

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

Alara Resources Limited (AUQ)

ABN

27 122 892 719

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | Fully Paid Ordinary Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 31,500,000 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Same rights as other fully paid ordinary shares on issue. |

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Same rights as other fully paid ordinary shares on issue.</p>
<p>5 Issue price or consideration</p>	<p>\$0.25 each</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Placement to professional and institutional investors.</p> <p>Please also refer to the Company's ASX market announcement dated 25 October 2012 and entitled "Completion of \$7.875 Million Capital Raising"</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>No security holder approval under rule 7.1A has been obtained as at the date of issue.</p> <p>Approval is sought at the Company's 2012 Annual General Meeting scheduled for 30 November 2012.</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>Not Applicable</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>31,500,000</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Not Applicable</p>
<p>6e Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)</p>	<p>Not Applicable</p>
<p>6f Number of securities issued under an exception in rule 7.2</p>	<p>Not Applicable</p>

+ See chapter 19 for defined terms.

6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	Not Applicable				
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	Not Applicable				
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1				
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	31 October 2012				
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td>242,007,500 (also refer Table A)</td> <td>ORDINARY (ASX Code: AUQ)</td> </tr> </tbody> </table>	Number	+Class	242,007,500 (also refer Table A)	ORDINARY (ASX Code: AUQ)
Number	+Class					
242,007,500 (also refer Table A)	ORDINARY (ASX Code: AUQ)					

TABLE A - RECONCILIATION OF QUOTED AND UNQUOTED SECURITIES:

The Company currently has the following securities on issue:

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	242,007,500	-	242,007,500
\$0.35 (16 September 2013) Unlisted Options ¹	-	1,000,000	1,000,000
\$0.35 (16 September 2013) Unlisted Options ¹	-	16,400,000	16,400,000
\$0.35 (25 October 2014) Unlisted Options ²	-	3,650,000	3,650,000
\$0.60 (25 October 2014) Unlisted Options ²	-	2,000,000	2,000,000
\$0.50 (25 May 2014) Unlisted Options ³	-	400,000	400,000
\$0.60 (25 May 2014) Unlisted Directors' Options ⁴	-	500,000	500,000
\$0.60 (25 May 2014) Unlisted Options ³	-	250,000	250,000
\$0.70 (25 May 2014) Unlisted Options ³	-	250,000	250,000
\$0.35 (22 August 2015) Unlisted Options ⁵	-	400,000	400,000
Total	242,007,500	24,850,000	266,857,500

¹ Terms and conditions of issue are set out in a [Notice of General Meeting and Explanatory Statement dated 18 August 2008](#) for a General Meeting held on 17 September 2008 and in an ASX [Appendix 3B New Issue Announcement lodged on 24 September 2008](#)

² Terms and conditions of issue are set out in a [Notice of Annual General Meeting and Explanatory Statement dated 26 October 2009](#) for an Annual General Meeting held on 30 November 2009 and in ASX Appendix 3B New Issue Announcements lodged on [26 October 2009](#) and [1 December 2009](#)

³ Terms and conditions of issue are set out in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)

⁴ Terms and conditions of issue are set out in a terms and conditions of issue are set out in a [Notice of General Meeting and Explanatory Statement dated 15 April 2011](#) for a General Meeting held on 26 May 2011 and in an [ASX Appendix 3B New Issue Announcement lodged on 27 May 2011](#)

⁵ Terms and conditions of issue are set out in an ASX [Appendix 3B New Issue Announcement lodged on 23 August 2010](#)

+ See chapter 19 for defined terms.

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (<i>including</i> the securities in section 2 if applicable)	Refer Table A
10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	Same rights as other fully paid ordinary shares on issue.

