

# ALARA URANIUM LIMITED

A.C.N. 122 892 719

## PROSPECTUS

For the offer of 24 million shares at an issue price of 25 cents each to raise \$6 million with a right to accept oversubscriptions of up to a further \$4 million for a maximum total issue of \$10 million (40 million shares).

### IMPORTANT INFORMATION

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay. The Shares offered by this Prospectus should be considered speculative.

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## ENQUIRIES IN RELATION TO THE OFFER

This Prospectus provides information for potential investors in the Company, and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

This Prospectus is dated 3 April 2007.

## 2. CORPORATE DIRECTORY

### BOARD

Peter Wallace Director  
Robert J Foti Director  
David C Foti Director

### COMPANY SECRETARY

Robert J Foti

### PRINCIPAL & REGISTERED OFFICE

c/- Charles Foti Business Services  
Level 1, 159 Main Street  
Osborne Park, Western Australia 6017

### INDEPENDENT EXPLORATION TITLES REPORT PREPARED BY:

Hetherington Exploration & Mining Title  
Services Pty Ltd  
1st Floor, 503 Willoughby Road  
Willoughby, New South Wales 2068  
Internet: [www.hemts.com.au](http://www.hemts.com.au)

### INDEPENDENT GEOLOGICAL REPORT PREPARED BY:

Al Maynard & Associates  
Suite 9, 280 Hay Street  
Subiaco, Western Australia 6008

### LEGAL OPINION ON PERUVIAN CONCESSIONS PREPARED BY:

Miranda & Amado Abogados  
Av. Larco 1301, Piso 20  
Miraflores, Lima 18, PERU  
Internet: [www.mafirma.com.pe](http://www.mafirma.com.pe)

### INDEPENDENT ACCOUNTANT'S REPORT PREPARED BY:

Bentleys MRI Perth Financial Services Pty Ltd  
Level 1, 10 Kings Park Road  
West Perth, Western Australia 6005  
Internet: [www.bentleys.com.au](http://www.bentleys.com.au)

### PROPOSED BOARD

John F. Stephenson Chairman  
H. Shanker Madan Managing Director  
Farooq Khan Director

### PROPOSED COMPANY SECRETARY

Victor P H Ho

### PROPOSED PRINCIPAL & REGISTERED OFFICE

Level 14, The Forrest Centre  
221 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: +61 8 9214 9787  
Facsimile: +61 8 9322 1515  
Email: [info@alauranium.com](mailto:info@alauranium.com)  
Internet: [www.alauranium.com](http://www.alauranium.com)

### SHARE REGISTRY

Advanced Share Registry Services  
110 Stirling Highway  
Nedlands, Western Australia 6009  
Telephone: +61 8 9389 8033  
Facsimile: +61 8 9389 7871  
Email: [admin@advancedshare.com.au](mailto:admin@advancedshare.com.au)  
Internet: [www.asrshareholders.com](http://www.asrshareholders.com)

### STOCK EXCHANGE

Australian Securities Exchange (ASX)  
Perth, Western Australia

### Proposed ASX Code: LAR

### AUDITORS

Bentleys MRI Perth Partnership  
Chartered Accountants and Business Advisors  
Level 1, 10 Kings Park Road  
West Perth, Western Australia 6005  
Internet: [www.bentleys.com.au](http://www.bentleys.com.au)

### SOLICITORS TO THE ISSUE

Blakiston & Crabb  
1202 Hay Street  
West Perth, Western Australia 6005  
Internet: [www.blakcrab.com.au](http://www.blakcrab.com.au)

## 3. TIMETABLE

The indicative timetable in relation to the Offer is as follows:

1. Lodgment of Prospectus	Tuesday, 3 April 2007
2. Offer Opening Date	Wednesday, 11 April 2007
3. Offer Closing Date	Tuesday, 8 May 2007
4. Anticipated date for issue of Shares to Applicants	Wednesday, 16 May 2007
5. Anticipated date for despatch of holding statements to Applicants	Friday, 18 May 2007
6. Expected Quotation of Alara Uranium shares on ASX	Wednesday, 22 May 2007

**NOTE:** These dates are indicative only, and may change. The Company reserves the right to vary dates by either shortening or extending such dates.

## 4. CHAIRMAN'S LETTER

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3 April 2007

Dear Investor,

On behalf of the proposed new Board of Alara Uranium Limited, I am very pleased to introduce this Prospectus to you and invite you to become a shareholder in the Company. An investment in Alara Uranium offers investors the opportunity to participate in the exploration and potential development of a portfolio of uranium projects in Australia (Northern Territory and Western Australia) and Peru. I consider this commodity offers considerable growth potential for a junior resource company such as Alara Uranium.

Peru is a major mining country and a top five producer in several base and precious metals, including copper and gold. The Company's confidence in Peru's mining and contractual laws is supported by the presence in the country of some of the world's leading mining companies. Although the country has had a long history of mining, its mineral potential is outstanding as mineral discoveries continue to be made. I am very excited about the uranium concession applications that Alara Uranium has acquired in southern Peru.

The Australian uranium tenements occur in the prospective Ngalia Basin in the Northern Territory and in the Gascoyne, East Pilbara and Murchison regions of Western Australia. The tenements cover areas previously identified with radiometric anomalies or are located in close proximity to uranium anomalies and/or occurrences. All but 2 of the 14 tenements are granted and ready for further work. Agreements with the holders of these tenements allow Alara Uranium to earn a 100% interest in the majority of the tenements (see section 9 of this Prospectus).

While the current regulatory environment in Australia precludes the development of new uranium mines, the issue is now being debated more openly among the States/Territory and Federal Government. The directors note that there has been strong growth in the price for uranium which has been supported by the growth in the global demand for uranium.

This Prospectus seeks to raise \$6,000,000 by the issue of 24,000,000 fully paid ordinary shares at 25 cents per share together with the right to accept oversubscriptions for a further \$4,000,000. The minimum subscription is 16,000,000 fully paid ordinary shares to raise \$4,000,000.

Proceeds of this Offer will be used to advance the commercial potential of the uranium projects of the Company; seek additional uranium opportunities; meet the costs of this Offer, associated fees and experts' reports, and meet ongoing operational expenses of the Company. Investors should refer to Section 17 of this Prospectus for the risk factors associated with an investment in the Company.

I encourage you to consider this Prospectus and look forward to welcoming you as a shareholder of the Company in an exciting new phase in the development of Alara Uranium.

Yours Sincerely,



**Dr John Stephenson**  
Proposed Chairman

## 5. PROSPECTUS INFORMATION

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- 5.1. This Prospectus is dated 3 April 2007.
- 5.2. A copy of this Prospectus was lodged with the ASIC on 3 April 2007. Neither the ASIC nor ASX take any responsibility for the contents of this Prospectus.
- 5.3. Although the Company has issued this Prospectus in accordance with the provisions of the Corporations Act applicable to prospectuses, the Company specifically notes that the Offer does not take account of your specific investment needs or objectives. The Company urges you to read this Prospectus in its entirety before making an application for Shares. In particular the Company draws your attention to those matters identified by the Company as representing risks to the Company (as set out in Section 17 of this Prospectus). In the context of your personal requirements and the risk factors, the Company recommends that you seek professional guidance from your stock broker, solicitor, accountant or other professional adviser prior to making any decision to apply for Shares.
- 5.4. Neither the Company nor any other person warrants or guarantees the success or future performance of the Company or the returns (if any) to be received by Shareholders (including with respect to the return of capital, payment of dividends or the future value of the Shares). The Shares offered under this Prospectus must be regarded as a speculative investment.
- 5.5. The Company carries on mineral exploration and development activities. Given the speculative nature of mineral exploration, development and production, there are significant uncertainties associated with forecasting exploration success and potential future revenue. On this basis, the Directors believe that reliable forecasts can not be prepared and accordingly have not included forecasts of future revenue, profit or cash flow in this Prospectus.
- 5.6. Investors should consider that the current Western Australian Government has a stated policy prohibiting uranium mining in Western Australia. The Federal Government has the final determination on uranium mining in the Northern Territory but not Western Australia. For details of the risks associated with the Western Australian Policy and the Federal Policy on uranium mining and exploitation and other risk factors, Investors should refer to Section 17.1 of this Prospectus.
- 5.7. This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at [www.alarauranium.com](http://www.alarauranium.com). The offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia only. The Corporations Act prohibits any person from passing onto another person the Application Form unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at [info@alarauranium.com](mailto:info@alarauranium.com).
- 5.8. No person or entity is authorised to give any information or to make any representation in connection with this Offer which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company (or its Directors or advisers) in connection with this Offer.
- 5.9. No Shares will be issued on the basis of this Prospectus later than thirteen (13) months after the date of this Prospectus. Application will be made within seven (7) days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation.
- 5.10. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.
- 5.11. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.
- 5.12. In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of up to 7 days. The purpose of this Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.
- 5.13. Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in Section 20 of this Prospectus.
- 5.14. All amounts are in Australian dollars unless otherwise specified.

## 6. DETAILS OF THE OFFER

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### 6.1 SHARES OFFERED FOR SUBSCRIPTION

This Prospectus invites investors to apply for a total of 24,000,000 Shares at an issue price of 25 cents per Share to raise \$6,000,000. All Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Shares already on issue.

### 6.2 OVERSUBSCRIPTIONS

The Company reserves the right to accept Oversubscriptions of up to \$4,000,000 through the issue of up to a further 16,000,000 Shares at an issue price of 25 cents per Share.

The maximum amount which may be raised under this Prospectus is therefore \$10,000,000 through the issue of up to a total of 40,000,000 Shares.

### 6.3 MINIMUM SUBSCRIPTION

The Minimum Subscription is 16,000,000 Shares to raise \$4,000,000.

See Section 8.1 of this Prospectus for details as to how the funds raised from the Issue will be used if the Minimum Subscription amount only is raised.

The Company believes the minimum subscription is sufficient working capital to achieve its objectives as set out in this Prospectus.

If the Minimum Subscription has not been raised all Application Monies will be returned to Applicants pursuant to section 724(2) of the Corporations Act.

### 6.4 OPENING AND CLOSING DATES

Subscription lists will open on 11 April 2007, or such later date as may be prescribed by ASIC, and will remain open until 5.00pm WST on 8 May 2007 subject to the right of the Company to either close the Issue at an earlier time and date or to extend the closing time and date without prior notice.

Applicants are encouraged to submit their Applications as early as possible.

No Shares will be issued on the basis of this Prospectus later than 13 (thirteen) months after the date of this Prospectus.

### 6.5 PURPOSE OF THE OFFER

The purpose of the Offer is to provide the Company with the necessary funds to enable it to:

- (1) meet the exploration expenditure in relation to each of the Projects (see section 9.4 of this Prospectus for further details of the proposed exploration expenditure);
- (2) advance the commercial prospects of the Projects;

- (3) seek additional uranium opportunities in Australia and overseas;
- (4) meet all costs in relation to the Offer, including broker's fees, legal fees, the costs of experts' reports, ASIC and ASX fees, Share Registry costs, prospectus design and printing costs, and other printing and mail-out costs;
- (5) meet the ongoing operational expenses and working capital requirements of the Company.

Please refer to Section 8.1 for further information about the use of proceeds from the Issue.

### 6.6 PRIORITY OFFER TO ELIGIBLE STRIKE RESOURCES LIMITED SHAREHOLDERS

The Company is offering Eligible Strike Shareholders (holding at least 5,000 Strike Shares as at 5.00 pm WDT on 6 March 2007) the opportunity to become Shareholders in the Company. The Company has set aside as a Priority Offer, a pool of up to 16 million Shares (plus an additional 6 million Shares if Oversubscriptions of at least this amount is accepted) (**Strike Priority Pool**) for Eligible Strike Shareholders.

This Priority Offer will operate as follows:

- (a) Subject to the scale-back of Applications described in (c), there is no limit on the number of Shares Eligible Strike Shareholder may lodge an Application for;
- (b) Each Eligible Strike Shareholder is entitled to apply for and be issued a minimum of \$2,000 worth of Shares (a total of 8,000 Shares);
- (c) If Applications received from Eligible Strike Shareholders exceed the Strike Priority Pool, Applications received in excess of \$2,000 will be scaled back on a pro-rata basis (relative to the number of Strike Shares held as at 5.00 pm WDT on 6 March 2007);
- (d) The Company reserves the right to aggregate multiple Strike holdings of Eligible Strike Shareholders (held as at 5.00 pm WDT on 6 March 2007) in determining the applications in determining the scale-back of Applications described in (c);
- (e) Any excess Shares applied for by Eligible Strike Shareholders, over and above their scaled back entitlement will be considered with all other Applications under the Public Offer.

## 6. DETAILS OF THE OFFER

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Eligible Strike Shareholders who wish to subscribe for Shares pursuant to the Priority Offer must make an application on the personalised Green Priority Application Form accompanying this Prospectus. Applications for Shares will not be accepted electronically.

Eligible Strike Shareholders applying under the Priority Offer must apply for the minimum entitlement of 8,000 Shares (being minimum application monies of \$2,000) and thereafter in multiples of 1,000 Shares (\$250).

Each Eligible Strike Shareholder Applicant may not receive all of the Shares applied for under their Application.

Ineligible and Eligible Strike Shareholders may also apply for Shares under the Public Offer.

The Proposed Directors of the Company who are Eligible Strike Shareholders reserve their right to participate in the Priority Offer.

### 6.7 PRIORITY ALLOCATION TO ORION EQUITIES LIMITED

The Company has set aside a Priority Allocation of up to 2 million Shares (**Orion Priority Pool**) for Orion Equities Limited (**Orion**).

Orion must make an application on the personalised Pink Priority Application Form accompanying this Prospectus. Orion must apply for the minimum entitlement of 8,000 Shares (being minimum application monies of \$2,000) and thereafter in multiples of 1,000 Shares (\$250) up to the Orion Priority Pool.

### 6.8 PUBLIC OFFER

The Public Offer is open to public investors including ineligible and Eligible Strike Shareholders and Orion.

A total of 16 million Shares (including Oversubscriptions) plus any Shares not subscribed under the Priority Offer (by Eligible Strike Shareholders) and Priority Allocation (by Orion) will be available under the Public Offer. Applications must be made on the Public Offer Application Form enclosed with this Prospectus.

Applications for Shares must be for a minimum of 8,000 Shares (or \$2,000) and thereafter in multiples of 1,000 Shares (or \$250), and can only be made by completing the Application Form attached to this Prospectus.

### 6.9 APPLICATIONS

All Applicants should read this Prospectus in its entirety in order to make an informed decision on the prospects of the Company and the rights attaching to the Shares offered by this Prospectus

before deciding to apply for Shares. If you do not understand this Prospectus you should consult your stockbroker, accountant or other professional adviser in order to satisfy yourself as to the contents of this Prospectus. The Shares offered by this Prospectus are speculative in nature.

An Application for Shares can only be made on the relevant Application Form. Applications for Shares will not be accepted electronically. The Application Forms must be completed in accordance with the instructions set out on the relevant Application Form.

Any Application Form must be accompanied by a cheque in Australian dollars, for the full amount of an Applicant's Application Monies. Cheques must be made payable to "**Alara Uranium Limited – Offer Account**" and should be crossed "**Not Negotiable**".

Completed Application Forms and accompanying cheques must be received by no later than 5.00 pm (WST) on the Closing Date by the Share Registry:

By post to:  
**Alara Uranium Limited**  
**C/- Advanced Share Registry Services**  
**P O Box 1156**  
**Nedlands WA 6909**

By delivery to:  
**Alara Uranium Limited**  
**C/- Advanced Share Registry Services**  
**KMC House**  
**110 Stirling Highway**  
**Nedlands, Perth, Western Australia**

The Company reserves the right to extend the Offer or close the Offer early without notice. Applicants are therefore urged to lodge their Application Form as soon as possible.

