



# **NOTICE OF ANNUAL GENERAL MEETING and EXPLANATORY STATEMENT**

## **TO SHAREHOLDERS**

**Date and Time of Meeting:** 12:30 pm (Perth time)  
on Friday, 4 November 2011

**Place of Meeting:** The Forrest Centre Conference Suites  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia

### **IMPORTANT NOTICE**

It is recommended that shareholders read this Notice of Annual General Meeting and Explanatory Statement in full and if there is any matter that you do not understand, you should contact your financial adviser, stockbroker or solicitor for advice.

## 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 The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at 12:30 pm (Perth time) on Friday, 4 November 2011.

### AGENDA

#### 1. 2011 Annual Report

To consider and receive the 2011 Directors’ Report, Financial Statements and Audit Report of the Company.

The 2011 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2011 Annual Report may be viewed and downloaded from the Company’s website: [www.alararesources.com](http://www.alararesources.com) or emailed to shareholders upon request to [info@alararesources.com](mailto:info@alararesources.com), when available.

#### 2. Resolution 1 - Re-Election of William Johnson as Director

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

*“That Mr William Matthew Johnson, having retired pursuant to the Constitution of the Company, being eligible, be re-elected as a Director of the Company.”*

#### 3. Resolution 2 - Adoption of 2011 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 year ended 30 June 2011 be adopted”*

**Note:** The vote on this resolution 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 on this resolution 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) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- (b) it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

Shareholders should note that if the Chair of the Meeting is expressly appointed as your proxy and you do not mark any of the Voting Direction boxes opposite Resolution 2, you will be deemed to have expressly directed the Chair as your proxy under the Proxy Form to vote "For" Resolution 2.

If you do not wish to appoint the Chair of the Meeting to vote on Resolution 2 in the manner indicated above, you may complete the voting directions in Section B of the Proxy Form and appoint the Chair as your proxy with a direction to cast the votes in a manner contrary to the Chair's stated voting intention, or to abstain from voting on that resolution.

**4. Resolution 3 – Adoption 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 Listing Rule 7.2 exception 9 and for all other purposes, the Alara Resources Limited 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.”*

**5. Resolution 4 – Approve Issue of 6.7 Million Shares to United Arabian Mining Company**

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

*“That, for the purposes of Listing Rule 7.1 of the Listing Rules of the ASX and for all other purposes, shareholders approve and authorise the Directors of the Company to issue and allot a total of 6,700,000 fully-paid, ordinary shares in the capital of the Company at an issue price of US\$0.30 per share (being a total of US\$2,010,000) to United Arabian Mining Company pursuant to the Shareholders Agreement in relation to the Khnaiguiyah Zinc Copper Project, which is specified in, 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 this resolution by United Arabian Mining Company and any person who might obtain a benefit (except a benefit solely in the capacity of the 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.

**DATED THIS 4<sup>th</sup> DAY OF OCTOBER 2011**

**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. 2011 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 2011 Annual Report.

A copy of the 2011 Annual Report will be sent to those shareholders who have elected to receive a printed version. Otherwise, an electronic version of the 2011 Annual Report may be viewed and downloaded from the Company's website: [www.alararesources.com](http://www.alararesources.com) or the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code: AUQ or emailed to shareholders upon request to [info@alararesources.com](mailto:info@alararesources.com), when available.

Shareholders will be provided with a reasonable opportunity to ask questions or make statements in relation to these reports but no resolution to adopt the reports will be put to shareholders at the AGM.

## 2. ORDINARY RESOLUTION 1 - RE-ELECTION OF WILLIAM JOHNSON AS DIRECTOR

Clause 5 of 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.

Mr William Johnson retires at the AGM under this rule. However, being eligible, he has offered himself for re-election as a Director of the Company.

Mr Johnson has been a Director of the Company since 26 October 2009 and was most recently re-elected a Director at the 2009 Annual General Meeting. Mr Johnson's qualifications and experience are detailed in the Directors' Report in the Company's 2011 Annual Report.

The Board (other than Mr Johnson who makes no recommendation in respect of his own re-election as a Director) supports the re-election of Mr Johnson to the Board of Directors of the Company.