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	Not Applicable
12	Is the issue renounceable or non-renounceable?	Not Applicable
13	Ratio in which the +securities will be offered	Not Applicable
14	+Class of +securities to which the offer relates	Not Applicable
15	+Record date to determine entitlements	Not Applicable
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	Not Applicable
17	Policy for deciding entitlements in relation to fractions	Not Applicable
18	Names of countries in which the entity has +security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small>	Not Applicable
19	Closing date for receipt of acceptances or renunciations	Not Applicable
20	Names of any underwriters	Not Applicable
21	Amount of any underwriting fee or commission	Not Applicable
22	Names of any brokers to the issue	Not Applicable
23	Fee or commission payable to the broker to the issue	Not Applicable
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	Not Applicable

+ See chapter 19 for defined terms.

25	If the issue is contingent on +security holders' approval, the date of the meeting	Not Applicable
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	Not Applicable
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	Not Applicable
28	Date rights trading will begin (if applicable)	Not Applicable
29	Date rights trading will end (if applicable)	Not Applicable
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	Not Applicable
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	Not Applicable
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	Not Applicable
33	+Despatch date	Not Applicable

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought	Not Applicable	
39	Class of +securities for which quotation is sought	Not Applicable	
40	<p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	Not Applicable	
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	Not Applicable	
42	Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)	Number	+Class
		Not Applicable	

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: Date: **2 November 2012**
Managing Director

Print name: **H. Shanker Madan**

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for ⁺eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	210,507,500
Add the following:	
<ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 	Nil
<ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval 	Nil
<ul style="list-style-type: none"> • Number of partly paid ordinary securities that became fully paid in that 12 month period 	Nil
<p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	210,507,500

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	31,576,125
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:	31,500,000
• Under an exception in rule 7.2	Nil
• Under rule 7.1A	Nil
• With security holder approval under rule 7.1 or rule 7.4	Nil
Note: • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i>	
“C”	31,500,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	31,576,125
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	31,500,000
Total [“A” x 0.15] – “C”	76,125 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	Not Applicable
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	Not Applicable
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • This applies to equity securities – not just ordinary securities • Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed • Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained • It may be useful to set out issues of securities on different dates as separate line items 	Not Applicable
“E”	Not Applicable
Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	Not Applicable
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Not Applicable
Total [“A” x 0.10] – “E”	Not Applicable <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.



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CLEANSING STATEMENT – ISSUE OF SHARES UNDER PLACEMENT

NOTICE UNDER PARAGRAPH 708A(5)(E) OF THE CORPORATIONS ACT 2001 (CTH)

This Cleansing Statement has been prepared for the purposes of, and is being given in accordance with, the requirements of section 708A(5)(e) of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Pursuant to the capital raising announced on 25 October 2012 ([Completion of \\$7.875 Million Capital Raising](#)), Alara Resources Limited ACN 122 892 719 (**Company**) has issued 31,500,000 fully paid ordinary shares in the Company at an issue price of \$0.25 per share (the **Placement Shares**) to a range of professional and institutional investor clients of Petra Capital Pty Ltd, on 31 October 2012.

The Corporations Act restricts the offer for sale of securities without a disclosure document unless the relevant sale satisfies an exemption set out in section 708 or 708A of the Corporations Act.

The Company seeks to rely on an exemption in section 708A(5) of the Corporations Act with respect to the sale of the Placement Shares.

In accordance with the requirements of section 708A(5)(e) of the Corporations Act, under which this notice is given, the Company confirms that:

- (1) The Company issued the Placement Shares without disclosure to investors under Part 6D.2 of the Corporations Act, in reliance on section 708 and that notification is being given under section 708A(5)(e) of the Corporations Act.
- (2) As at the date of this notice:
 - (a) the Company, as a disclosing entity under the Corporations Act, has complied with the provisions of Chapter 2M of the Corporations Act as they apply to the Company; and
 - (b) the Company has complied with section 674 of the Corporations Act.
- (3) As at the date of this notice, there is no information:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisors would reasonably require, and would reasonably expect to find in a disclosure document, for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; and
 - (ii) the rights and liabilities attaching to the Placement Shares.

Dated: 2 November 2012

For and on behalf of the Board,

A handwritten signature in black ink, appearing to read "H. Shanker Madan", written over a horizontal line.

H. Shanker Madan
Managing Director

ASX Code | **AUQ**