An original, completed and lodged Application Form, together with a cheque for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be a valid application. An Application will be deemed to have been accepted by the Company upon allotment of the Shares.

If the Application Form is not completed correctly, or if the accompanying payment of the application monies is for the wrong amount, it may still be treated as valid. The Directors' decision as to whether to treat the Application as valid and how to construe, amend or complete the Application Form is final. However, an Applicant will not be treated as having applied for more Shares than is indicated by the amount of the cheque for the application monies.

No brokerage or stamp duty is payable by Applicants.

## 6. DETAILS OF THE OFFER

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### 6.10 APPLICATION MONIES HELD IN TRUST

All Application Monies will be deposited into a separate bank account of the Company and held in trust for Applicants until the Shares are issued or Application Monies returned. Any interest that accrues will be retained by the Company and will not be paid to Applicants.

### 6.11 3 FOR 4 RIGHTS ISSUE OF OPTIONS POST LISTING

All Shareholders registered on the Share register of the Company at the Options Record Date (being 3 months after the date of Quotation of the Company's Shares on ASX or the next Business Day if that date shall not fall on a Business Day) will be entitled to participate in a proposed non-renounceable rights issue of Options on the basis of 3 Options for every 4 Shares then held (**Options Offer**).

The Options are to be issued at one (1) cent each with an exercise price of 25 cents and an expiry date of 30 June 2009. The Company will apply for the Options to be granted Quotation on ASX.

The terms and conditions of the Options to be issued pursuant to the rights issue are set out in Section 18.2 of this Prospectus.

A prospectus for the rights issue of Options will be issued when the Options are offered. Shareholders registered at the Options Record Date and who wish to subscribe for Options will need to complete the application form that will accompany and form part of the prospectus at that time.

### 6.12 COMMISSION ON APPLICATIONS

The Issue is not underwritten. The Company reserves the right to pay a commission of up to 4% in respect of Applications lodged and accepted by the Company bearing the relevant stamp of any member organisation of ASX or any Australian Financial Services licensed securities dealer on the Application Form. Commission payments are subject to receipt by the Company of an appropriate tax invoice from the organisation.

### 6.13 ALLOCATION OF SHARES

Subject to the Strike Priority Offer and Orion Priority Allocation, the Company reserves the right to reject any Application (in whole or in part) or to allocate any investor fewer Shares than the number applied for. The Company also reserves the right to reject or aggregate multiple applications in determining final allocations.

If an Application is not accepted, or is accepted in part only, the relevant part of the Application

Monies will be refunded. Interest will not be paid on Application Monies refunded.

The Company reserves the right not to proceed with the Offer or any part of it at any time before the allocation of the Shares to Applicants. If the Offer or any part of it is cancelled, all application monies, or the relevant application monies will be refunded.

### 6.14 ASX LISTING

Within 7 (seven) days after the date of this Prospectus, application will be made to the ASX for the Shares offered by this Prospectus to be admitted to Quotation.

If approval for Quotation is not granted by ASX in respect of the Shares offered by this Prospectus within 3 (three) months after the date of this Prospectus, the Company will not allot or issue any Shares pursuant to the Offer, and will repay all relevant Application Monies without interest as soon as practicable.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may grant Quotation of the Shares, is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

### 6.15 ALLOTMENT OF SHARES

Subject to ASX granting approval for the Company's securities to be admitted to Quotation, the allotment of Shares to Applicants will occur as soon as possible after the Issue is closed, following which statements of Shareholdings will be dispatched. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

Pending the issue of the Shares, or return of the Application Monies, the Application Monies will be held in trust for the Applicants.

### 6.16 VALUATION

No formal independent valuation has been undertaken as to the Company's interests in the Projects or as to the value of the Shares of the Company. The Directors regard the Company, its assets and prospects speculative in nature.

### 6.17 INVESTMENT RISKS

The business of the Company involves mining exploration and investment in mining tenements and accordingly, investments in the Shares offered by this Prospectus should be considered speculative. The key risks associated with an investment in the Company are in Section 17 of this Prospectus.

## 7. CAPITAL STRUCTURE

### 7.1 PRO-FORMA SHARE CAPITAL STRUCTURE

The pro-forma capital structure of the Company is set out below to reflect the issued Share capital structure of the Company assuming the completion of the Share Sale Agreements (refer Section 16 of the Prospectus) and varying levels of Applications received under this Prospectus

	With Minimum Subscription	% of Issued Capital	With Full Subscription	% of Issued Capital	With Over- subscriptions	% of Issued Capital
Amount raised under the Prospectus	\$4,000,000		\$6,000,000		\$10,000,000	
Existing Shares	5,500,000	9.7%	5,500,000	8.5%	5,500,000	6.8%
Issue to Strike under Strike Uranium Agreement	18,750,000	50.9%	18,750,000	44.6%	18,750,000	35.7%
Issue to Strike under Peru Sale Agreement	10,000,000		10,000,000		10,000,000	
Issue to Orion under Hume Sale Agreement	6,250,000	11.1%	6,250,000	9.7%	6,250,000	7.8%
Shares offered under this Prospectus:						
Strike Priority Pool to Eligible Strike Shareholders	} 16,000,000	28.3%	16,000,000	24.8%	22,000,000	27.3%
Orion Priority Pool			2,000,000	3.1%	2,000,000	2.5%
Public Offer			6,000,000	9.3%	16,000,000	19.9%
<b>Total Shares</b>	<b>56,500,000</b>	<b>100.00%</b>	<b>64,500,000</b>	<b>100.00%</b>	<b>80,500,000</b>	<b>100.00%</b>

### 7.2 OPTIONS

There are currently no options on issue in the Company.

All Shareholders registered on the Share register of the Company at the Options Record Date (being 3 months after the date of Quotation of the Company's Shares on ASX or the next Business Day if that date shall not fall on a Business Day) will be entitled to participate in a proposed non-renounceable rights issue of Options on the basis of 3 Options for every 4 Shares then held. The Options are to be issued at one (1) cent each with an exercise price of 25 cents and an expiry date of 30 June 2009. The Company will apply for the Options to be granted Quotation on ASX. The terms and conditions of the Options to be issued pursuant to this rights issue are set out in Section 18.2 of this Prospectus. A prospectus for the rights issue of Options will be issued when the Options are offered. Shareholders registered at the Options Record Date and who wish to subscribe for Options will need to complete the application form that will accompany and form part of the prospectus at that time.

### 7.3 ESCROW PROVISIONS

ASX may classify certain existing Shares on issue in the Company and the Shares to be issued as consideration under the Share Sale Agreements (as opposed to those to be issued under this Prospectus) as being subject to the restricted securities provisions of the Listing Rules. If so classified, such Shares would be required to be held in escrow for a period determined by ASX and would not be able to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. ASX has advised the Company that it would be likely to classify any Shares issued or distributed to related parties and promoters of the Company, Strike and Orion (or any of their associates), as restricted securities and apply an escrow period of up to 24 months from the date of Quotation of the Shares on ASX.

### 7.4 STRIKE'S DISTRIBUTION OF ALARA SHARES *IN SPECIE*

Upon Quotation of the Shares on ASX, Strike will hold 28.75 million Shares in the Company, issued to Strike as consideration under the Strike Uranium Sale Agreement and Peru Sale Agreements. Strike has agreed to undertake the distribution in specie of 16 million Alara Shares to Strike shareholders at a time to be nominated by the Strike board but being not more than 6 months after the Alara Shares commence Quotation on the ASX, subject to the ASX granting a waiver for such dealing of escrowed Shares, all regulatory and shareholder approvals and consideration by Strike of the tax consequences arising therein. ASX has advised the Company and Strike that ASX would be likely to grant a waiver from ASX Listing Rule 9.1, such that the restrictions of Appendix 9B of the ASX Listing Rules not apply to the Shares issued to Strike and distributed pro rata to the shareholders of Strike other than related parties and promoters of the Company and Strike, and their associates.

## 8. FINANCIAL ASPECTS OF THE OFFER

### 8.1 UTILISATION OF FUNDS

The funds raised from the Issue of Shares pursuant to this Prospectus and the Company's existing net cash and liquid asset reserves will be applied as follows:

#### Pro-Forma Working Capital Position

	Notes	Minimum Subscription	Full Subscription	With Oversubscriptions
Application Monies received under the Offer		\$4,000,000	\$6,000,000	\$10,000,000
Existing net cash and receivables	1	\$41,491	\$41,491	\$41,491
Total net working capital		\$4,041,491	\$6,041,491	\$10,041,491
2 year budgeted exploration expenditure	2	\$3,066,000	\$4,841,000	\$7,650,500
Reimbursement of exploration expenditure	3	\$50,000	\$50,000	\$50,000
Expenses of the Issue	4	\$318,500	\$400,000	\$563,500
Unallocated working capital		\$606,991	\$750,491	\$1,777,491

#### Notes:

- (1) Audit reviewed as at 9 March 2007; refer to the Independent Accountant's Report in Section 13;
- (2) Refer to Summary of Indicative Exploration Expenditure in Section 9.4;
- (3) Pursuant to Material Contracts as described in Sections 16.1, 16.2 and 16.3;
- (4) Refer to Section 8.2.

Any amounts raised under this Prospectus above the Minimum Subscription (including Oversubscriptions) will be applied proportionately across the Projects. The proposed exploration expenditure allocation will be refined according to results of the programmes as they develop, to meet working capital allocation priorities, and for new project generation. All exploration budgets are liable to change, as they are of necessity highly dependant on results achieved. Further details of the budgeted exploration expenditure are set out in Section 9.4 this Prospectus.

The Directors are of the opinion that on completion of the Minimum Subscription of the Issue, the Company will have sufficient working capital to carry out its objectives.

### 8.2 EXPENSES OF THE ISSUE

The total expenses of the Issue are anticipated to be as follows:

Item of Expenditure	Minimum Subscription	Fully Subscribed	With Oversubscriptions
ASIC and ASX fees	\$40,000	\$41,500	\$45,000
Expert's Reports	\$23,000	\$23,000	\$23,000
Legal fees	\$50,000	\$50,000	\$50,000
Commissions on Applications received bearing broker's stamp <sup>1</sup>	\$160,000	\$240,000	\$400,000
Design, Printing and Ancillary	\$38,000	\$38,000	\$38,000
Miscellaneous	\$7,500	\$7,500	\$7,500
<b>Total</b>	<b>\$318,500</b>	<b>\$400,000</b>	<b>\$563,500</b>

### 8.3 INDEPENDENT ACCOUNTANT'S REPORT

Other financial aspects of the Offer relating to the Company is contained in the Independent Accountant's Report prepared by Bentleys MRI Perth Financial Services Pty Ltd.

1 Assumed to be 4% on all funds raised

## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE

---

The Company has focused on the acquisition of tenements that are prospective for uranium. The Company's Projects are located in Peru, the Northern Territory and Western Australia.

Investors should consider that the current Western Australian Government has a stated policy prohibiting uranium mining in Western Australia. The Federal Government has the final determination on uranium mining in the Northern Territory but not Western Australia. For details of the risks associated with the Western Australian Policy and the Federal Policy on uranium mining and exploitation and other risk factors, Investors should refer to Section 17.1 of this Prospectus.

The following is a summary of the Company's Projects in Peru and Australia and their individual work programmes and fund allocations over a 2 year period. Further geological details about the Projects are described in the Independent Geological Report at Section 10 of this Prospectus and the information on the Tenements are described in the Independent Exploration Titles Report at Section 11 and Legal Opinion on Peruvian Concessions at Section 12 of this Prospectus.

### 9.1 PERUVIAN PROJECT

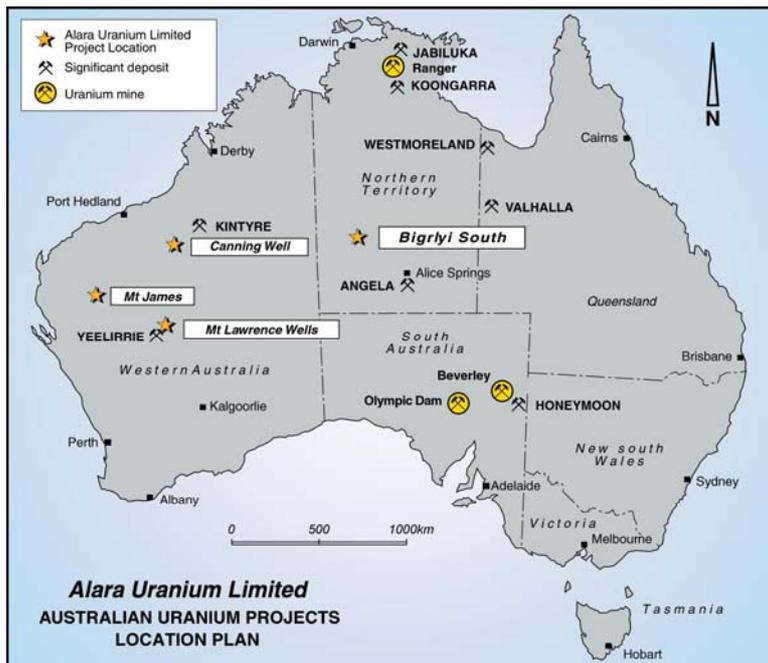
#### 9.1.1 Pampacolca

(100% interest in 4 applications for metallic mineral concessions, covering 2,700 hectares, under the names "Pampacolca 1" (Code 01-01084-07, 900 hectares) and "Pampacolca 2" (Code 01-01085, 600 hectares) located in the Districts of Pampacolca and Tipan Aplao, Province of Castilla and the Districts of Aplao and Iray, Provinces of Castilla and Condesuyos, respectively, in the Department of Arequipa in the south of Peru and "Pampacolca 3" (Code 01-01852-07, 700 hectares) and "Pampacolca 4" (Code 01-01851-07, 500 hectares) located in the District of Pampacolca, Province of Castilla in the Department of Arequipa in the south of Peru)

Under the Peru Sale Agreement, the Company has acquired Strike Uranium Peru which holds the above interests in the Pampacolca Project Applications through Strike Uranium Peru's wholly owned subsidiary, SUPSAC.

The Pampacolca Project Applications are situated approximately 7 to 12 kilometres south of the town of Pampacolca, which is located approximately 136 kilometres north-west of the city of Arequipa in southern Peru. The Pampacolca 1 and 2 applications for mineral concessions cover at least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within Precambrian gneissic terrain with known tantalum mineralisation. Reported historical work by a Canadian company returned 0.13% to 0.29% Uranium Oxide ( $U_3O_8$ ) and up to 10.36% Tantalum – Niobium in 8 out of 15 surface rock chip samples.

## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE



## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE

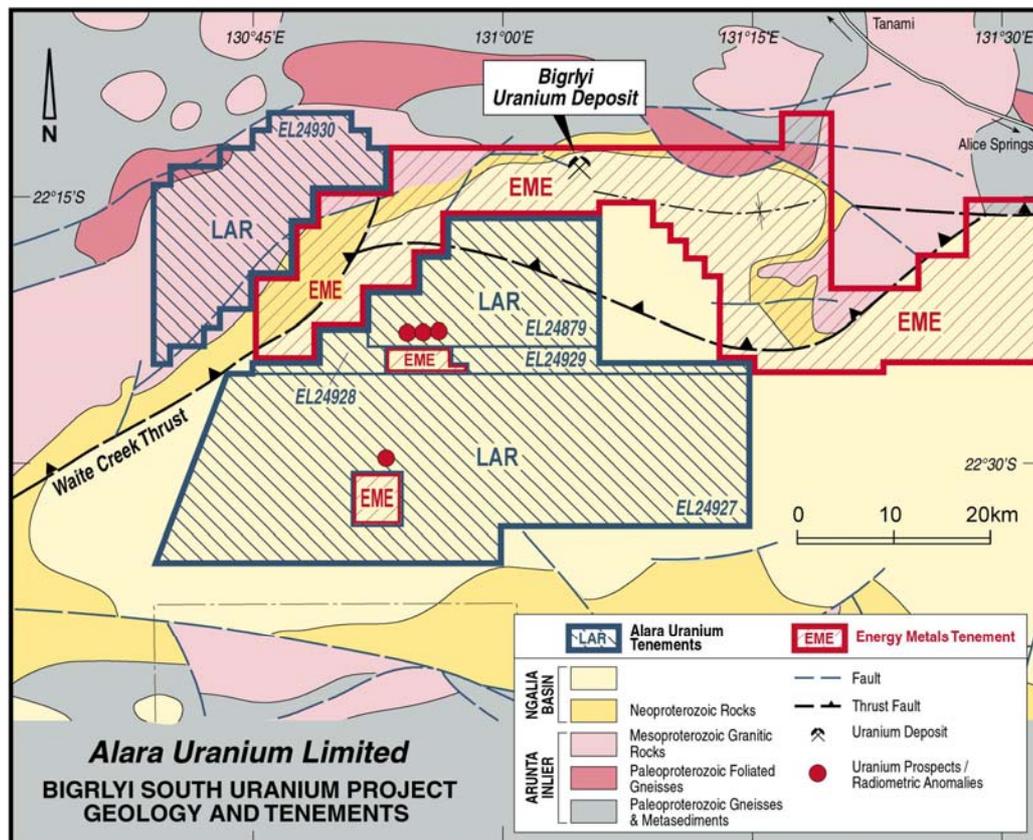
### 9.2 NORTHERN TERRITORY PROJECT

#### 9.2.1 Bigryli South

(100% interest in Exploration Licences 24879, 24928, 24929 and 24930 and application for EL 24927)

Under the Strike Uranium Sale Agreement and Hume Sale Agreement, the Company has acquired Strike Uranium and Hume which companies collectively hold the above interests in the Bigryli South Project tenements.

These 5 exploration tenements are located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs). These tenements, having a total area of approximately 1,666 square kilometres, are adjacent to tenements surrounding the Bigryli uranium deposit (being developed by Energy Metals Limited – ASX Code: “EME”).



## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE

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### 9.3 WESTERN AUSTRALIA PROJECTS

#### 9.3.1 Mt James (Gascoyne Region)

(100% interest in EL 09/1253, EL 09/1257 and EL 09/1258 and 70% interest in EL 09/1245)

Under the Strike Uranium Sale Agreement and Hume Sale Agreement, the Company has acquired Strike Uranium and Hume which companies collectively hold the above interests in the Mt James Project tenements.

EL 09/1253 and EL 09/1245 cover ground previously explored by AGIP Nucleare (Australia) Pty Ltd (**AGIP**), (a subsidiary of Italian multi-national energy group ENI) where 0.14% U (equivalent to 0.17% U<sub>3</sub>O<sub>8</sub>) as uraninite in a diamond drill hole was discovered by AGIP in the 1970s. EL 09/1257 and EL 09/1258 in the Injinu Hills and the Mortimer Hills areas, southwest and west respectively from EL 09/1253 and EL 09/1245 are covered with large areas of duricrust and known to host near surface uranium mineralisation as carnotite within adjacent ground.

#### 9.3.2 Mt Lawrence Wells (East Murchison Region)

(100% interest in EL 53/1203 and EL 53/1259 and 85% interest in EL 53/1115)

Under the Strike Uranium Sale Agreement and Hume Sale Agreement, the Company has acquired Strike Uranium and Hume which companies collectively hold the above interests in the Mt Lawrence Project tenements.

These exploration licences are located 25 kilometres south of Wiluna and north of a palaeo drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects.

The project area is located immediately north of the Hinkler Well tenements of ASX listed U3O8 Limited (ASX Code: "UTO") where U3O8 Limited has recently announced uranium mineralisation in calcrete extending for approximately 20 kilometres. The mineralisation extends along an east west palaeo channel. Part of this calcrete channel and also the source of the gravels that cover the northern extent of the channel extend into Alara's tenements.

#### 9.3.3 Canning Well (Pilbara Region)

(100% interest in EL 46/629 and a right to earn and acquire an 85% interest in ELA 46/585 (excluding all manganese mineral rights))

Under the Strike Uranium Sale Agreement and Hume Sale Agreement, the Company has acquired Strike Uranium and Hume which companies collectively hold the above interests and rights in the Canning Well Project tenements.

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the Canning Fault and associated splay and intersecting faults which bring together rocks of the Archaean Fortescue Group in juxtaposition with Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group. Uranium anomalies of up to 11 times the background have been recorded in the project area in lag samples by previous explorers but were never followed up.

## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE

### 9.4 SUMMARY OF INDICATIVE EXPLORATION EXPENDITURE

The Company proposes to fund its intended exploration programmes as outlined in the table below from the proceeds of the Issue:

#### Pampacolca Project (Peru) Proposed Expenditure:

Amount Raised Activity	\$4M		\$6M		\$10M	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Data compilation	\$7,000	\$2,100	\$10,000	\$3,000	\$13,000	\$3,900
Geophysics & surveying	\$45,500	\$28,000	\$65,000	\$40,000	\$84,500	\$52,000
Drilling	\$203,000	\$301,000	\$290,000	\$430,000	\$377,000	\$559,000
Sample Analyses	\$35,000	\$56,000	\$50,000	\$80,000	\$65,000	\$104,000
Field and staff costs	\$101,500	\$122,500	\$145,000	\$175,000	\$188,500	\$227,500
Community relationship	\$7,700	\$11,200	\$11,000	\$16,000	\$14,300	\$20,800
Tenement costs	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000	\$13,000
<b>Totals</b>	<b>\$412,700</b>	<b>\$533,800</b>	<b>\$584,000</b>	<b>\$757,000</b>	<b>\$755,300</b>	<b>\$980,200</b>

#### Bigrlyi South Project (Northern Territory) Proposed Expenditure:

Amount Raised Activity	\$4M		\$6M		\$10M	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Data compilation	\$18,000	\$22,500	\$25,000	\$35,000	\$50,000	\$60,000
Geophysics & surveying	\$85,500	\$112,500	\$140,000	\$185,000	\$240,000	\$310,000
RAB, RC or Aircore drilling	\$117,000	\$153,000	\$195,000	\$255,000	\$325,000	\$425,000
Sample Analyses	\$54,000	\$72,000	\$90,000	\$120,000	\$150,000	\$200,000
Field and staff costs	\$81,000	\$103,500	\$135,000	\$175,000	\$225,000	\$290,000
Aboriginal heritage	\$45,000	\$58,500	\$75,000	\$95,000	\$125,000	\$160,000
<b>Totals</b>	<b>\$400,500</b>	<b>\$522,000</b>	<b>\$660,000</b>	<b>\$865,000</b>	<b>\$1,115,000</b>	<b>\$1,445,000</b>

#### Mt James Project (Western Australia) Proposed Expenditure:

Amount Raised Activity	\$4M		\$6M		\$10M	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Data compilation	\$13,500	\$18,000	\$20,000	\$30,000	\$35,000	\$45,000
Geophysics & surveying	\$54,000	\$67,500	\$85,000	\$105,000	\$150,000	\$190,000
RAB, RC or Aircore drilling	\$58,500	\$67,500	\$95,000	\$115,000	\$160,000	\$200,000
Sample Analyses	\$27,000	\$31,500	\$45,000	\$55,000	\$75,000	\$100,000
Field and staff costs	\$45,000	\$54,000	\$75,000	\$100,000	\$125,000	\$160,000
Aboriginal heritage	\$22,500	\$27,000	\$35,000	\$45,000	\$60,000	\$75,000
<b>Totals</b>	<b>\$220,500</b>	<b>\$265,500</b>	<b>\$355,000</b>	<b>\$450,000</b>	<b>\$605,000</b>	<b>\$770,000</b>

#### Mt Lawrence Wells Project (Western Australia) Proposed Expenditure:

Amount Raised Activity	\$4M		\$6M		\$10M	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Data compilation	\$13,500	\$18,000	\$20,000	\$30,000	\$35,000	\$45,000
Geophysics & surveying	\$40,500	\$54,000	\$65,000	\$90,000	\$115,000	\$150,000
Trenching or RAB drilling	\$45,000	\$63,000	\$75,000	\$100,000	\$140,000	\$175,000
Sample Analyses	\$22,500	\$27,000	\$35,000	\$45,000	\$65,000	\$85,000
Field and staff costs	\$40,500	\$54,000	\$70,000	\$95,000	\$115,000	\$150,000
Aboriginal heritage	\$22,500	\$27,000	\$35,000	\$45,000	\$60,000	\$75,000
<b>Totals</b>	<b>\$184,500</b>	<b>\$243,000</b>	<b>\$300,000</b>	<b>\$405,000</b>	<b>\$530,000</b>	<b>\$680,000</b>

## 9. PROJECTS OVERVIEW AND PROPOSED EXPENDITURE

### Canning Well Project (Western Australia) Proposed Expenditure:

Amount Raised Activity	\$4M		\$6M		\$10M	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Data compilation	\$13,500	\$18,000	\$20,000	\$30,000	\$35,000	\$45,000
Geophysics & surveying	\$31,500	\$40,500	\$50,000	\$70,000	\$90,000	\$110,000
RC or RAB drilling	\$27,000	\$36,000	\$45,000	\$60,000	\$75,000	\$100,000
Sample Analyses	\$13,500	\$18,000	\$20,000	\$30,000	\$35,000	\$45,000
Field and staff costs	\$22,500	\$31,500	\$35,000	\$55,000	\$65,000	\$85,000
Aboriginal heritage	\$13,500	\$18,000	\$20,000	\$30,000	\$35,000	\$50,000
<b>Totals</b>	<b>\$121,500</b>	<b>\$162,000</b>	<b>\$190,000</b>	<b>\$275,000</b>	<b>\$335,000</b>	<b>\$435,000</b>

### SUMMARY OF INDICATIVE EXPLORATION EXPENDITURE

Amount Raised PROJECTS	\$4M		\$6M		\$10M	
	YEAR 1	YEAR 2	YEAR 1	YEAR 2	YEAR 1	YEAR 2
Pampacolca (Peru)	\$412,700	\$533,800	\$584,000	\$757,000	\$755,300	\$980,200
Bigryli South (NT)	\$400,500	\$522,000	\$660,000	\$865,000	\$1,115,000	\$1,445,000
Mt James (WA)	\$220,500	\$265,500	\$355,000	\$450,000	\$605,000	\$770,000
Mt Lawrence Wells (WA)	\$184,500	\$243,000	\$300,000	\$405,000	\$530,000	\$680,000
Canning Well (WA)	\$121,500	\$162,000	\$190,000	\$275,000	\$335,000	\$435,000
<b>TOTAL</b>	<b>\$1,339,700</b>	<b>\$1,726,300</b>	<b>\$2,089,000</b>	<b>\$2,752,000</b>	<b>\$3,340,300</b>	<b>\$4,310,200</b>
<b>2 YEAR TOTAL</b>	<b>\$3,066,000</b>		<b>\$4,841,000</b>		<b>\$7,650,500</b>	

Any amounts raised under this Prospectus above the Minimum Subscription (including Oversubscriptions) will be applied proportionately across the Projects.

The above exploration programme expenditures are subject to change and are contingent on circumstances, results and other opportunities which may arise. Accordingly, expenditure may be reallocated amongst the existing projects or to new projects or to general working capital.

Expenditure allocated to those projects with tenements pending application (being primarily the Pampacolca Project) is based on the expectation that those tenement applications will be granted. If any of the tenement applications are not granted, the expenditure allocated to those affected Projects will be reallocated to other Projects or to find and establish new exploration projects for the Company.

## 10. INDEPENDENT GEOLOGICAL REPORT

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### AL MAYNARD & ASSOCIATES

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*Australian & International Exploration & Evaluation of Mineral Properties*

29<sup>th</sup> March, 2007

The Directors  
Alara Uranium Limited  
Level 1, 159 Main Street  
Osborne Park, Western Australia 6017

Dear Sirs,

#### **INDEPENDENT GEOLOGICAL REPORT FOR ALARA URANIUM LIMITED**

##### **PREAMBLE**

At the request of the Directors of Alara Uranium Limited ACN 122 892 719 (“**Alara**”), Al Maynard & Associates (AM&A) have prepared this Independent Geological Report (“**Report**”) on four mineral exploration properties in which the company holds an interest in Australia and one project in Peru. These properties are prospective for uranium, gold and base metals. Three of the Australian projects are located in Western Australia and the other is located in the Northern Territory (Fig 1).

This Report has been prepared for inclusion in a prospectus (the “**Prospectus**”) that the Directors of Alara have advised will be lodged with the Australian Securities and Investments Commission (“**ASIC**”) on or about 29 March 2007. This Report has been prepared in accordance with the relevant requirements of the Listing Rules of the Australian Securities Exchange Limited (“**ASX**”) and ASIC Practice Notes 42 and 43.

AM&A confirm that the Report has been prepared in accordance with the Code and Guidelines for assessment and valuation of Mineral Assets and Minerals Securities for Independent Expert Reports (The Valmin Code), which is binding upon Members of the Australasian Institute of Mining and Metallurgy (“**AusIMM**”) and the Australian Institute of Geoscientists (“**AIG**”). The Report does not provide an opinion on the value of the mineral assets of Alara, and otherwise it is in accordance with the rules and guidelines relating to Independent Expert Reports set by the ASIC and ASX.

AM&A is an independent geological and exploration consultancy established 28 years ago, which has operated continuously since then. AM&A has been responsible for the preparation of a considerable number of geological reports and valuations for prospectuses and other purposes relating to mineral project areas Australia-wide and overseas. Mr Allen J. Maynard, the author of this report, is a Member of the Australian Institute of Geoscientists (“**AIG**”) and a Corporate Member of the Australasian Institute of Mining & Metallurgy (“**AusIMM**”). He has the relevant

## 10. INDEPENDENT GEOLOGICAL REPORT

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experience and competence to be considered “Expert” under the definitions provided by ASIC Practice Notes 42 and 43.

AM&A has no material interest either direct, indirect or contingent neither in Alara, nor in any of the mineral properties included in this Report nor in any other asset nor has any such interest existed in the past.

AM&A has had no input into the formulation of any of the mineral tenements under review. This Report has been prepared by AM&A strictly in the role of an independent expert. Alara has warranted to AM&A that full disclosure has been made of all material in its possession and that information is complete, accurate and true. None of the information provided by Alara has been specified as being confidential and not to be disclosed in our Report.

The legal status of the Australian tenements, including Native Title considerations, are the subject of a separate Independent Exploration Titles Report which appears elsewhere in this Prospectus, and this matter has not been independently verified by AM&A. However, AM&A has conducted informal tenement searches of the electronic database of the Department of Industry and Resources (“DoIR”) of the Western Australian State Government. For reporting purposes it is assumed that the Alara tenements and agreements are and will remain in good standing for the required time-frame.

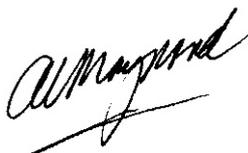
Heritage and environmental and other non-geological issues that may impinge on the status of any of the Alara project areas are outside the scope and expertise of this Report and readers are advised to refer to the Independent Exploration Titles Report which appears elsewhere in this Prospectus.

Fees for the preparation of this Report are being charged at commercial rates whilst expenses are being reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions neither of this document nor on the outcome of the Prospectus or Prospectus.

Site visits were not conducted specifically for this report as the author has visited the WA and NT project areas in the past and no new details would be revealed by a subsequent visit. The writer is also familiar with the Peruvian geological setting. Data used in the preparation of this Report has been derived from technical information provided by Alara and other publicly available data.