## 3. ADVISORY NON-BINDING RESOLUTION 2 - ADOPTION OF 2011 REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to present to its shareholders for adoption the Remuneration Report as disclosed in the Company's 2011 Annual Report (refer above for information on accessing the 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.

The vote on this resolution is advisory only and does not bind the Directors or the Company. However, pursuant to recent amendments to the Corporations Act which took effect from 1 July 2011, if at least 25% of the votes cast are against adoption of the Remuneration Report at the 2011 AGM, and then again at the 2012 AGM, the Company will be required to put a resolution to the 2012 AGM (**Spill Resolution**) to approve calling an extraordinary general meeting (**Spill Meeting**).

If the Spill Resolution is passed (by a simple majority at the 2012 AGM), the Company must convene the Spill Meeting within 90 days of the 2012 AGM.

All of the Directors who were in office when the Board approved the 2012 Remuneration Report, other than the Managing Director, will be put up for re-election at the Spill Meeting and will cease to hold office after the Spill Meeting, unless re-elected at that meeting.

### **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 recommend that shareholders vote in favour of the resolution to adopt the Remuneration Report.

### **Voting Exclusion**

A voting exclusion applies to the resolution in the terms set out in the Notice of AGM. In particular, the Directors and other 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 Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against each resolution, including Resolution 2.**

If shareholders have appointed the Chair of the Meeting as their proxy (or the Chair of the Meeting becomes their proxy by default) under the Proxy Form, shareholders can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on a resolution by marking the appropriate Voting Direction box opposite the resolution under the Proxy Form.

However, if the Chair of the Meeting is expressly appointed as their proxy and shareholders do not mark any of the Voting Direction boxes opposite a resolution under the Proxy Form, shareholders will be taken to authorise the Chair as their proxy under the Proxy Form to vote FOR that resolution and to have acknowledged that the Chair of the Meeting intends to vote in favour of all resolutions in accordance with that authorisation.

If shareholders do not mark the box in Section A of the Proxy Form to expressly appoint the Chair of the Meeting as their proxy, and they have not directed the Chair how to vote on Resolution 2, the Chair will not cast shareholders' votes on Resolution 2 and those votes will not be counted in calculating the required majority.

If shareholders do not wish to appoint the Chair of the Meeting to vote on the resolution in the manner indicated above, they may complete the voting directions in Section B of the Proxy Form and appoint the Chair as their proxy with a direction to cast the votes in a manner contrary to the Chair's stated voting intention, or to abstain from voting on that resolution.

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

#### 4. RESOLUTION 3 – 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 approved by shareholders at the 2008 Annual General Meeting held on 6 November 2008.

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 2008 ESOP was approximately 3 years ago, shareholder approval is sought at this AGM to freshly adopt a 2011 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 2011 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 2011 ESOP is set out in Annexure A to this Notice of AGM. Shareholders may view a copy of the 2011 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 2008 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
1,650,000	26 October 2009	\$0.35 (25 October 2014) Options	\$0.35	25 October 2014	100% on date of issue
1,000,000	26 October 2009	\$0.60 (25 October 2014) Options	\$0.60	25 October 2014	100% on date of issue
400,000	23 August 2010	\$0.35 (22 August 2015) Options	\$0.35	22 August 2015	100% on date of issue
500,000	26 May 2011	\$0.50 (26 May 2014) Options	\$0.50	25 May 2014	100% on date of issue
425,000	26 May 2011	\$0.60 (26 May 2014) Options	\$0.60	25 May 2014	100% on date of issue
425,000	26 May 2011	\$0.70 (26 May 2014) Options	\$0.70	25 May 2014	100% on date of issue
200,000	2 September 2011	\$0.50 (25 May 2014) Options	\$0.50	25 May 2014	100% on date of issue
125,000	2 September 2011	\$0.60 (25 May 2014) Options	\$0.60	25 May 2014	100% on date of issue
125,000	2 September 2011	\$0.70 (25 May 2014) Options	\$0.70	25 May 2014	100% on date of issue

#### Directors' Recommendations

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3 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.

## 5. RESOLUTION 4 - APPROVE ISSUE OF 6.7 MILLION SHARES TO UNITED ARABIAN MINING COMPANY

In October 2010, Alara secured a 50% interest in the Khnaiguiyah Zinc-Copper Project located in Saudi Arabia via a 50% shareholding interest in a joint venture company, "Khnaiguiyah for Mining Company" (KMC).

