , 2.18g/t Au and 5.4% BP
- The Marjan Project is located within trucking distance approximately 30kms south south-west of Alara's Khnaiguiyah Zinc Copper Project



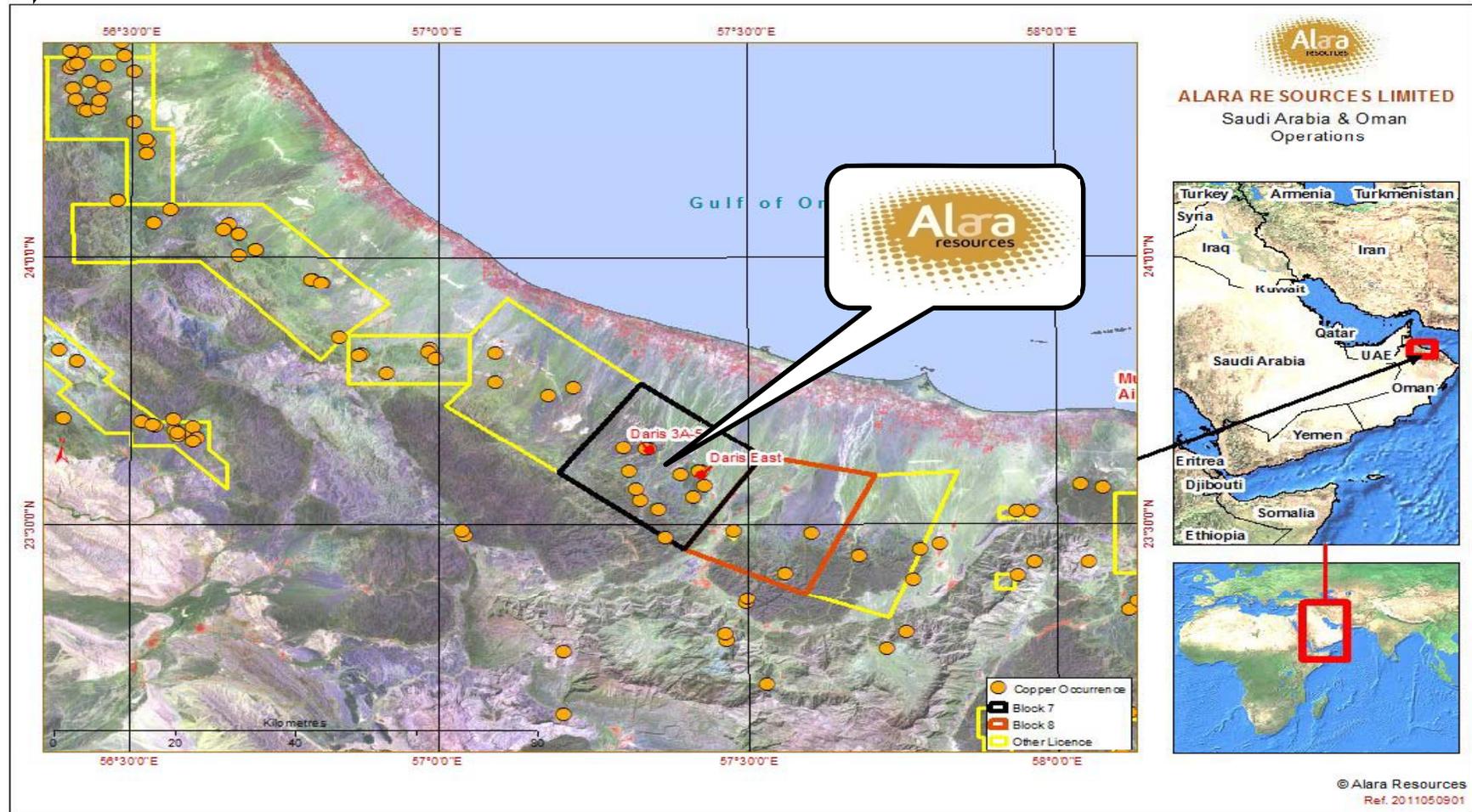
# Agenda

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  - a. Khnaiguiyah Project
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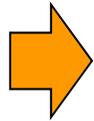