For the purpose of Sections 731 to 733 of the Corporations Act 2001, AM&A was involved in the preparation of the Independent Geological Report included in the Prospectus and has authorised or caused the issue of this part of the Prospectus only. AM&A has given consent in writing to the issue of the Prospectus with this Independent Geological Report in the form and context in which it is included and has not withdrawn its consent before the lodgement of the Prospectus with ASIC.

Yours faithfully,



Allen J. Maynard BAppSc (Geol). MAusIMM, MAIG

## 10. INDEPENDENT GEOLOGICAL REPORT

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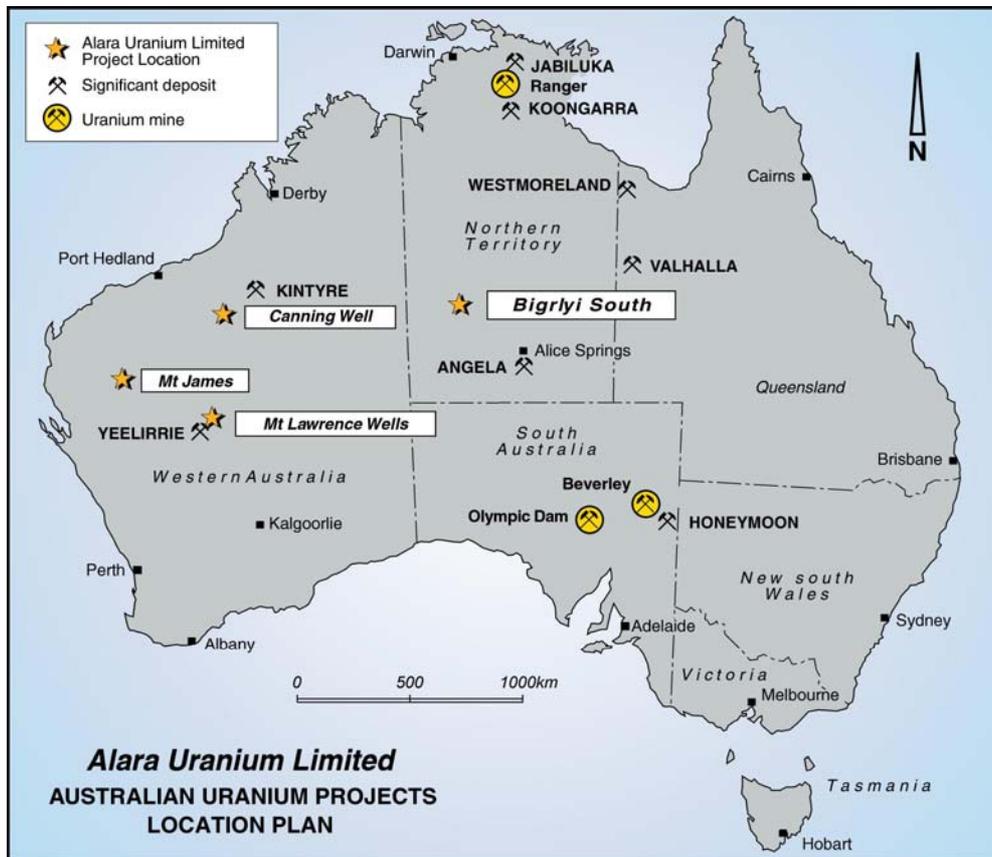
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## 10. INDEPENDENT GEOLOGICAL REPORT



**Figure 1 Australian Projects Location Map**

### 1.0 BIGRLYI SOUTH URANIUM PROJECT

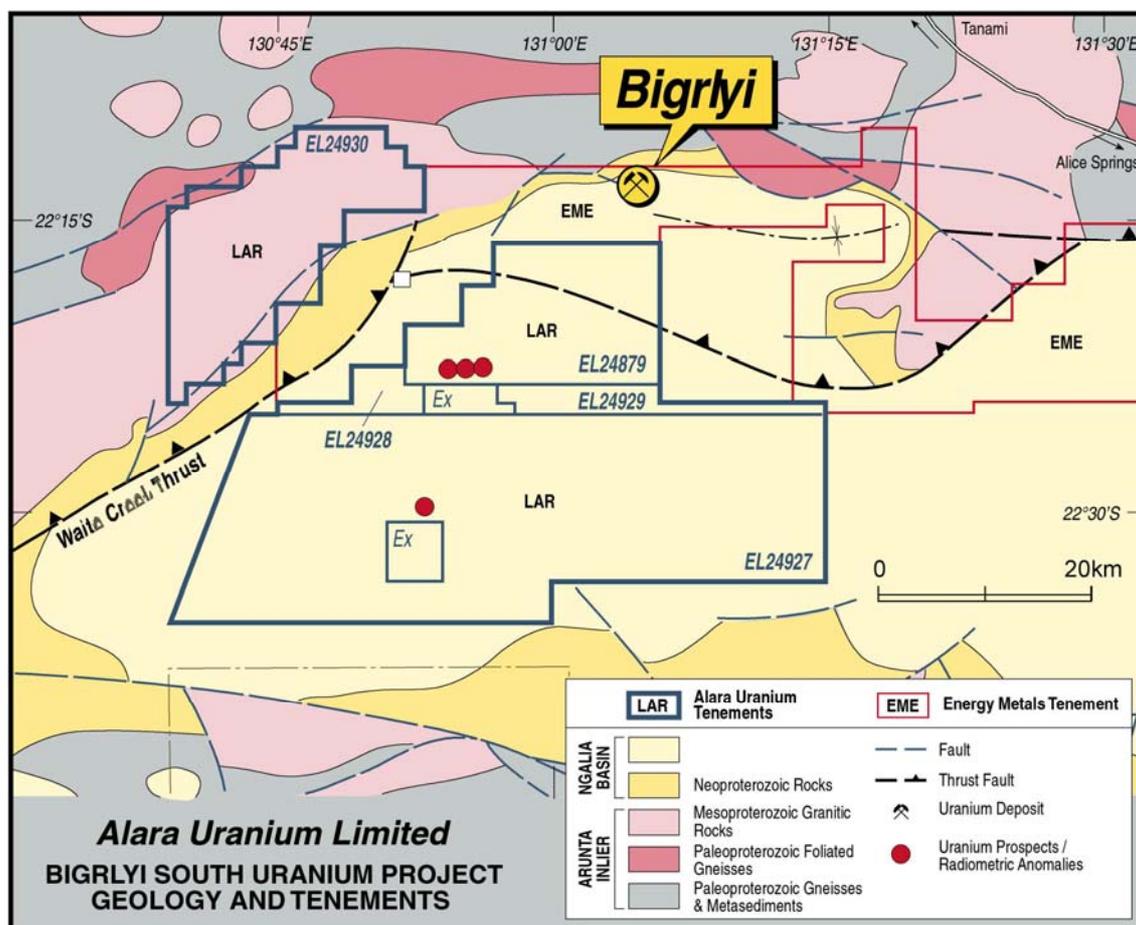
#### 1.1 SUMMARY

- 5km south of Bigrlyi uranium deposit.
- 4 radioactive anomalies in the Mt Eclipse Sandstone, the host to the Bigrlyi deposit, within the tenements.
- A major low angle thrust fault, potential channel way for uranium bearing fluids and host to uranium deposits straddles across the entire length of EL24879.

#### 1.2 INTRODUCTION

The Bigrlyi South Project, located approximately 390km to the NW of Alice Springs in the Northern Territory comprises five tenements consisting of four Exploration Licences (“EL”), numbered EL24879, 24928, 24929 and 24930; and one Exploration Licence Application (“ELA”) numbered ELA24927 (Table 1). The tenements cover an area of approximately 1664km<sup>2</sup> in the Ngalia Basin, which is an intracratonic basin that hosts several uranium occurrences and a prominent deposit at Bigrlyi. Alara is acquiring 100% of the mineral rights in the project area (Figs 1 & 2).

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**Figure 2 Bigrlyi South Tenement Location Map**

Project	Tenement	Blocks	Area(~ km <sup>2</sup> )	Location Name	State
Bigrlyi South Project	EL24879	82	260	Mount Doreen	NT
	ELA24927	338	999	Haasts Bluff	NT
	EL24928	15	35	Mount Doreen	NT
	EL24929	26	56	Mount Doreen	NT
	EL24930	99	314	Mount Doreen	NT

**Table 1 Bigrlyi South Tenements**

Of the five Bigrlyi South Project tenements, EL24879, 5km south of the Bigrlyi deposit is regarded as the most prospective for economic mineralisation of uranium. It covers the same stratigraphic unit as the host to the Bigrlyi deposit and is adjacent to and south of the Energy Metals Limited tenements that surround the Bigrlyi deposit. In addition, a major low angle thrust fault that is a potential channel way and host for the uranium bearing fluids straddles this tenement. It is known that the Bigrlyi deposit is folded and faulted and other uranium anomalies in the area are associated with thrust faults.

Three of the other Alara tenements are located nearby and also cover the same unit, the late Devonian to late Carboniferous Mt Eclipse Sandstone. EL24930 covers a pegmatitic granite unit in the basement rocks believed to be the source of the uranium bearing fluids.

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 1.3 REGIONAL GEOLOGY

The Ngalia Basin is a Neoproterozoic to Palaeozoic intracratonic basin approximately 300km long and 70km wide within the Northern Arunta Province of the Arunta Inlier, in central-south of the Northern Territory. The Ngalia Basin is an asymmetric syncline with a steep tectonised northern boundary and a shallow northerly dipping unconformity forming the southern basin boundary. The northern boundary is defined to the east by low angle thrust faults over the Arunta Inlier and to the west by high-angle reverse faults that have thrust the basement rocks several kilometres over the sediments.

The region has been tectonically active since before 1880Ma with several tectonic events and phases of granitic intrusions up to 1000Ma. Granites have provided the source material for subsequent sedimentation.

The younger post-tectonic granites, particularly the Southwark Granite Suite dated at 1567Ma are believed to be the origin of the uranium for the known uranium mineralisation in the region. Whole-rock chemical analysis of 18 samples from these late granites are recorded as having uranium contents varying from 1.5-22.5ppm, thorium ranged from 3-175ppm and vanadium typically from 3-57ppm. In contrast, 8 samples from the older granites ranged in uranium content from 1.5-10ppm and vanadium from 20-90 ppm. In general the geochemistry of these late granites is consistent with other high-heat production group (ie radiogenic) granites of the Arunta Inlier. Importantly EL24930 covers a large proportion of the Southwark Granite Suite west of the Bigrlyi deposit.

The Cambrian to Devonian sedimentary sequences of the Ngalia Basin range in age from 850-350Ma and rest unconformably over the Arunta Inlier. The sediments of the Neoproterozoic are dominantly fluvial to shallow marine quartz sandstones, shales, mudstones, conglomerates, dolomites and tillites. These sequences total between 2-3,000m in thickness.

The transition from the Neoproterozoic to the Cambrian occurs within the 700m thick Yuendumu Formation of sandstone and arkosic sandstone formed in shallow marine conditions. Three further sequences of shallow marine to fluvial sediments, each unconformable upon the underlying sediments, were deposited during the Cambrian, Ordovician and Devonian periods.

The youngest and thickest Palaeoproterozoic sedimentary sequence is the thick Devonian to Carboniferous Mount Eclipse Sandstone, up to 3,000m thick, that is deposited disconformably on all underlying Ngalia Basin units. In the region around the Bigrlyi uranium deposits the Mount Eclipse Sandstone overlies the Neoproterozoic age Vaughan Springs Quartzite, the oldest unit in the Ngalia Basin overlying the rocks of the Arunta Inlier.

Uplift and erosion of the Arunta Inlier rocks to the north of the Ngalia Basin between 350-370Ma initiated the deposition of the Mount Eclipse Sandstone. This deposition was terminated at the peak of the Alice Springs Orogeny, possibly about 300-320Ma. At this time the Yuendumu, Waite Creek, Patty Hill, Napperby and Hann Range thrust faults were active, thrusting the Arunta Inlier rocks southward over the Ngalia Basin rocks. This overthrusting is associated with the asymmetric folding of the Mount Eclipse Sandstone sequence with east to west axes and steep north-facing limbs. A major anticline to the west of the EL24879 suggests the continuation of the basal carbonaceous units of the Mount Eclipse Sandstone into the Alara project tenements south of the Bigrlyi deposit.

The Mount Eclipse Sandstone consists of arkoses, conglomeratic sandstones, greywacke and minor conglomerates deposited in piedmont to subaerial-fluvial environments. The sequence contains a significant carbonaceous component with plant fossils.

## 10. INDEPENDENT GEOLOGICAL REPORT

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Uranium mineralisation of the Ngalia Basin is hosted in sedimentary channels, piedmont-style, of carbonaceous arkoses located towards the base of the Mount Eclipse Sandstone. The primary source of the uranium is inferred to be the younger granites of the Arunta Inlier.

Since the end of the Alice Springs Orogen, the Ngalia Basin has been part of the stable Australian Craton with terrestrial sedimentation of sands, silts, aeolian sand, calcrete, silcrete, lateritic ironstones and playa lake sediments. The unconsolidated sediments obscure parts of the prospective Mount Eclipse Sandstone within the Alara tenement block.

The Bigrlyi Uranium Deposit itself occurs in arkosic sandstones in the lower part of the late Devonian-late Carboniferous Mt Eclipse Sandstone which is host to 20 regional uranium prospects and radiometric anomalous zones.

The deposit is regarded as a typical “modified roll front deposit” where uranium bearing oxidising fluids met with reducing conditions in layers of predominantly carbonaceous matter in a permeable formation.

The regional geological setting indicates that uraniferous fluids probably originated from granites of the underlying Arunta complex, and migrated southwards. Here, reaction with the reductant lithologies led to the precipitation of uranium mineralisation in the rocks of the Mount Eclipse Sandstone.

The location of a uranium prospect at Currinya along the southern margin of the Ngalia Basin suggests that movement of uranium bearing fluids extended over considerable distances and was predominantly from the north to south.

### 1.4 GEOLOGY AND MINERALISATION

Shallow, south-dipping, small scattered outcrops of Mt Eclipse Sandstone cover approximately 5-10% of the Bigrlyi South Project area. The rest is covered by a thin cover of Recent to Quaternary sands, silts, calcrete, silcrete, lateritic ironstones and playa lake sediments.

A curvilinear low angle thrust known as the Yuendumu Thrust has been interpreted to straddle the entire length of EL24879 (Fig 2). It extends for a total of 100km either side of the tenement and joins up with another major northeast thrust fault west of EL24879. Another small thrust fault locally known as the Cusacks Bore Thrust has been mapped for about 5km and is located 3km to the north of the Yuendumu Thrust and 5km east of EL24879. Outside of Alara’s tenements two uranium prospects have been mapped and drilled on or around this thrust fault.

The projection of the axis of the major asymmetric regional anticline in the northern part of the Ngalia Basin passes through EL24879. The tenements, particularly EL24879, are located in an area that has undergone intense folding and faulting.

The shallow cover of Recent to Quaternary sediments obscures much of the geology and also inhibits any radiometric response from the area. The asymmetric folding and the extensive thrust faulting, plus faulting within the Bigrlyi deposit suggests that carbonaceous horizons within the Mount Eclipse Sandstone, considered favourable for hosting the uranium mineralisation, may have repetitions within the tenements. In addition faults would have provided excellent channel ways for the movement of uranium bearing oxidising fluids.

## 10. INDEPENDENT GEOLOGICAL REPORT

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In spite of the shallow cover inhibiting radiometric response, a number of radiometric uranium anomalies are noted from the published radiometric data of the Northern Territory Geological Survey in the area.

### 1.5 DISCUSSION

The four tenements ELs 24879 and 24927-24929 that contain the lower Mt Eclipse Sandstone are regarded as prospective for economic roll front type uranium mineralisation similar to that at Bigrlyi for the following reasons.

