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Directors / Officers

Grant Button:
Non-Executive Chairman

Michael Cartwright:
Non-Executive Director

Stockley Davis:
Non-Executive Director

Carey Smith:
Non-Executive Director

David Parker:
Company Secretary

Issued Capital

25,950,001 ordinary shares

11,175,000 listed options
(ALGO) exercisable at 20
cents each on or before 31
March 2013

1,000,000 unlisted options
exercisable at 20 cents each
on or before 30 June 2011

ASX Code: ALG; ALGO

Alamar Resources Ltd

December 2010 Quarterly Activities Report

The directors of Alamar Resources Ltd ('Alamar' or the 'Company') are pleased to present the December 2010 quarterly activities report.

Corporate and Finance

The Company had a cash balance of approximately \$996,000 at the end of the quarter.

During the quarter the Company raised \$521,000 via a sophisticated investor placement of 3,375,000 shares at \$0.15 and through the exercise of 75,000 Company Options at \$0.20.

The Company provided loan funds of US\$600,000 to MRC during the quarter.

Acquisition of MRCMGL LLC (MRC or Mongolian Resource Corporation)

During the quarter the Company entered into a conditional agreement to acquire 100% of MRC.

The Agreement is conditional upon the completion of a capital raising of not less than AUD 10,000,000, due diligence on MRC and its assets to the sole satisfaction of Alamar and all necessary shareholder and regulatory approvals.

The directors of Alamar believe that the MRC business provides an attractive opportunity to complement the current assets and strategies of Alamar. To date, Alamar has entered into direct tenement acquisitions and joint ventures to explore for natural resources, namely Gold and other base metals such as Copper and Uranium. The proposed acquisition strategy of MRC is considered in line with Alamar current strategy.

WA Projects

During the quarter no field work was completed on the WA tenements.



Acquisition of MRC

During the quarter the Company entered into a conditional agreement to acquire 100% of MRC. This agreement was amended and announced to the market on 3 January 2011.

The Agreement is conditional upon the completion of a capital raising of not less than AUD10,000,000, due diligence on MRC and its assets to the sole satisfaction of Alamar and all necessary shareholder and regulatory approvals.

About MRC

Mongolian Resource Company is a growth-oriented Mongolian-based diversified resource company engaged in the acquisition, development and operation of resource properties in Mongolia.

MRC's major assets include:

- Up to 85% interest in the Blue Eyes Gold Project
- 90% interest in the Sujigtei Gold Project

Other assets included in acquisition:

- 13 exploration leases and 1 mining lease prospective for alluvial gold
- 1 exploration lease prospective for iron ore
- 1 exploration lease prospective for thermal coal
- 240m³/hr IHC alluvial gold plant (not operational)

Due Diligence

- The Company initiated due diligence on the MRC, its subsidiaries and assets during the quarter, however due diligence remains ongoing.
- The agreement remains highly conditional on the completion on a successful due diligence program, completion of a capital raising, and all necessary shareholder and regulatory approvals.
- The Company intends to seek shareholder approval through a Notice of Meeting to be sent to shareholders during the March quarter.

For more information about the transaction and assets of MRC please see ASX release dated 27 October 2010 and subsequent Company Updates.

About The Transaction

The consideration terms of the SEA are:

(An updated Pro Forma Capital Structure is enclosed below)

1. Vendor consideration has been amended to:
 - a. 55,000,000 Fully Paid Ordinary Shares,
 - b. 45,000,000 Performance Shares; and
 - c. 12,500,000 Company Options (exercisable at 25c, expiring 2 years from settlement or approximately 31 March 2013).



About The Transaction (continued)

2. Introduction/Consultant shares have been amended to:
 - a. 1,000,000 Fully Paid Ordinary Shares,
 - b. 1,000,000 Performance Shares; and
 - c. 2,000,000 Company Options (exercisable at 25c, expiring 2 years from settlement or approximately 31 March 2013).
3. Shares in lieu of services to Board and management has been proposed (subject to all necessary regulatory and shareholder approvals):
 - a. 500,000 Fully Paid Ordinary Shares.

All the amended changes are subject to all standard regulatory and shareholder approvals to be outlined in the upcoming Notice of Meeting to Shareholders.

Due Diligence ongoing

The Company has completed a substantial portion of the due diligence, however due diligence remains ongoing. Once due diligence has been completed a Notice of Meeting will be sent to shareholders.