# Daris Project

➔ The Daris Project is located in a region with several examples of VMS Copper Deposits in the Oman Ophiolites and a nearby Copper Smelter



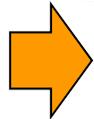
# Targets



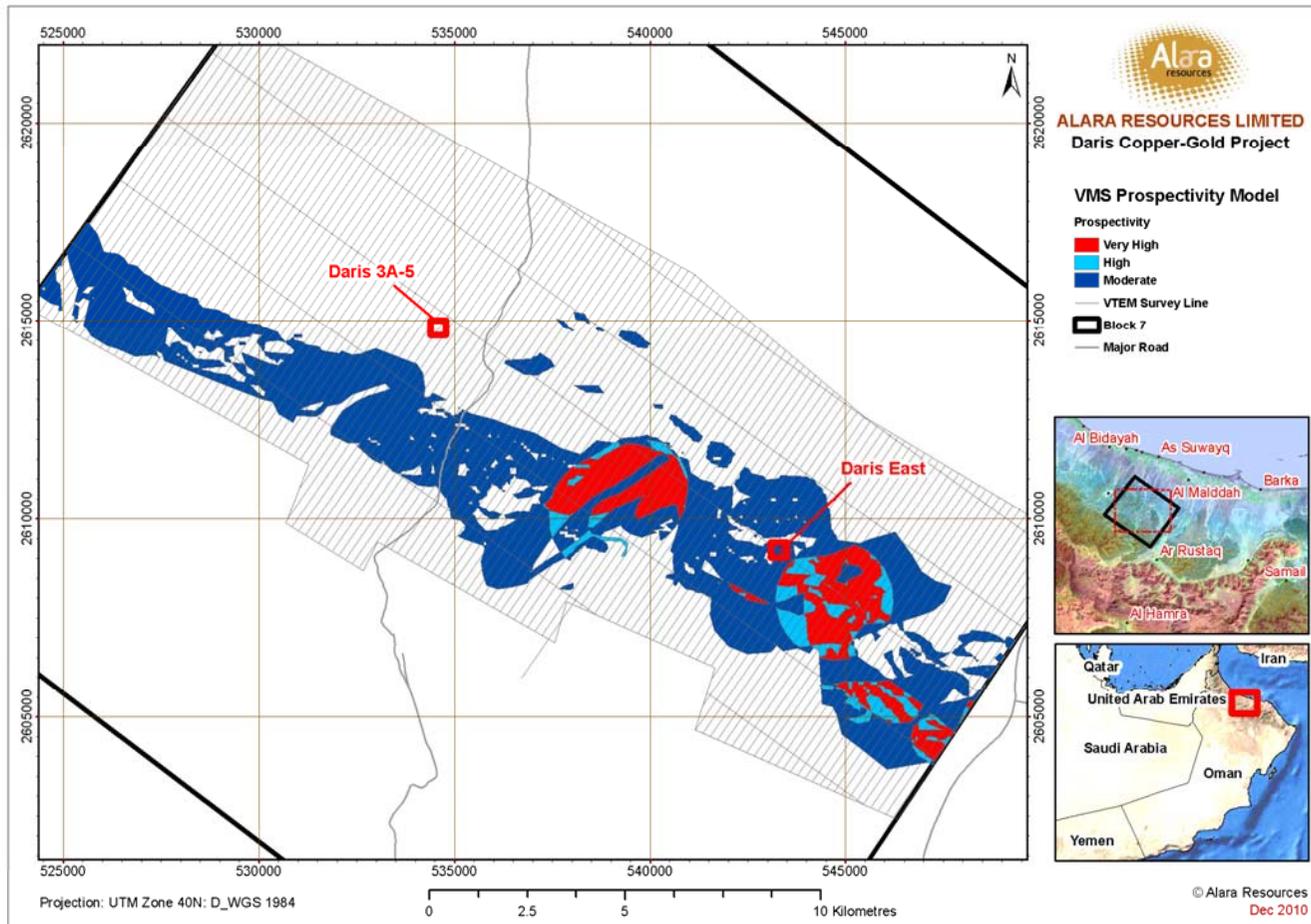
## Alara is targeting discovery and treatment of copper sulphides from the Daris Project