The Khnaiguiyah Project is an advanced near production project having a historical non-JORC Code compliant estimated mineralisation<sup>1</sup> assessed by BRGM<sup>2</sup>, the French Office of Geological and Mining Research, prepared for the Saudi Arabian Directorate General of Mineral Resources, in 1993 as reported in Alara's ASX market announcement dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)".

The key terms of the Shareholders' Agreement (dated 21 October 2010) between Alara and United Arabian Mining ("Manajem" in Arabic) Company (**Manajem**) are outlined in Alara's ASX market announcement dated 25 October 2010 and entitled "[Execution of Joint Venture Agreement - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)" and in the 2011 Annual Report of the Company.

The Company's market announcements referred to above may be downloaded and viewed from the Company's website ([www.alararesources.com](http://www.alararesources.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)) under ASX Code: AUQ. Copies of these market announcements and the Company's 2011 Annual Report can also be emailed to shareholders upon request to [info@alararesources.com](mailto:info@alararesources.com) or posted by mail to shareholders upon request by telephone to (08) 9214 9787.

The Company has paid US\$3.266 million to Manajem under the Shareholders Agreement. There is one further tranche of US\$4,234,000 payable upon KMC receiving the grant of an Environmental Permit for the commencement of mining under the Khnaiguiyah Project Mining Licence (and subject to the transfer of the Mining Licence from Manajem to KMC), with such consideration to be satisfied as follows:

- (i) US\$2,010,000 to be satisfied by the issue of 6,700,000 shares in Alara Resources Limited, at an issue price of US\$0.30 per share (equivalent to approximately A\$0.287 per share based on the current A\$1.00/US\$1.04679 exchange rate); and
- (ii) US\$2,224,000 to be satisfied by the payment of cash.

The Company notes that the Company's share price as at the date of the Shareholders' Agreement on 21 October 2010 was \$0.28 per share and the US\$0.30 issue price referred to above was equivalent to A\$0.306 per share based on a A\$1.00/US\$0.98063 exchange rate).

Resolution 4 seeks prior shareholder approval of the issue by the Company of 6,700,000 fully-paid, ordinary shares in the capital of the Company at US\$0.30 per share (being a total of US\$2,010,000) to Manajem pursuant to the Shareholders Agreement. That is, as part of the consideration payable by Alara to Manajem as described above.

Shareholders approved this same resolution at the Company's 2010 Annual General Meeting held on 30 November 2010 and also at the general meeting held on 26 May 2011. However, as the ASX Listing Rules require the issue of shares within 3 months of receipt of shareholder approval, the authority to issue shares under these previous shareholder approvals have lapsed and fresh approval is sought at this Annual General Meeting under Resolution 4.

<sup>1</sup> Source: BRGM Geoscientists, 1993, Khnaiguiyah zinc-copper deposit – prefeasibility study – 1,2, and 3: Saudi Arabian Directorate General of Mineral Resources Technical BRGM-TR-13-4, 651p., 209 figs., 171 tables, 78 appendixes, 23 photoplates

<sup>2</sup> Bureau de Recherches Géologiques et Minières ("Office of Geological and Mining Research") ([www.brgm.fr](http://www.brgm.fr))

ASX Listing Rule 7.3 sets out a number of matters which must be included in a notice of meeting requesting shareholder approval under ASX Listing Rule 7.1. In accordance with ASX Listing Rule 7.3, the following information is provided to shareholders to assist them to assess whether to approve Resolution 4:

- (a) 6,700,000 shares may be issued by the Company, provided the trigger for payment is satisfied under the Shareholders Agreement (as described above);
- (b) The shares will be issued at a price of US\$0.30 per share. This is equivalent to approximately A\$0.2925 per share based on the current A\$1.00/US\$1.0257 exchange rate;
- (c) The shares will be ordinary, fully-paid shares issued on the same terms and conditions as the shares currently on issue by the Company;
- (d) The allottee is United Arabian Mining Company (Manajem), who is not a related party or associate of the Company;
- (e) The shares will be issued and allotted upon KMC receiving the grant of an environmental permit for the commencement of mining under the Khnaiguiyah Project Mining Licence (and subject to the transfer of the Mining Licence from Manajem to KMC), pursuant to the Shareholders Agreement. The Company is unable to specify the date upon which this will occur as the date of issue of the environmental permit is beyond the control of the Company. To accommodate the possibility that this may occur later than 3 months after the date of shareholder approval of Resolution 4, the Company may apply to the ASX for a waiver of the applicable ASX Listing Rules to permit the Company to issue the shares after this time. If so, the Company will lodge an ASX market announcement to advise of the ASX's decision on the Company's waiver application;
- (f) No funds will be raised from the issue of the shares (which are being issued as part of the consideration payable to Manajem under the Shareholders Agreement).

#### **Directors' Recommendations**

All Directors recommend that shareholders vote in favour of approving Resolution 4, as the issue of 6,700,000 shares (at an issue price of US\$0.30 per share) in lieu of US\$2,010,000 cash consideration otherwise payable to Manajem under the Shareholders' Agreement will preserve the Company's cash funds, obviate the need for the Company to potentially issue shares at a more dilutory issue price to fund the payment of a cash consideration and is in the best interests of the Company.

#### **Voting Exclusion**

In accordance with ASX Listing Rules 7.3 and 14.11, the Company will disregard any votes cast on Resolution 4 by United Arabian Mining Company and any person who might obtain a benefit (except a benefit solely in the capacity of the security holder) if Resolution 4 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.

## Annexure A

### **SUMMARY OF THE TERMS OF THE ALARA RESOURCES LIMITED EMPLOYEE SHARE OPTION PLAN THE SUBJECT OF RESOLUTION 3**

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 ANNUAL GENERAL MEETING AND HOW TO VOTE

## Venue

The Annual General Meeting of the shareholders of Alara Resources Limited will be held in:

The Forrest Centre Conference Suites  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia

commencing

12:30 pm (Perth time)  
Friday, 4 November 2011

## How to Vote

You may vote by attending the meeting in person, by proxy or authorised representative.

## 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:

- send the proxy by facsimile to the Company on facsimile number +61 8 9322 1515; or
- deliver to the registered office of the Company at Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia 6000

so that it is received **not later than 12:30 pm (Perth time) on Wednesday, 2 November 2011**.

**Your proxy form is enclosed.**

## 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 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 2 November 2011 (**Voting Entitlement Time**). Subject to the voting exclusions noted earlier, all holders of Shares in the Company as at the Voting Entitlement Time will be entitled to vote at the Annual General Meeting.



**ASX Code: AUQ**

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

**PRINCIPAL & REGISTERED OFFICE:**

Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia 6000

**Local T** | 1300 762 678  
**T** | +61 8 9214 9787  
**F** | +61 8 9322 1515  
**E** | [info@alararesources.com](mailto:info@alararesources.com)  
**W** | [www.alararesources.com](http://www.alararesources.com)

**SHARE REGISTRY:**

Advanced Share Registry Limited  
Suite 2, 150 Stirling Highway  
Nedlands, Western Australia 6009  
PO Box 1156, Nedlands, WA 6909

**T** | + 61 8 9389 8033  
**F** | + 61 8 9389 7871  
**E** | [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
**W** | [www.advancedshare.com.au](http://www.advancedshare.com.au)

Level 6, 225 Clarence Street  
Sydney, New South Wales 2000  
PO Box Q1736,  
Queen Victoria Building, NSW 1230  
**T** | +61 2 8096 3502

# PROXY FORM Annual General Meeting

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

Website: www.alararesources.com

**PLEASE RETURN TO:**  
The Company Secretary  
Alara Resources Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace, Perth WA 6000  
Enquiries: +61 8 9214 9787  
**Facsimile: +61 8 9322 1515**  
Email: info@alararesources.com

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

Our Reference: AUQ / {SUB-REGISTER} / {HOLDERID}  
Shareholding as at 28 September 2011: {UNITS}  
Current Election to Receive Hard Copy Annual Report: {ANNUAL\_REP}

## SECTION 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  
(mark with an "X")

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 attending the meeting, or if no person is named, the Chair of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (at the Annual General Meeting of Alara Resources Limited to be held in The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at **12:30 pm (Perth time) on Friday, 4 November 2011** and at any adjournment of such Annual General Meeting.