- proximity to known mineralisation at Bigrlyi
- a pre-existing north to south flow regime,
- permeable strata interlayered with carbonaceous matter repeated in the tenement block due to folding and thrust faulting, and
- one or more low angle thrust faults postulated to straddle across the tenement, particularly EL24879 as additional primary fluid conduits into the Mt Eclipse Sandstone.

The fifth tenement EL24930 located in the pegmatitic granites high in background uranium is regarded as having potential for vein type uranium mineralisation.

### 1.6 PROPOSED EXPLORATION

All tenements, other than EL24927, in the Bigrlyi South Project are situated on the Mount Doreen Perpetual Pastoral Lease. EL24927 is situated to the south of these licences on Aboriginal Freehold land which is registered to the Yunkanjini Aboriginal Land Trust (“YALT”). Access to this tenement will be negotiated with YALT.

However, the most prospective tenements, EL24879 with the three known radiometric anomalies, and EL24928 and EL24929 covering the Mt Eclipse Sandstone, are located on the Mount Doreen Pastoral Lease.

Alara will focus its initial exploration effort on the known radiometric anomalies and the tenement in which these are located. This tenement, EL24879, is also the closest to the Bigrlyi deposit and is host to the Yuendumu Thrust fault. In addition the company will conduct new aerial and ground radiometric surveys designed to locate further anomalies in this and the other tenements.

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 2.0 MT JAMES URANIUM PROJECT

#### 2.1 SUMMARY

- Up to **0.14% U or equivalent of 0.17% U<sub>3</sub>O<sub>8</sub> over 0.2m from 69.5m** as uraninite in diamond drill holes in metamorphosed schistose and gneissic rocks.
- Uranium mineralisation as carnotite exposed in shallow trenches in the deeply weathered Tertiary regolith on drainage divides between creek systems with potential for the discovery of shallow secondary mineralisation over large areas.
- Twelve untested radiometric uranium anomalies.

#### 2.2 INTRODUCTION

The Mt James Uranium Project is located in the Mount Phillips 1:250,000 sheet area in Western Australia, approximately 900km NNE of Perth (Figs 1 & 3). It covers four tenements, in which the company has a 100% interest and in the other is earning a 70% interest as shown in Table 2 below.

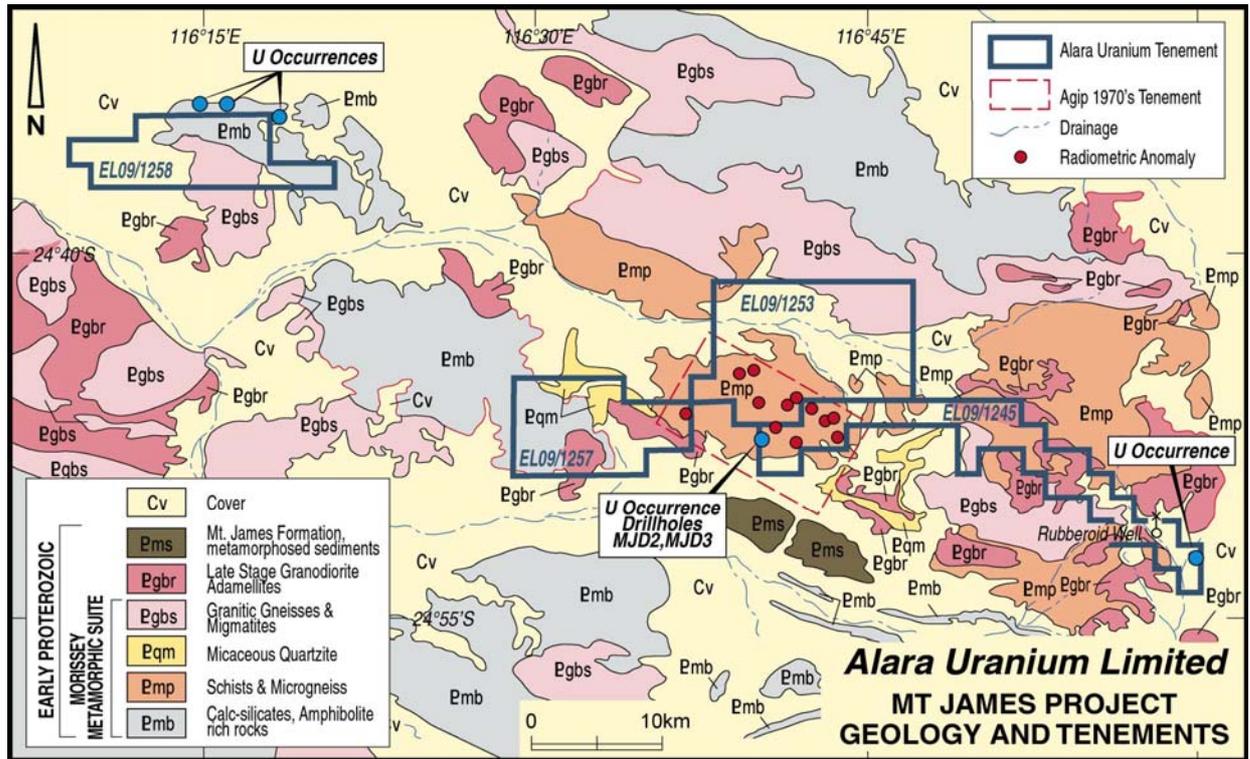
#### 2.3 REGIONAL GEOLOGY

The tenements are located in a region of metamorphosed and migmatized rocks of the Gascoyne Province, consisting of granitic rocks, chloritic and micaceous schists, quartzites, gneisses and calc-silicate rocks. These rocks are of Early Proterozoic age and are collectively referred to as the Morrissey Metamorphic Suite. Tertiary laterite and minor calcareous fluvial sediments overlie these rocks. Quaternary colluvium occupies a significant portion of the tenements, especially adjacent to drainages.

Tenement	Status	Blocks	Area (~ km <sup>2</sup> )	Location/ Property Name	Alara's Interest
EL09/1253	Granted	49	147	Mt James	100%
EL09/1245	Granted	35	105	Rubberoid Well	70% interest
EL09/1257	Granted	27	81	Injinu Hills	100%
EL09/1258	Granted	26	78	Mortimer Hills	100%

**Table 2 Mt James Uranium Project Tenements – Western Australia**

## 10. INDEPENDENT GEOLOGICAL REPORT



**Figure 3 Mt James Project Geology and Tenement Location Map**

Intrusion of late stage Proterozoic granitoids into the Morrissey Metamorphic Suite caused widespread secondary deformation. These rocks were subsequently overlain unconformably by Mount James Formation sedimentary rocks followed by a low to moderate grade regional deformation and regional metamorphism. Folding and cleavage development in the Mount James Formation post-dates the main deformation in the Morrissey Metamorphic Suite.

The region was subsequently uplifted, eroded and progressively submerged with the deposition of the middle Proterozoic Bangemall Group sediments that are relatively undeformed and non-metamorphosed. There are no Bangemall Group rocks in the Alara tenements.

Uranium mineralisation in the area occurs as:

- Secondary, yellow or olive green carnotite in calcrete and weathered bedrock in the saprolite zone, and as
- Primary uranium oxides mainly as pitchblende and uraninite in discrete pods.

### 2.4 EXPLORATION HISTORY

Exploration since the early 1970's led to the discovery of 45 separate uranium occurrences in the Mount Phillip 1:250,000 sheet area. AGIP Nucleare ("AGIP") geologists were the first to map the entire Mount Phillip sheet and discovered many of these occurrences. Before its withdrawal from the area in the late 1970's, AGIP progressively reduced its land holding to Temporary Reserve (TR) 5963H and then later to the single Mineral Claim MC09/1922. This mineral claim was later subsequently dropped when AGIP withdrew from the region completely.

## 10. INDEPENDENT GEOLOGICAL REPORT

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A large proportion of the erstwhile TR5963H and approximately 90% of MC09/1922 is now covered by EL09/1245 and EL09/1253. EL09/1245 also covers another uranium occurrence 4km SE of Rubberoid Well in the SE corner of the tenement.

In TR5963H AGIP conducted an airborne regional radiometric survey followed by detailed ground scintillometer surveys, excavation of numerous trenches and drilled both percussion and diamond drill holes in the area. Most of the drill holes are located outside of the Alara tenements.

In MC09/1922 AGIP excavated six trenches for an aggregate of 404m, drilled 545m in seven angled percussion holes followed by four diamond drill holes for a total of 503m.

AGIP's work discovered secondary carnotite mineralisation in shallow trenches and primary uraninite mineralisation in the pegmatitic schistose granitic rocks at depth. A summary of some of the diamond drilling results is shown in Table 3.

### 2.5 GEOLOGY AND MINERALISATION

The project area encompasses high-grade metamorphic rocks and micro-gneiss as well as quartzites derived from metamorphosed arkoses and quartz rich rocks on EL09/1253, EL09/1257 and the western half of EL09/1245. High-grade amphibolites and calc-silicate rocks occur on EL09/1258. Late stage medium grained adamellite and granite intrude into metamorphosed schists and micro-gneiss derived from metamorphosed greywacke in the eastern half of EL09/1245. Steep cleavages from 45-85° are pervasive in the schistose rocks. These rocks are covered by a variable thickness of deeply weathered Tertiary duri-crust indicating deep weathering.

The eastern tenements EL09/1245, EL09/1253 and EL09/1257 are located along the drainage divide between James Creek to the south and tributaries of the Thomas River to the north. Mortimer Hill EL09/1258 is located on a drainage divide between Thomas Creek and Thirty Three River.

The deeply weathered Tertiary surface offers a good target for shallow carnotite mineralisation within the saprolite zone. EL09/1253 has 12 untested uranium anomalies and in addition carnotite mineralisation has been exposed in 6 trenches and several drill holes in EL09/1245. A uranium occurrence in the eastern-most corner of EL09/1245 4km SE of Rubberoid Well has been listed as an opencast mine in the Geoscience Australia minerals database. However, it is more likely only a deep exploration trench is located on it. Initial exploration by Alara will focus on these areas.

The Mortimer Hills tenement EL09/1258 is surrounded by three known occurrences of uranium mineralisation along its northern border. This area is located on a drainage divide and therefore is likely to have a deep weathering profile and a saprolite zone with potential for secondary uranium mineralisation.

Large areas of the tenements except for EL09/1257 offer specific targets for near surface secondary uranium mineralisation. The tenements will be mapped in detail with special attention paid to pegmatitic zones and structural discontinuities. Follow-up drilling will probe for deep primary uraninite mineralisation such as that intersected by AGIP in drill holes MJD 2 & 3 on MC09/1922 and now located within EL09/1245 as shown in the Table 3.

## 10. INDEPENDENT GEOLOGICAL REPORT

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Hole	From (m)	To (m)	U ppm	U %	Equivalent % U <sub>3</sub> O <sub>8</sub>
MJD 3	69.10	69.25	100	0.010	0.0118
MJD 3	69.25	69.45	520	0.050	0.0613
MJD 3	69.45	69.65	1450	0.145	0.1710
MJD 3	69.65	70.00	24	0.002	0.0028
MJD 3	89.30	89.50	105	0.010	0.0124
MJD 3	90.60	90.80	260	0.026	0.0306
MJD 3	91.80	92.10	430	0.043	0.0507
MJD 2	108.30	108.60	10	0.001	0.0012
MJD 2	108.60	108.90	1200	0.120	0.1414
MJD 2	108.90	109.25	75	0.008	0.0088
MJD 2	109.25	109.55	220	0.022	0.0259
MJD 2	109.55	109.90	140	0.014	0.0165

**Table 3 Mt James Project Geology and Tenement Location Map**

The primary uranium mineralisation occurs as discrete pods and blebs and may be classified as vein type mineralisation. The number and spread of secondary mineralisation occurrences in deeply weathered Tertiary duri-crust rather than calcrete channels indicates the potential for the discovery of additional discrete pods of primary uraninite mineralisation associated with pegmatite zones in the subsurface. The number of radiometric anomalies, drill intersections and the general geological setting with uranium potential make the Gascoyne tenements a key focus in Western Australia for uranium as secondary mineralisation in the saprolite zone as well as primary vein type mineralisation in the deeper pegmatite zones.

### 2.6 PROPOSED EXPLORATION

Alara will explore for uranium using detailed structural analysis and modern exploration methods. The initial focus will be around known drill intersections that encountered uranium mineralisation and the untested anomalies identified by AGIP. In addition to testing for primary mineralisation at depth, the Company will also review the potential for mineable deposits of carnotite at shallow depths in the deeply weathered saprolite zone in the duri-crust.

## 10. INDEPENDENT GEOLOGICAL REPORT

### 3.0 MT LAWRENCE WELLS URANIUM PROJECT

#### 3.1 SUMMARY

The alluvial wash discharging into the palaeo-drainage that hosts Hinkler Well, Centipede and Millipede uranium prospects south of the Alara tenements near Wiluna extends upstream deep into the Alara tenements for several kilometres. The nearby Lake Way uranium mineralisation consists of carnotite as coatings and in bedding plane partings of rock fragments in alluvial gravels containing 3.77Mt at 0.98%  $U_3O_8$  or approximately 3,700 tonnes of uranium oxide.

#### 3.2 INTRODUCTION

The Mt Lawrence Wells Uranium Project, located 25km SSW of Wiluna in the East Murchison province of Western Australia, comprises three exploration licences, EL53/1115, EL53/1203 and EL53/1259 collectively covering approximately 85km<sup>2</sup>. Alara is acquiring an 85% interest in EL53/1115 (Adelaide Prospecting Pty Ltd retains 15%) and is acquiring the other two tenements 100% outright (Figs 1, 4 and 5).