- 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% -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
- The results of 3 diamond core holes have confirmed the presence of sulphide mineralisation over a strike distance of over 100 -120m open to the west and covered by a wider cap of oxide mineralisation with variable thicknesses and grades
- Alara Exploration Manager has relocated to Oman and a local office established

# Mineralisation



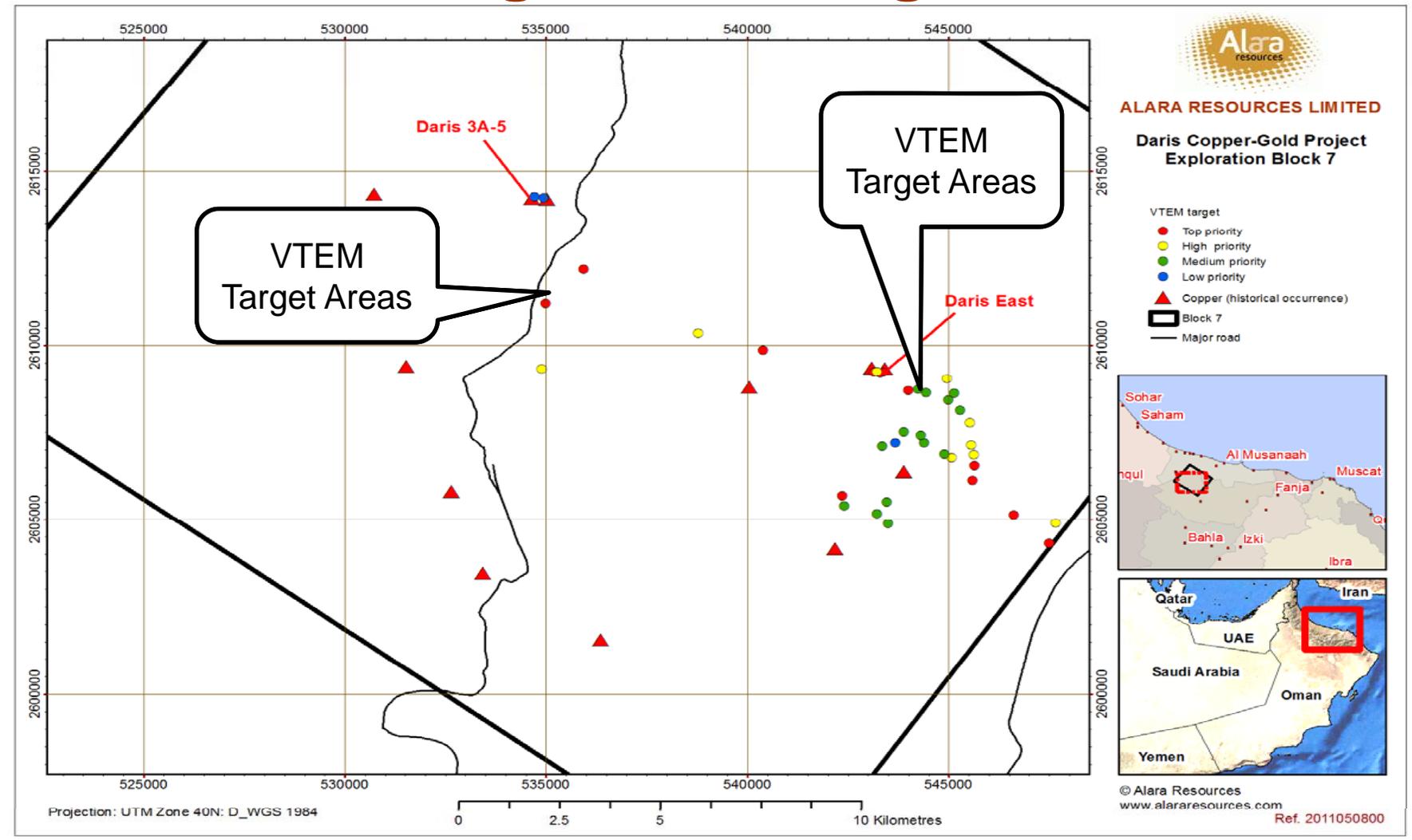
A Helicopter borne VTEM survey has been completed over Daris. New targets have been identified



Spatial Data and Predictive Modelling of VMS potential has identified several new unexplored targets in the Daris Project.