### IMPORTANT:

**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 you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), you can direct the Chair to vote FOR or AGAINST, or to ABSTAIN from voting on each resolution by marking the appropriate Voting Direction box opposite that resolution. However, if the Chair of the Meeting is your proxy and you do not mark any of the Voting Direction boxes opposite a proposed resolution in Section B, by signing this Proxy Form you expressly authorise the Chair as your proxy to vote FOR that resolution and acknowledge that (subject to the qualification set out below in respect of Resolution 2) the Chair intends to vote in favour of each resolution in accordance with that authorisation. **If you do not wish to appoint the Chair to vote on a resolution in the manner indicated above, you may complete the voting directions in Section B and direct the Chair as your proxy to cast the votes in a manner contrary to the Chair's stated voting intention, or to abstain from voting on that resolution.**

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.

### RESOLUTION 2 - Direction to Chair for voting on adoption of Remuneration Report

Where I/we have expressly appointed the Chair of the Meeting as my/our proxy in relation to Resolution 2, but I/we have not marked any of the boxes opposite that resolution in Section B, I/we hereby direct the Chair of the Meeting as my/our proxy to vote in favour of Resolution 2. By marking the box in Section A to appoint the Chair as my/our proxy, I/we authorise the Chair to exercise my/our proxy in respect of Resolution 2 even though the resolution is connected directly or indirectly with the remuneration of one or more members of key management personnel for the Company and the Chair has an interest in the outcome of Resolution 2.

**If you do not mark the box in Section A to expressly appoint the Chair of the Meeting as your proxy, and you have not directed your proxy how to vote on Resolution 2, the Chair will not cast your votes on Resolution 2 and your votes will not be counted in calculating the required majority.**

## SECTION B. Voting directions to your proxy – please mark to indicate your directions

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. Re-Election of William Johnson as Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Adoption of Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Approve Issue of 6.7 Million Shares to United Arabian Mining Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If two proxies are being appointed, the proportion of voting rights this proxy represents is:

.....%

## SECTION C. Change of Address and Annual Report Election

- mark  if you want to make any changes to your address details (see note 1 overleaf)
- 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
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

-----  
Contact Name

-----  
Contact Daytime Telephone

-----  
Date

-----  
Email Address

-----  
{EMAIL}

## INSTRUCTIONS FOR COMPLETING PROXY FORM

- 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.
- 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:
  - make a written request for a hard copy annual report to be mailed to you; or
  - 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.

- Voting on Remuneration Matters:** The Company will disregard any votes cast on Resolution 2 (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:
  - it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
  - it is not cast on behalf of a Restricted Voter.

Further, the Company will not disregard a vote cast by the Chair of the meeting as a proxy, if the appointment of the Chair expressly authorises the Chair to exercise the proxy even though the resolution is connected directly or indirectly with the remuneration of one or more members of the Key Management Personnel and the Chair has an interest in the outcome of the resolution. Shareholders should note that if the Chair of the Meeting is expressly appointed as their proxy and they do not mark any of the Voting Direction boxes opposite Resolution 2, shareholders would be directing the Chair as their proxy under the Proxy Form to vote "For" that resolution.

If shareholders do not wish to appoint the Chair of the Meeting to vote on Resolution 2 in the manner indicated above, they may complete the voting directions in Section B of the Proxy Form and appoint the Chair as their proxy with a direction to cast the votes in a manner contrary to the Chair's stated voting intention, or to abstain from voting on that resolution.

- You may direct your proxy how to vote by marking one of the voting direction boxes opposite 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.
- 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.
- 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.
- A proxy need not be a shareholder of the Company.
- 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.
- 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.
- Signing Instructions:** You must sign this form as follows in the spaces provided at **Section D**:

<b>Individual:</b>	Where the holding is in one name, the holder must sign.
<b>Joint Holding:</b>	Where the holding is in more than one name, all of the Shareholders should sign.
<b>Power of Attorney:</b>	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.
<b>Companies:</b>	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. Lodgment 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 **12:30 pm (Perth time) on Wednesday, 2 November 2011** (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:

Alara Resources Limited  
Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth Western Australia 6000

By Facsimile: (08) 9322 1515