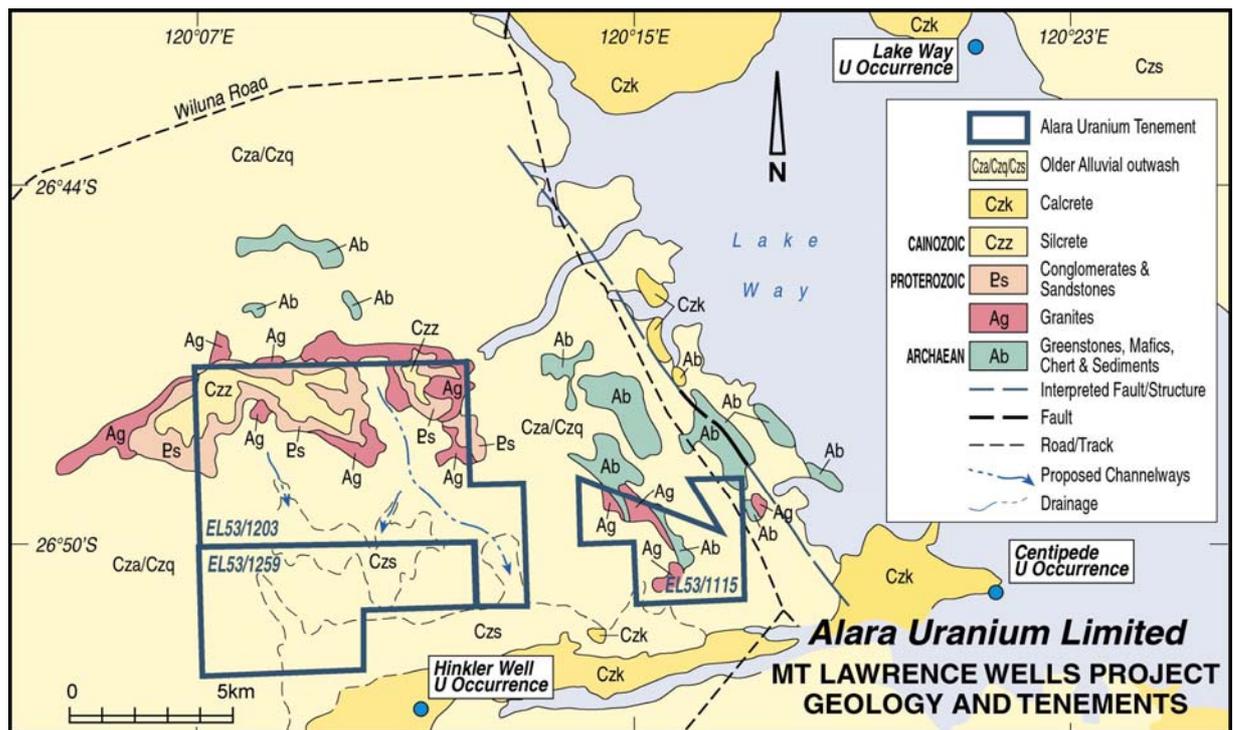
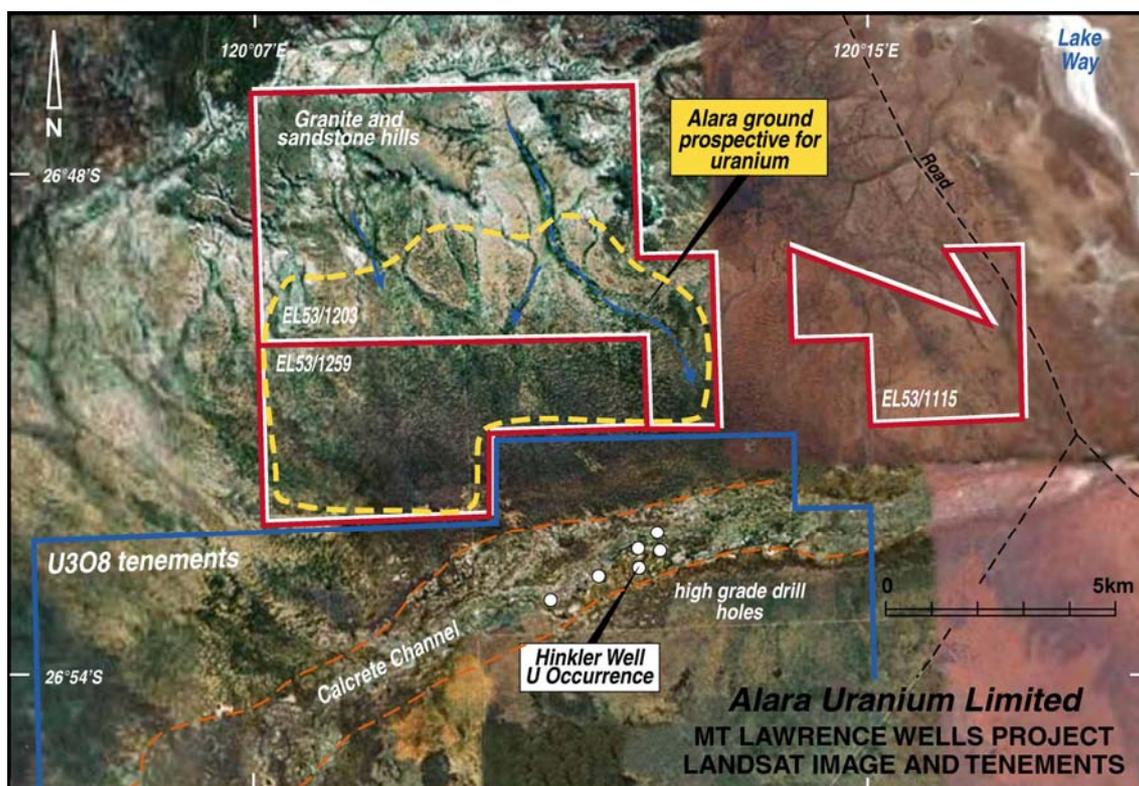


Figure 4 Mt Lawrence Wells Project Geology and Tenement Location Map

## 10. INDEPENDENT GEOLOGICAL REPORT



**Figure 5 Mt Lawrence Wells Project Landsat and Tenement Location Map**

### 3.3 GEOLOGY AND MINERALISATION

Tenement EL53/1203 comprises a 10km long and from 1-3km wide ridge of undivided Archaean granitic rocks covered by flat lying silicified Proterozoic conglomerates and sandstones. The rest of the tenement area is covered by alluvial wash from a long ridge that mostly drains into an east-west trending palaeo-drainage that hosts the Hinkler Well, Centipede and Millipede uranium prospects to the south. The palaeo drainage itself discharges into the larger body of Lake Way. EL53/1259 situated immediately south of EL53/1203 covers additional ground over the alluvial wash draining into the palaeo-drainage hosting the uranium prospects.

Some 2km east of EL53/1203 Archaean rocks comprising a layered sequence of metamorphosed and foliated mafic and sedimentary units, striking NW and intruded by foliated granitic rocks, underlie about 30% of EL53/1115. The remainder of the tenement is covered by alluvium and colluvium draining into the palaeo-drainage.

Nearby at Lake Way on the north shore of the larger area into which the palaeo-drainage discharges, a uranium prospect (“**Lake Way**”) has been identified with a published resource of 3,700 tonnes of contained uranium metal. Uranium occurs as carnotite in calcrete and coating bedding planes of rock fragments in alluvial gravels.

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 3.4 DISCUSSION

The source of uranium mineralisation in the east-west palaeo-drainage is uncertain. Uranium may have been derived from the nearby granites or alternatively from possible unconformity related, roll-front deposits in carbonaceous sediments in the Proterozoic conglomerates and sandstones. Although no such deposits are recorded in the region both the Lake Way and the Hinkler Well/Centipede systems drain large areas of Proterozoic rocks in the western part of the Wiluna 1:250,000 sheet area. Regardless of the source, the Hinkler Well palaeo-drainage would have derived most of its water and alluvial wash from the granite and the Proterozoic rocks on the ridge at Mount Wilkinson in EL53/1203. The upstream portion of the drainage that feeds into this palaeo drainage extends for about 10km into EL53/1203 and EL53/1259.

This drainage and the entire southern flank of the 10km long ridge are considered prospective for uranium mineralisation similar to that at Lake Way. Likewise the palaeo-drainage may extend deep upstream into EL53/1115.

### 3.5 PROPOSED EXPLORATION

The main focus of work will be to determine whether the Hinkler Well type mineralisation extends up stream from the palaeo drainage into the high hills in EL53/1115, EL53/1203 and EL53/1259. Ground radiometric surveys, followed by shallow trenches, and RAB drilling of any anomalies will be carried out.

## 4.0 CANNING WELL PROJECT

### 4.1 SUMMARY

- Two licences, EL46/629 and ELA46/585 located 110km SW of Telfer and 80km west of Kintyre offer uranium, gold and base metal targets along a major fault system in the L-M Proterozoic rocks.
- Four stream-sediment and soil gold anomalies of up to 560ppb in sandstones and shales and uranium anomalies of up to 11ppm against a background of less than 1ppm in dolomitic sandstones in two separate areas along the same regional fault offer Telfer style gold and unconformity type uranium mineralisation targets respectively.
- Several untested GEOTEM conductors provide additional base metal and gold targets.

### 4.2 INTRODUCTION

The Canning Well project comprises two exploration licences covering approximately 279km<sup>2</sup> located 110km SW of Telfer and 80km west of Kintyre in the Balfour Downs 1:250,000 sheet area (SF51-9) in Western Australia. (Figures 1 & 6). Alara is acquiring a 100% interest in EL46/629 and a right to earn and acquire an 85% (excluding all manganese mineral rights) in ELA 46/585 (Adelaide Prospecting Pty Ltd, on behalf of Giralia Resources NL, will retain 15%) .

# 10. INDEPENDENT GEOLOGICAL REPORT

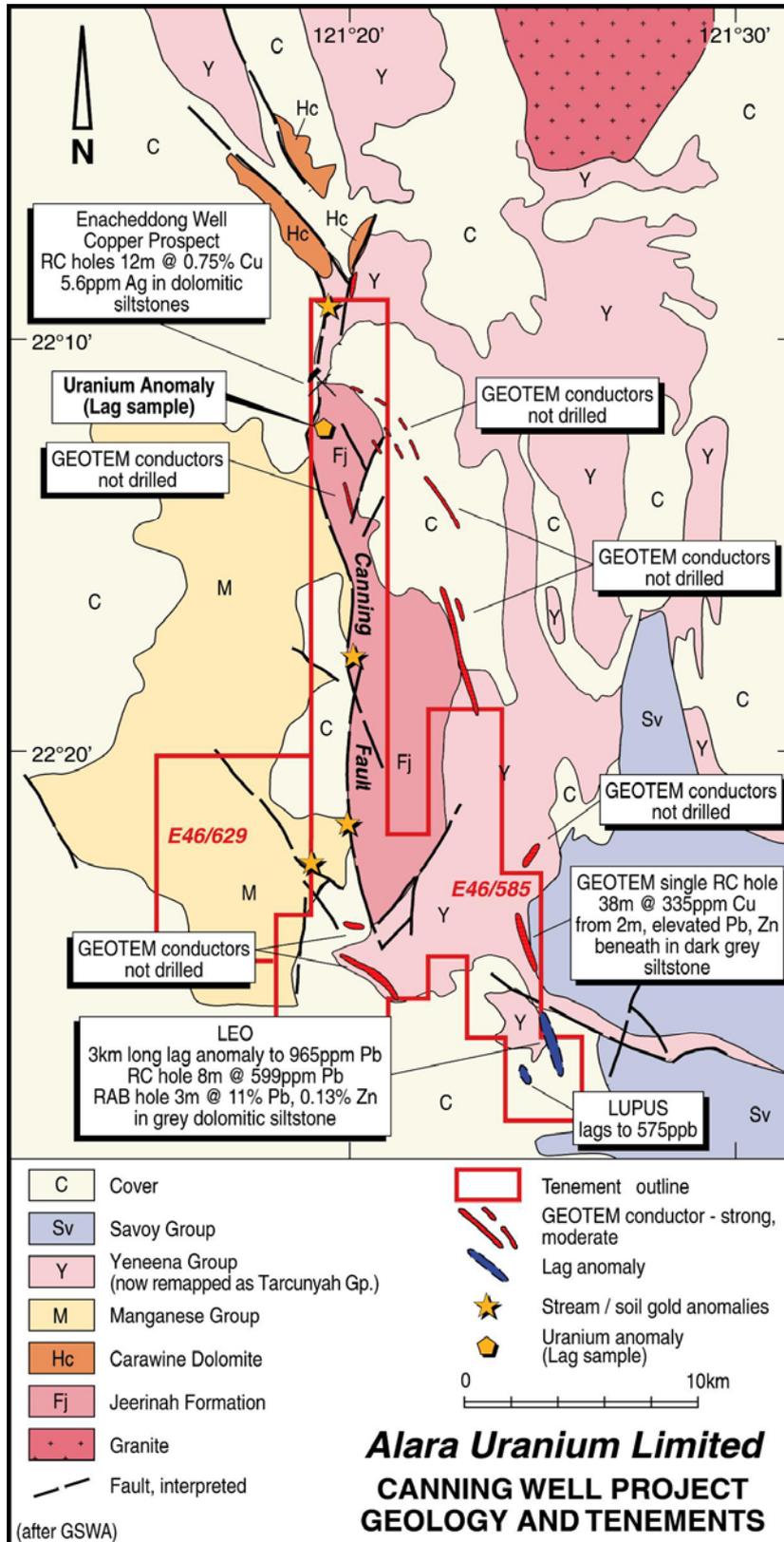


Figure 6 Canning Well Project Geology and Tenement Location Map

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 4.3 EXPLORATION HISTORY

GH Low, a government geologist recorded copper mineralisation near Enacheddong Waterhole in 1963. Modern exploration in the area began with a search for base metals by Metramar Minerals NL in 1970, followed by Panoz Ventures Ltd (“**Panoz**”) during 1983. Dominion Mining Ltd (“**Dominion**”) in joint venture with Panoz in 1984, Wright Prospecting Pty Ltd (“**WP**”) from 1984-89, CRA Exploration Pty Ltd (“**CRAE**”) from 1990-94 and Giralia Resources NL from 2000-02.

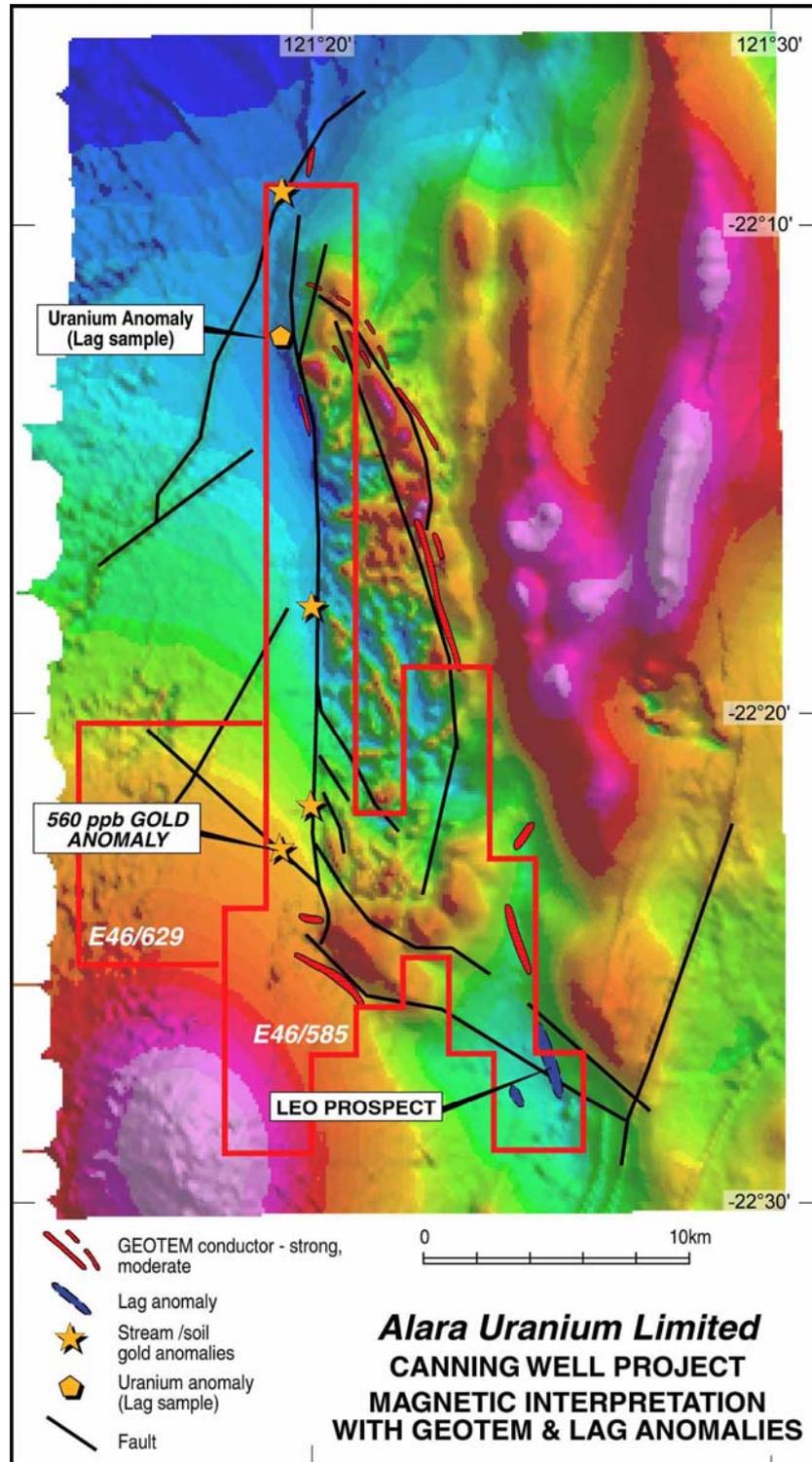
The first reported work is by Panoz that consisted of a literature review, geological mapping and geochemical sampling. Dominion drilled 19 RAB holes for a total of 378m at the Enacheddong copper occurrence. Results indicated low grade 0.12%-0.15%Cu as secondary copper mineralisation at shallow depth over a strike distance of 580m.