After the VTEM survey, drilling will recommence to extend known mineralisation and test additional high priority potential clusters.

# VTEM Findings – new target areas

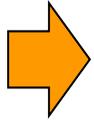




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  - a. Khnaiguiyah Project
  - b. Marjan Project
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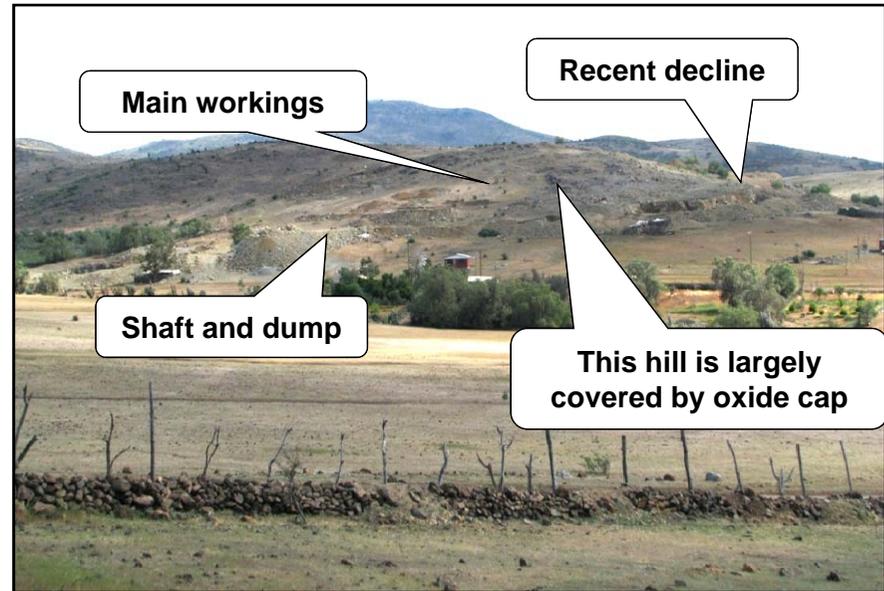
## In Chile, Alara is targeting copper-gold prospects in an area with extensive previous working and walk up drill targets

- 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 potential <sup>1</sup>:
  - 8 to 10Mt of oxide cap @ 0.7% to 1.00% Cu to 30m depth, and 20Mt to +40Mt @ 1.5% Cu equivalent as copper sulphides, gold and silver below oxide cap (based on surface widths and projections) (“**El Quillay**” Prospect);
  - 30Mt to 60Mt @ 0.7% to 0.8% Cu equivalent in breccia pipes and porphyry (based on 2 drill holes one of which intersected 180m @ 0.70% Cu and up to 200ppm molybdenum) (“**Lana and Corina**” prospect).
- Alara is earning a 70% interest over 3 years