Security finalised and loan funds provided

The Company provided US\$600,000 as loan funds to MRC during the quarter. The Company finalised Security over certain assets held by MRC and provided an initial loan to MRC of US\$400,000 in November (please see ASX announcement dated 8th November 2010). The Company intends to provide up to an additional US\$400,000 loan funds to MRC prior to settlement which will total loan funds of US\$1,000,000 as previously disclosed to the market on 27 October 2010. Since the end of the quarter the Company provided an additional US\$100,000 loan funds, taking the total funds provided to US\$700,000.

The assets that the Company has been provided as security include 13 exploration licenses held by MRC which relate to alluvial gold prospects, one iron ore exploration license and one coal license (these assets are considered 'other assets', please see ASX Announcement dated 27 October 2010 for more information). The loan funds will be used for working capital as announced to the market on 27 October 2010.

Other

The Agreement is conditional upon the completion of a capital raising of not less than A\$10,000,000, due diligence on MRC and its assets to the sole satisfaction of Alamar and all necessary shareholder and regulatory approvals.

The Agreement is also subject to various Conditions Precedent.

For more information about the transaction and assets of MRC please see ASX release dated 27 October 2010 and subsequent Company Updates.



Updated Proposed Pro Forma Capital Structure

| | Shares (FPO) | Options Ex 20/25c | Totals (Fully Diluted) |
|--|-------------------------|------------------------------|-----------------------------------|
| Current Alamar Capital Structure | 25,950,001 | 12,175,000 | 38,125,001 |
| Issue to Vendors (Consideration) | 55,000,000 | 12,500,000 | 67,500,000 |
| Issue to SNW (Introduction, Corporate Advisor and Investment Banking Fee) | 1,000,000 | 2,000,000 | 3,000,000 |
| Issue to Directors and Management in lieu of services provided | 500,000 | - | 500,000 |
| Capital Raising (A\$10m @ \$0.25) | 40,000,000 | - | 40,000,000 |
| Sub Total – Pre Performance Hurdle Shares | 122,450,001 | 26,675,000 | 149,125,001 |
| Issue to Vendors (Performance Shares) | 45,000,000 | - | 45,000,000 |
| Issue to SNW (Introduction, Corporate Advisor and Investment Banking Fee) (Performance Shares) | 1,000,000 | - | 1,000,000 |
| Total – Post Performance Hurdle Capital Structure | 168,450,001 | 26,675,000 | 195,125,001 |

Updated Timetable

The Company has provided an updated proposed Timetable that is subject to completion of due diligence, standard regulatory and shareholder approvals and remains subject to change.

An updated proposed timetable for completion of the transaction is as follows:

| | |
|--|------------------|
| Due Diligence Completion | 11 February 2011 |
| Notice of General Meeting mailed to Alamar shareholders seeking approval for the Transaction | 14 February 2011 |
| Transaction Specific Prospectus lodged with ASIC for Capital Raising | 24 February 2011 |
| General Meeting of Alamar shareholders held to approve the Transaction | 16 March 2011 |
| Closure of offer under Prospectus | 23 March 2011 |
| Settlement of Transaction and issue of securities to vendors, consultants and subscribers under the Prospectus | 30 March 2011 |

Please note the timetable is indicative only and is subject to various conditions including the completion of due diligence and may be varied in consultation with ASX or other regulatory bodies.

The board will update shareholders of developments in the acquisition process as information comes to hand.



WA Projects

During the quarter no field work was completed on the WA tenements. During the quarter the following exploration licence applications were granted: E36/0742; E36/0743 and E38/2424. During the quarter the following prospecting licence applications were granted: P37/7884; P37/7885; P37/7886; P37/7887; P37/7888 and P37/7889.

Corporate

The Company had 25,950,001 ordinary shares, 11,175,000 listed Company Options (exercisable at \$0.20 on or before 31 March 2013) and 1,000,000 unlisted Company Options (options exercisable at \$0.20 on or before 30 June 2011) on issue at the end of the quarter. No shares or options were issued during the quarter.

Cash and cash equivalents held by the Company at the end of the quarter was approximately \$996,000.

As part of the conditional agreement with MRC, the Company provided loan funds of US\$600,000 to MRC during the quarter. Since the end of the quarter the Company provided an additional US\$100,000 loan funds. Under the Share Exchange Agreement the Company can provide up to US\$1,000,000 in loan funds to MRC prior to settlement.

The Board will focus on completing due diligence and proceeding towards settlement on the MRC conditional agreement during the March quarter.

For more information please contact the Company Secretary, David Parker on 08 6460 4960 or admin@alamar.com.au.