Hancock and Wright (“**H&W**”) on behalf of WP conducted stream sediment, auger soil and lag geochemical surveys, rock chip sampling, an aeromagnetic and radiometric survey and also drilled 19 percussion holes into an 8km long anomalous magnetic high zone in the northern part of the current tenement block. Thick 40–50m intervals of approximately 10% pyrite and pyrrhotite were intersected with consistent but weakly anomalous copper to a maximum of 481ppm. The lag samples were analysed for various elements including uranium and returned up to 11ppm uranium against a background of less than 1ppm.

H&W analysed a few of the anomalous arsenic stream sediment samples for gold, some of which yielded highly anomalous geochemical results (up to 560ppb Au). Follow-up work comprising limited rock chip sampling identified four separate areas with anomalous gold between 30-229ppb. In addition, several areas with anomalous values in arsenic up to 1,410ppm were identified against a background of 2ppm. The anomalies are associated with outcrops of limonitic shale, chert, chert breccia and ferruginous sandstone interbedded with dolomite. Systematic rock chip sampling in one of the areas confirmed anomalous gold but there is no known record of further follow-up ground work or drilling in this or any of the other areas identified by H&W as anomalous in arsenic and gold.

CRAE drilled 18 RC holes for 1,927m and one 45m diamond drill hole in the vicinity of the Enacheddong copper occurrence with the best result of 12m at 0.75%Cu and 5.6 g/tAg from 11m in hole 93ENRC004. CRAE continued exploring the region for base metals with lag, rock chip and stream sediment sampling, geophysical surveys including 2351 line kilometres of GEOTEM and an airborne magnetic survey, 17.3 line kilometres of SIROTEM and 39 line kilometres of ground magnetic surveys. This was followed by 2,834m of RAB in 74 holes, 3,114m of RC in 34 holes and 673m of diamond drilling in three holes. Several of the GEOTEM conductors outlined remain untested. Further work was recommended but all tenements were subsequently dropped. The drilling results and GEOTEM conductors are summarised in Figures 6 & 7 respectively.

# 10. INDEPENDENT GEOLOGICAL REPORT



**Figure 7 Canning Well Project Magnetic Interpretation**

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 4.4 GEOLOGY AND MINERALISATION

The two tenements cover a complex juxtaposition of rocks of the Archaean Fortescue Group and Proterozoic rocks of the Manganese Group, the Tarcunyah Group, Yeneena Supergroup and the Savory Group. The tenements cover approximately 20km of strike of the Canning Fault and associated splay and intersecting faults (Fig 6).

The Canning Fault brings together the basal Fortescue Group basalts against numerous younger potential host rocks in a structurally complex setting of steep reverse and strike-slip faults. Several major unconformities including Archaean to Proterozoic and within the Proterozoic occur in close proximity to each other.

The black pyritic dolomitic shale intersected in several CRAE drill holes at the Leo prospect is believed to be a stratigraphic equivalent of the Broadhurst Formation that hosts the Nifty and Maroochydore copper deposits in the same basin further to the NE and east.

In addition, the sandy facies of the Proterozoic rocks near Enacheddong Well in the northern part of ELA46/585) that are wide spread have been previously explored for copper and unconformity style uranium mineralisation.

The Telfer gold mine, located 110km to the NE of the Canning Well tenements is the only known gold deposit in the region. It occurs in interbedded siltstone, shales and quartzite and is believed to be 6-700Ma Neo-Proterozoic in age. A major system of WNW to NW trending faults of similar age transects the Canning Fault near Canning Well in the southern part of the tenement block (Fig 6). Two of the four gold and arsenic anomalies identified during previous exploration are located in the vicinity of the intersection of these two fault systems.

### 4.5 DISCUSSION

Several factors illustrate the potential for the discovery of uranium and gold mineralisation within the Canning Well project area. These include:

- The presence of up to 11ppm uranium in lag samples in the sandstone and dolomitic sandstones in the Enacheddong area in the Middle Proterozoic with multiple unconformities in close proximity to the Fortescue Group and the Archaean rocks.
- Characteristic pathfinder-element association of anomalous arsenic with highly anomalous gold to 560ppb in stream sediment samples in the Canning Well area.
- Up to 229ppb Au assays in randomly collected rock chip samples in the Canning Well area.
- Identified gold targets.

The above factors provide immediate targets for exploration.

The occurrence of copper in a fault zone at Enacheddong with RC intersections up to 12m with 0.75%Cu and a number of untested EM (GEOTEM) anomalies coincident with lag geochemical anomalies provide additional targets for gold and base metals in this area (Fig 6).

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 4.6 PROPOSED EXPLORATION

It is proposed to conduct a detailed review of the past data. Detailed geological and systematic geochemical sampling in and around the known gold and other stream sediment arsenic anomalies will aim to define drill targets for gold in the area.

The aerial geophysical data will be scanned for radiometric anomalies and where justified, detailed ground radiometric surveys will be designed to define targets for uranium mineralisation in the area. Prior to drilling, geological and structural mapping, further geochemical sampling and ground magnetic surveys will also be conducted around the GEOTEM targets. Targets thus defined for gold and uranium will then be tested by drilling in Phase 1 of exploration in the area.

Widely-spaced grid drilling in areas of any economic grade drill intercepts will be undertaken to define and quantify the resource target during the second phase of the exploration programme.

## 5.0 PAMPACOLCA URANIUM PROJECT - PERU

### 5.1 SUMMARY

- Freye (1944) reported 0.82% uranium oxide ( $U_3O_8$ ) from a sample collected by Nepheline Products Limited, a Canadian exploration company from Ontario. He also reported up to 0.29% uranium oxide ( $U_3O_8$ ) and up to 10.36% tantalum–niobium oxide from surface rock chip samples.
- At least six known structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins in quartz-muscovite-feldspar schist within a well documented Precambrian gneissic terrain with known tantalum mineralisation.

# 10. INDEPENDENT GEOLOGICAL REPORT



Figure 8 Pampacolca Project Location Map

## 10. INDEPENDENT GEOLOGICAL REPORT

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### 5.2 INTRODUCTION

The Pampacolca Uranium Project is located in the Department of Arequipa in the south of Peru (Fig 8). It covers four concessions covering an area of approximately 2700Ha in which the company has 100% interest (Table 4). The four concessions are located 4-12km south of the town of Pampacolca. An all-weather condition road exists from Pampacolca to the locality of Sihuarpo (about 0.5km north of the concessions). Altitude in the concession area varies between 2450-2950 m.

### 5.3 CONCESSIONS

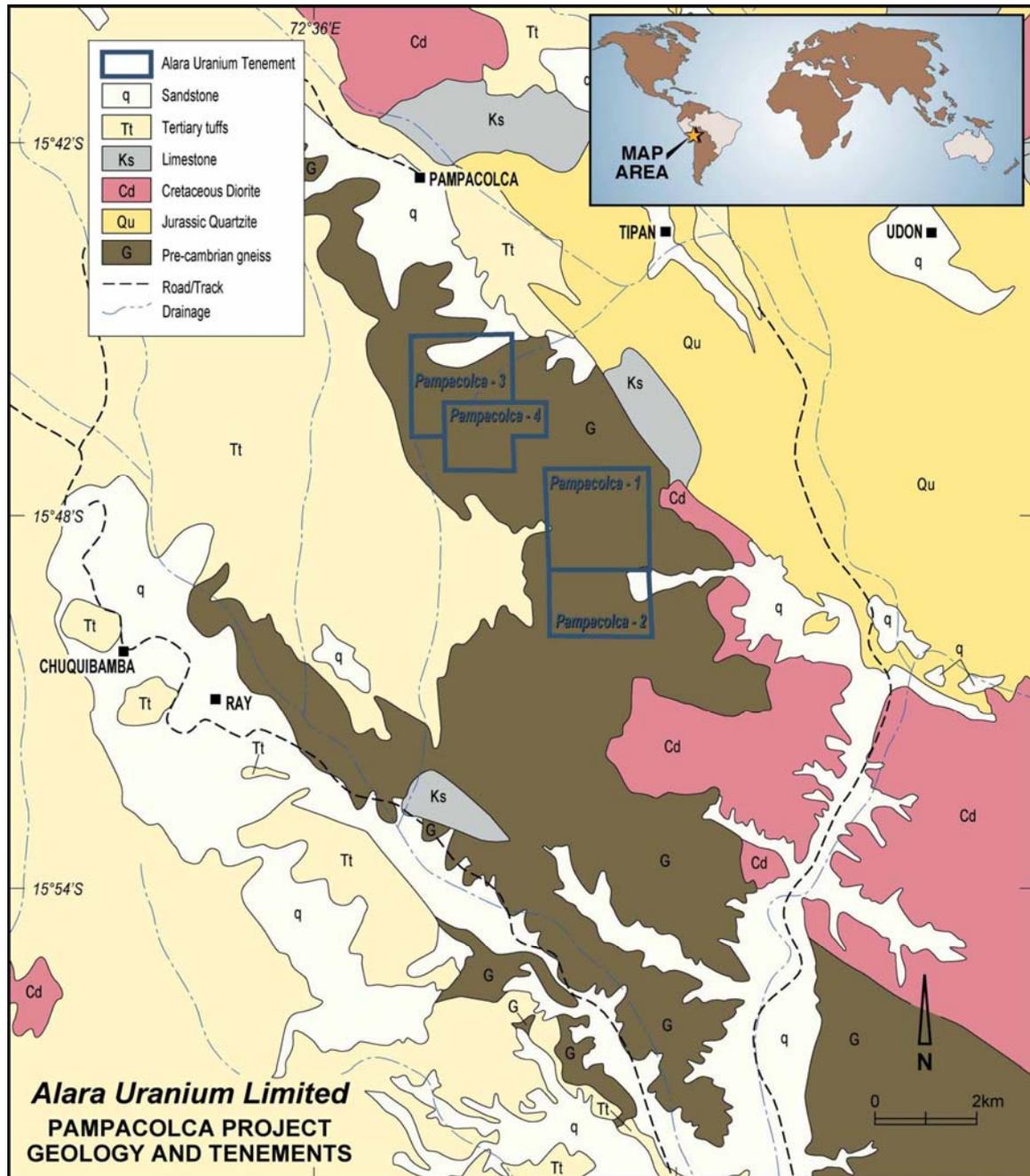
Alara has an agreement to acquire 100% of the shares in Strike Uranium Peru Pty Ltd, which owns Strike Uranium Peru S.A.C, the holder of the applications for the concessions.

CONCESSION NAME	HOLDER / APPLICANT	AREA (Ha)	NATIONAL CHART REFERENCE	CODE	TITLE	FILE NUMBER
<b>Pampacolca 1</b>	Strike Uranium Peru S.A.C.	900	National Chart for Chuquibamba (32-Q).	01-01084-07	Application Pending grant	Not yet recorded (still is an application)
<b>Pampacolca 2</b>	Strike Uranium Peru S.A.C.	600	National Chart for Chuquibamba (32-Q).	01-01085-07	Application Pending grant	Not yet recorded (still is an application)
<b>Pampacolca 3</b>	Strike Uranium Peru S.A.C.	700	National Chart for Chuquibamba (32-Q).	01-01852-07	Application Pending grant	Not yet recorded (still is an application)
<b>Pampacolca 4</b>	Strike Uranium Peru S.A.C.	500	National Chart for Chuquibamba (32-Q).	01-01851-07	Application Pending grant	Not yet recorded (still is an application)

**Table 4 Pampacolca Project Tenements**

# 10. INDEPENDENT GEOLOGICAL REPORT

## 5.4 GEOLOGY AND MINERALISATION



**Figure 9 Pampacolca Project Geology and Tenements Map**

The concession area is covered by metamorphic and intrusive rocks of the Coastal Basement Complex (Basement Complex) of Precambrian age, comprising gneiss, schist, diorite, granite and migmatite (Fig 9).

The Basement Complex is overlain on the west by volcanic breccias and tuffs of the Huaylillas formation (Tacaza Group) of Pliocene age.

## 10. INDEPENDENT GEOLOGICAL REPORT

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A clastic sequence of carbonaceous lutite and limestone of Upper Jurassic age outcrops extensively to the east of the area overlying the Basement Complex. Diorite-monzonite intrusions of Upper Cretaceous age cut the Basement Complex towards the south east.

A major regional thrust is the main structural feature in the region. It trends NW-SE and extends for more than 150km. Several mineral occurrences of U and Cu-Au are spatially associated with this structural corridor. Freyre (1944) described the area as a Tantalum and rare earth pegmatite hosting Precambrian gneissic terrain.

The mineral deposits reported from the area have been described as tantalum–uranium pegmatites (Freyre, 1944). These are composed of quartz, mica, muscovite and feldspar. These pegmatites form a net of structurally controlled mineral occurrences, which are oriented sub-vertical or sub-horizontal and are referred to as veins or mantos respectively. The main alteration in the pegmatites is kaolinite after feldspar.

The main economic mineralization described in the area comprises columbite/tantalite associated with quartz and manganese oxides and uraninite and pitchblende hosted in quartz and micas. Chalcopyrite, pyrite and copper carbonates have been found locally (Fig 10).



**Figure 10 View of Prospect pit over pegmatite**

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### 5.5 EXPLORATION HISTORY

- A number of old workings, mostly in quartz veins, are scattered within the Pampacolca Project concessions.
- The area is mentioned in a number of reports from the Engineers Crew from the Mines Division (1944).
- Freyre (1944) reported values from 0.13% to 0.29% Uranium Oxide obtained from eight samples. He also reported 0.82% Uranium Oxide from a sample collected by Nepheline Products Limited, a Canadian exploration company from Ontario.
- Regional mapping conducted by the National Institute for Geology, Mining and Metallurgy (INGEMMET) (Sheet 32Q, 100000 scale geological map 1995).

### 5.6 PROPOSED EXPLORATION

The Company will focus its initial exploration effort on the reported uranium occurrences. This will include detailed geological mapping and sampling of the main uranium occurrences. Ground geophysical surveys, regional mapping of the basement complex, channel sampling of the pegmatite zones, and drilling will be carried out to further define areas of uranium mineralization.

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## 10. INDEPENDENT GEOLOGICAL REPORT

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### 7.0 GLOSSARY OF TECHNICAL TERMS

<b>Aeromagnetic Survey</b>	A survey made from the air for the purpose of recording magnetic characteristics of rocks.
<b>Alteration</b>	Rock –forming minerals which have been changed.
<b>Anomaly</b>	Value higher or lower than the expected or norm.
<b>Anomalous</b>	Outlining a zone of potential exploration interest but not necessarily of commercial significance.
<b>Archaean</b>	The oldest rocks of the Precambrian Era, prior to 2500 million years.
<b>Arsenic</b>	A mineral, the native element, occurring in grey masses.
<b>Auger sampling</b>	A sampling technique utilising a screw-like tool to obtain shallow samples.
<b>Auriferous</b>	Gold- bearing
<b>Banded Iron Formation</b>	A chemical sedimentary rock composed of silica and iron oxide rich layers. Abbreviation = (BIF)
<b>Basalt</b>	A fine-grained volcanic rock composed primarily of plagioclase feldspar and mafic minerals.
<b>Basement</b>	Usually synonymous with Archaean and Proterozoic terrain.
<b>Base metal</b>	Generally a metal inferior in value to the precious metals, eg. copper, lead, zinc, nickel.
<b>Bed</b>	Individual sedimentary layer
<b>Bedding</b>	A rock surface parallel to the surface of deposition.
<b>Bedrock</b>	Any solid rock underlying unconsolidated material.
<b>Breccia</b>	Rock consisting of angular fragments in a finer grained matrix, distinct from conglomerate.
<b>Cambrian</b>	A time period from 600 to 510 million years ago.
<b>Carboniferous</b>	A time period from 345 million to 280 million years ago.
<b>Channel Sample</b>	A sample of material taken continuously across a rock face.
<b>Chert</b>	A compacted, siliceous rock of organic or precipitated origin.
<b>Clastic</b>	A sedimentary rock composed of broken fragments of pre-existing rocks.
<b>Complex</b>	An assemblage of rocks or minerals intricately mixed or folded together.
<b>Conglomerate</b>	Sedimentary rock formed by the cementing together of rounded water- worn pebbles, distinct from breccia.
<b>Craton</b>	A relatively immobile part of the earth, generally of large size.
<b>Devonian</b>	Timespan from 415 Ma to 360 Ma
<b>Diamond drill</b>	Rotary drilling using diamond-impregnated bits, to produce a solid continuous core sample of the rock.
<b>Dip</b>	The angle at which a rock layer, fault or any other planar structure is inclined from the horizontal.
<b>Dolerite</b>	A medium grained intrusive rock mainly composed of feldspar and pyroxene.
<b>EM Survey</b>	Electro-magnetic survey to measure physical properties of the earth.
<b>Epithermal</b>	Deposit formed in and along cracks and fissures in rocks by deposition at shallow depths of ascending hot solutions.
<b>Fault</b>	A fracture in rocks on which there has been movement on one of the sides relative to the other, parallel to the fracture.