<sup>1</sup>. 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



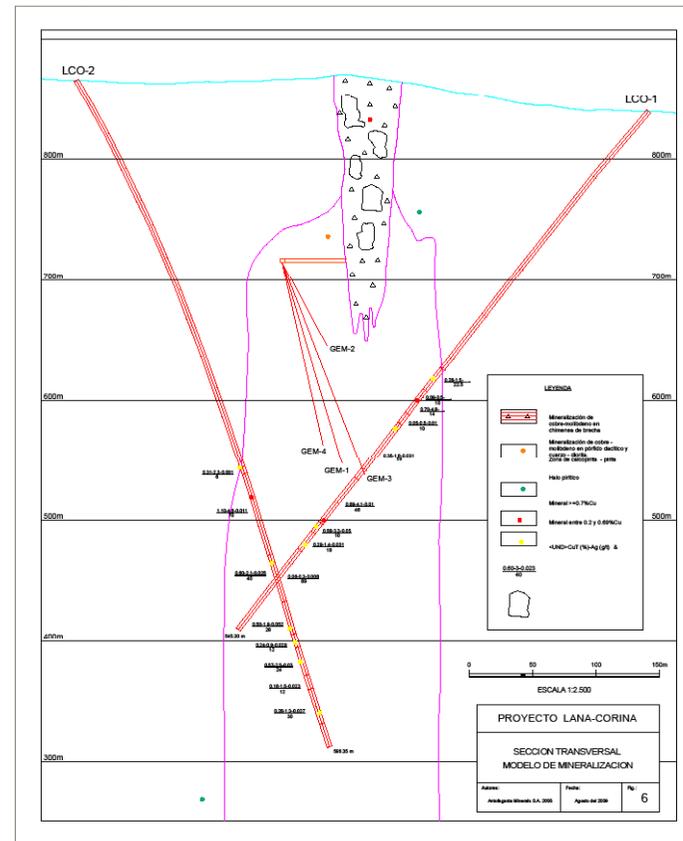
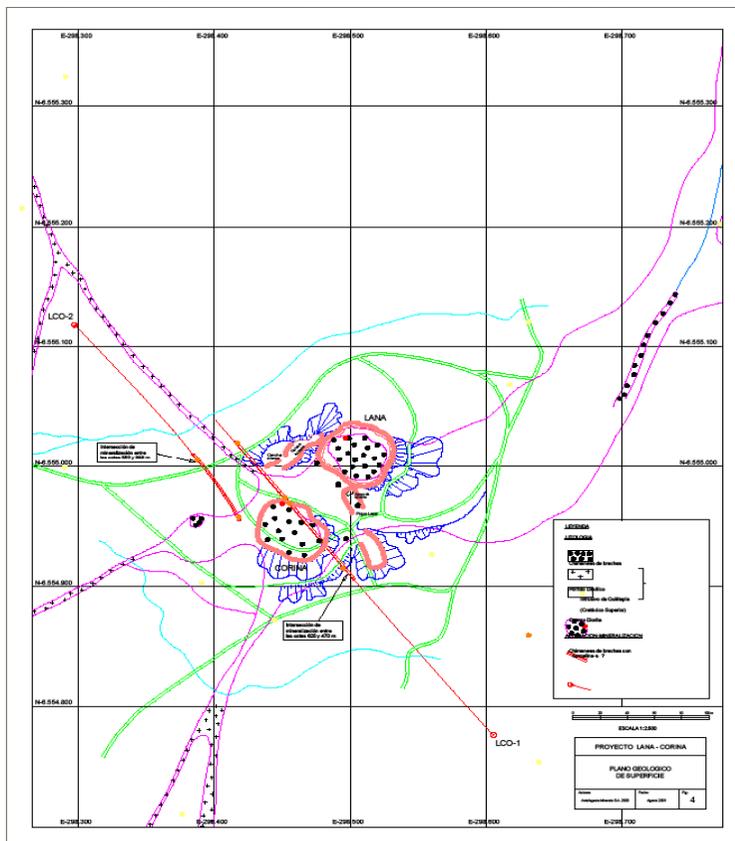
A half spiral decline dug in 2008 is wide enough to take regular trucks and loaders to sulphide mineralisation below the oxide cap, which covers most of the hill



# Prospects

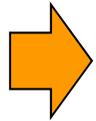


At “Lana and Corina” prospect, significant drill intersections confirm the prospectivity of breccia pipes, with porphyry below



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

# 2011 Work Programme



**An extensive work program is planned for El Quillay in 2011**

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





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## Recent accomplishments

- Experienced industry veterans added to Board of Directors
- \$30M capital raising completed May 2011
- Khnaiguiyah Mining License awarded in Saudi, awaiting transfer to JV company
- JV company and local office established
- Marjan agreement executed
- Positive results from step out drilling in Saudi Arabia
- Positive drilling results in Oman; VTEM survey completed
- Exploration Manager relocated to Oman and local office established
- General Manager Projects appointed (Perth based)
- Study Manager appointed for 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 Oman
  - Proving up multiple IOCG type and porphyry prospects in Chile.



# Alara Resources Limited

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