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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

MRC acquisition update

3 January 2011

The Directors of Alamar Resources Limited (ASX Code ALG, "Alamar", or the "Company") are pleased to provide an update to the market regarding the conditional agreement to acquire 100% of MRCMGL LLC ("Mongolian Resource Corporation" or "MRC").

Key developments of the conditional acquisition of MRC are as follows:

- *An amended Share Exchange Agreement (SEA) has been executed between Alamar and MRC (which replaces the original Share Purchase Agreement),*
- *A Letter of Engagement (LOE) with Stifel Nicolaus Weisel for the capital raising on a 'best endeavours basis' for \$10,000,000 at \$0.25 has been executed,*
- *Amendments to key consideration terms of the SEA; and*
- *An additional \$200,000 has been provided as loan funds to MRC.*

Execution of Letter of Engagement with Stifel Nicolaus Weisel for the capital raising of A\$10,000,000 on a best endeavour basis

The Company is pleased to inform the market that it has executed a Letter of Engagement with Stifel Nicolaus Weisel, a respected international investment banking firm headquartered in the US, for the capital raising of A\$10,000,000 at A\$0.25.

The capital raising of a minimum of A\$10,000,000 is now a condition precedent of the agreement to acquire MRC. The directors believe an increase from the previous proposed capital raising amount from A\$5,000,000 to A\$10,000,000 provides the following benefits:

- Additional working capital,
- Additional funds able to be allocated towards a fast tracked drill program in 2011 (with the aim of providing data to define a JORC resource statement),
- Additional funds can be allocated towards site works and underground development work,
- Additional funds available to evaluate new Mongolian based resource opportunities following settlement,
- Additional funds available to secure experienced mining executives at board and executive level.



Key developments of the conditional acquisition of MRC continued:

The consideration terms of the SEA have been amended

(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 following from settlement or approximately 31 March 2013).
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 following 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.

Security finalised and loan funds provided

The Company has provided an additional US\$200,000 as loan funds to MRC. 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 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.

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.

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.

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Letter of Engagement with Stifel Nicolaus Weisel

Fees and key terms

The following fees have been agreed to and detailed in the Letter of Engagement and are subject to the completion of the full \$10,000,000 capital raising at A\$0.25:

- 6% placement fee on capital raised,
- Consultancy fee of A\$25,000 per month for investment banking services provided over a six month period to MRC and Alamar, for services such as the introduction of the transaction and corporate advisory services,
- 1,000,000 Fully Paid Ordinary Shares,
- 1,000,000 Performance Shares,
- 2,000,000 Company Options (exercisable at 25c, expiring 2 years following from settlement or approximately 31 March 2013), being 5% of the aggregate number of Securities issues pursuant to the capital raising at \$0.25; and
- Any incidental expenses incurred.

As part of the LOE, Stifel Nicolaus Weisel has been engaged for a period of 24 months following the completion of the transaction to provide investment banking services relating but not limited to:

- M&A advisory services; and
- Additional capital raising services.

The Company believes the engagement of Stifel Nicolaus Weisel provides a strategic partner that will provide both essential corporate advisory and capital raising services to enable the Company to pursue an aggressive development of current assets being acquired and advice relating to future acquisitions in the Mongolian resource sector following settlement.

About Stifel Nicolaus Weisel

Stifel Nicolaus Weisel (SNW) is the investment banking arm of Stifel Financial Corp. (NYSE: SF) and is principally focused on the middle-market. SNW manage public offerings of equity and debt securities, raise debt and equity in the private markets, and initiate, structure, and negotiate mergers, acquisitions and divestitures. SNW has offices throughout the US as well as in London and Toronto and has acted for numerous Australian issuers in recent years.

SNW boast thirteen industry focused investment banking groups including natural resources together with specialty groups providing coordinated financial sponsors coverage and private placement expertise. Their bankers take pride in delivering innovative solutions to meet their clients' needs for capital or for realisation of shareholder value.

As strategic advisor, underwriter or placement agent, SNW stands ready to provide the insight and expertise their clients require from a full service Investment Bank and to deliver the full resources of their institutional Capital Markets platform and Retail Brokerage network that are among the most highly regarded in the industry.

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About The Transaction

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

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 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's current strategy.

The Agreement is also subject to various Conditions Precedent.

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

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Updated Timetable

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

Announcement of the amended SEA and A\$10m LOE	3 January 2011
Due Diligence Completion	25 January 2011
Notice of General Meeting mailed to Alamar shareholders seeking approval for the Transaction	25 January 2011
Transaction Specific Prospectus lodged with ASIC for Capital Raising	10 February 2011
General Meeting of Alamar shareholders held to approve the Transaction	25 February 2011
Closeure of offer under Prospectus	3 March 2011
Settlement of Transaction and issue of securities to vendors, consultants and subscribers under the Prospectus	10 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.

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

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