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<b>Felsic</b>	Descriptive of an igneous rock which is predominantly of light-coloured minerals (antonym of <b>mafic</b> ).
<b>Fine Ounce</b>	Equal to 31.1035 grams of gold.
<b>Float</b>	Pieces of rock, separated from their parent strata, scattered over the surface.
<b>Fold</b>	A bend in the rock strata or planar structure.
<b>Foliation</b>	The laminated structure resulting from the parallel arrangement of different minerals.
<b>Geochemical survey</b>	The systematic study of the variation of chemical elements in rocks and soil.
<b>Geophysical survey</b>	A systematic study of the variation of physical properties in rocks and soils.
<b>GEOTEM Survey</b>	A type of airborne transient electromagnetic geophysical surveying method
<b>Gneiss</b>	A metamorphic rock with compositional banding of light and dark minerals often of granitic composition.
<b>Grab sample</b>	Sample of rock or sediment taken more or less indiscriminately at any place.
<b>Granite</b>	A coarse grained igneous rock consisting essentially of quartz and more alkali feldspar than plagioclase.
<b>Greenstone belt</b>	Elongate belts in Precambrian terrain characterised by major zones of altered or metamorphosed basic igneous rocks.
<b>Greywacke</b>	A consolidated rock in which sand-sized grains of feldspar, rock fragments and quartz are set in a matrix of clay material.
<b>Hematite</b>	A common oxide of iron.
<b>Igneous</b>	Formed by solidification from a molten or partly molten state.
<b>Inferred Resource</b>	A resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.
<b>Indicated Resource</b>	A resource sampled by drill holes, underground openings, other sampling procedures at locations too widely spaced to ensure continuity and where geoscientific data are known with a reasonable level of reliability.
<b>Intercept</b>	The length of rock or mineralisation traversed by a drill hole.
<b>Intracratonic</b>	Between Cratons
<b>Intrusive</b>	Having, while fluid, been injected into the earth's crust and solidifying before reaching the surface.
<b>Ironstone</b>	A concretionary, often pebbly, weathering product composed mainly of iron oxides.
<b>JORC</b>	Joint Ore Reserves Committee- Australasian Code for Reporting of Identified Resources and Ore Reserves.
<b>Lag</b>	A residual accumulation of coarser material from which finer particles have been removed.
<b>Lag sampling</b>	A name for a type of surface soil sampling.
<b>LandSat</b>	An unmanned satellite designed to provide multi-spectral imagery of the earth's surface.
<b>Laterite</b>	A red, residual soil, cemented in place, containing iron and aluminium oxides but leached of quartz.
<b>Lineament</b>	A naturally occurring major linear feature in the earth's crust, often associated with mineral deposits.
<b>Lithological</b>	Pertaining to the physical characteristics of a rock.

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<b>Ma</b>	1.0 million years ago.
<b>Mafic</b>	A loosely used group-name for silicate minerals that are rich in iron and magnesium, and for rocks in which these minerals are abundant.
<b>Magnetic Survey</b>	Systematic collection of readings of the earth's magnetic field.
<b>Measured Resource</b>	A resource intersected by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known.
<b>Metamorphism</b>	The mineralogical, structural and chemical changes induced within solid rocks through the actions of heat, pressure or the introduction of new chemicals. Rocks so altered are prefixed "meta" as in "metabasalt".
<b>Metasediment</b>	Sedimentary rocks that have been recrystallised by metamorphism.
<b>Mineral Resource</b>	A tonnage or volume of rock or mineralisation of economic interest.
<b>Mineralisation</b>	In economic geology, the introduction of valuable elements into a rock body.
<b>Opencut</b>	Descriptive of a mine worked open from the surface.
<b>Ore</b>	A mixture of minerals, host rock and waste material which is expected to be mineable at a profit.
<b>Ore body</b>	A continuous, well-defined mass of ore.
<b>Outcrop</b>	The surface expression of a rock layer (verb: to crop out).
<b>Oxidation</b>	Near surface decomposition by exposure to the atmosphere and ground water.
<b>Palaeozoic</b>	Era from 570-250 Ma.
<b>Pegmatite</b>	A very coarse-grained igneous rock formed at a late stage of magmatic differentiation.
<b>Percussion Drilling</b>	Drilling carried out by the hammering action of a pneumatically driven drill bit against rock.
<b>Plagioclase</b>	A common feldspar mineral.
<b>Primary mineralisation</b>	Mineralisation which has not been affected by near-surface oxidising process.
<b>Proterozoic</b>	The geological age after Archaean, approximately 570-2400Ma ago.
<b>Pyrite</b>	A mineral compound of iron and sulphur, FeS <sub>2</sub> "Fools Gold"
<b>Quartz</b>	A very common mineral composed of silicon dioxide-SiO <sub>2</sub> .
<b>Quaternary</b>	Timespan from 1.8-0.01 Ma
<b>RAB</b>	<b>Rotary Air Blast</b> (as related to drilling)—A drilling technique in which the sample is returned to the surface outside the rod string by compressed air.
<b>RC</b>	<b>Reverse Circulation</b> (as relating to drilling)—A drilling technique in which the cuttings are recovered through the drill rods thus minimising sample losses and contamination.
<b>Recent</b>	Geological age from about 20,000 years ago to present (synonym: Holocene).
<b>Regolith</b>	The mantle or mantle of loose, incoherent rock material, of whatever origin, that nearly everywhere forms the surface of the land and rests on the hard or "bed" rocks.
<b>Remote Sensing Imagery</b>	Geophysical data obtained by satellites processed and presented as photographic images in real or false colours.
<b>Sandstone</b>	A cemented or otherwise compacted detrital sediment composed predominantly of quartz grains.
<b>Saprolite</b>	Weathered rock in which the original rock textures are still recognisable
<b>Sediment</b>	Rocks formed by the deposition of solids from water.

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<b>Shale</b>	A laminated sediment in which the constituent particles are predominantly clay sized (smaller than 0.0039mm in diameter).
<b>Shear (zone)</b>	A zone in which shearing has occurred on a large scale so that the rock is crushed and brecciated.
<b>Silicified</b>	Containing a high proportion of silicon dioxide.
<b>Sill</b>	A sheet-like body of igneous rock that is conformable with the layers it intrudes.
<b>Slate</b>	A finely foliated metamorphic rock that results from the metamorphism of rocks such as shale under stress.
<b>Stratigraphy</b>	The succession of superimposition of rock strata. Composition, sequence and correlation of stratified rock in the earth's crust.
<b>Strike</b>	The direction or bearing of the outcrop of an inclined bed or structure on a level surface.
<b>Surficial</b>	Superficial. Characteristic of, pertaining to, formed on, situated at, or occurring on the earth's surface.
<b>Syncline</b>	A fold where the rock strata dip inwards towards the axis (antonym: anticline).
<b>Synform</b>	A fold where the rock strata close downwards.
<b>Tectonic</b>	Relating to structural features.
<b>Tenor</b>	Grade.
<b>Ultramafic rocks</b>	Igneous rocks with very high magnesium and iron content containing less than 45% silicon dioxide.
<b>Unconformable</b>	Descriptive of rocks on either side of an unconformity.
<b>Vein</b>	A narrow intrusive mineral body.
<b>Volcanic</b>	Relating to the eruption of a volcano.
<b>Volcanogenic</b>	Derived from volcanic activity.
<b>Weathering</b>	A process of change to rocks brought about by their exposure to oxygen and water.

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### CHEMICAL SYMBOLS

Ag	Silver
As	Arsenic
Au	Gold
Co	Cobalt
Cr	Chromium
Fe	Iron
Mg	Magnesium
Mn	Manganese
Mo	Molybdenum
Ni	Nickel
Pb	Lead
U	Uranium
Zn	Zinc

### ABBREVIATIONS

g	gram
kg	kilogram
km	kilometre
km <sup>2</sup>	square kilometre
ha	hectare
m	metre
m <sup>2</sup>	square metre
m <sup>3</sup>	cubic metre
M	Million
Ma	Mega-annum, equivalent to 10 <sup>6</sup> years (1,000,000 years)
mm	millimetre
Moz	Million troy ounces
oz	troy ounce, equivalent to 31.1035g.
t	metric tonne

### UNITS OF CONCENTRATION

ppb	parts per billion	(1.0 ppm = 1,000 ppb).
ppm	parts per million	(1.0 ppm = 1.0 g/t).

# 11. INDEPENDENT EXPLORATION TITLES REPORT

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## hetherington

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### ALARA URANIUM LIMITED

### INDEPENDENT EXPLORATION TITLES REPORT

#### 1. INTRODUCTION

##### 1.1 *Scope of Instructions*

The following report has been prepared independently and in compliance with the Valmin Code.

Hetherington Exploration and Mining Title Services Pty Ltd (“HEMETS”) has been instructed by Alara Uranium Limited (“the Company”) to conduct searches of and outline the rights conferred by the exploration titles and applications in which the Company has an interest (collectively referred to as “the Tenements”), as set out in the attached schedule (“the Schedule”).

##### 1.2 *Qualifications*

Russell Hetherington has approximately 31 years experience in exploration and mining tenement management across Australia. Russell Hetherington is a member of the Australian Mining and Petroleum Law Association and a member of the Business Law Section of the Law Council of Australia.

##### 1.3 *Independence*

HEMETS is independent from the Company within the meaning of the Valmin Code. HEMETS’s costs of preparing this report have been calculated at its normal charge out rate.

#### 2. COMMENTARY ON THE TENEMENTS

For the purpose of this report the commentary on the Tenements is separated into sections according to the different jurisdictions in which they are located, that is, the Northern Territory and Western Australia.

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## 2.1 NORTHERN TERRITORY

Unless specifically stated otherwise, the following information has been obtained from the Northern Territory Department of Primary Industry, Fisheries and Mines (“the DPIFM”), the Northern Territory Department of Justice, the Aboriginal Areas Protection Authority, the Northern Territory Heritage Advisory Council and the National Native Title Tribunal (“NNTT”).

### 2.1.1 General

Exploration Licence Application No 24927 (“ELA 24927”) has been applied for in the name of Hume Mining NL and is referred to as “the Northern Territory Application”.

Exploration Licences No’s 24879, 24928, 24929 and 24930 (“EL 24879”, “EL 24928”, “EL 24929” and “EL 24930” respectively, collectively referred to as “the Northern Territory Licences”) are held by Hume Mining NL.

Both the Northern Territory Application and Northern Territory Licences have been lodged and/or granted in respect to all minerals.

The Northern Territory Licences are situated on Perpetual Pastoral Lease land which is Native Title claimable for the purposes of the Native Title Act 1993 (Cth) (“NTA”).

The Northern Territory Application is situated on Aboriginal Freehold land subject to the terms of the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) (“ALRA”).

A discussion of the requirements of the NTA and the ALRA which must be complied with before the applications for Exploration Licences within such land are granted is contained within Section 2.1.4 below.

Basic details of the Northern Territory Application and the Northern Territory Licences are contained in the Schedule.

### 2.1.2 Encumbrances

Strike Resources Limited advises that it has acquired a 75 per cent interest in the Northern Territory Licences and the Northern Territory Application pursuant to a letter agreement between Hume Mining NL and Strike Resources Limited dated 15 September 2005 (as amended by subsequent letter agreements between those parties dated 19 September 2005, 27 October 2005, 7 November 2005, 10 November 2005, 12 December 2005 and 21 December 2005).

An Instrument of Transfer between Hume Mining NL and Strike Resources Limited was lodged with the DPIFM on 5 March 2007 whereby Hume Mining NL transfers its 75 per cent interest in the Northern Territory Licences and the Northern Territory Application to Strike Resources Limited (Dealing No 92392). As at the date of this report, the Instrument of Transfer has not been registered by the DPIFM.

Pursuant to a letter agreement between Strike Resources Limited and Strike Uranium Pty Ltd dated 5 February 2007, Strike Resources Limited agreed to transfer the abovementioned interest in the Northern Territory Licences and the Northern Territory Application to Strike Uranium Pty Ltd, a wholly owned subsidiary of Strike Resources Limited.

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Strike Resources Limited and Strike Uranium Pty Ltd executed an Instrument of Transfer on 20 February 2007 giving effect to the transfer of Strike Resources Limited's interest in the Northern Territory Licences and the Northern Territory Application to Strike Uranium Pty Ltd, as referred to above.

The DPIFM advises that it is unable to accept the Instrument of Transfer between Strike Resources Limited and Strike Uranium Pty Ltd. The DPIFM is unable to accept the second Instrument of Transfer between Strike Resources Limited and Strike Uranium Pty Ltd until the first Instrument of Transfer between Hume Mining NL and Strike Resources Limited is registered.

Searches of the Northern Territory Licences and Northern Territory Application, which were obtained from the DPIFM's Register, record the Instrument of Transfer between Hume Mining NL and Strike Resources Limited only. The abovementioned letters of agreement and the Instrument of Transfer between Strike Resources Limited and Strike Uranium Pty Ltd have not been recorded against any of the Northern Territory Licences and the Northern Territory Application.

Section 173 of the Mining Act 1980 (NT) precludes the registration of an interest in respect to an application for a tenement until the relevant tenement is granted. Accordingly, an application for a tenement is not capable of being transferred until the relevant tenement is granted.

The beneficial interests in the Northern Territory Licences and Northern Territory Application are set out in the Schedule.

### 2.1.3 Overlapping Tenements, Applications and Exclusions

The Northern Territory Licences and Northern Territory Application are unaffected by any tenements or applications for tenements.

### 2.1.4 Aboriginal Land

#### **Native Title Act 1993 (Cth) ("NTA")**

The land subject to the Northern Territory Licences is land designated as Perpetual Pastoral Lease, which is land on which Native Title may not have been extinguished ("Native Title Land"). The grants of the Northern Territory Licences were therefore required to undergo Native Title processes prescribed by the NTA. The Northern Territory Licences attracted the expedited procedure of the Right to Negotiate procedure set out in the NTA.

#### **Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) ("ALRA")**

The Northern Territory Application is situated entirely on Aboriginal Freehold land, which is subject to the ALRA:

<b>Exploration Licence Application</b>	<b>Land Description</b>	<b>Landholder</b>	<b>Consent to negotiate</b>	<b>Proposal lodged</b>	<b>Extension by Mutual Consent</b>	<b>Extension by Federal Minister</b>	<b>ALRA Moratorium</b>
ELA 24927	Haasts Bluff 1739	Yunkanjini Aboriginal Land Trust	03/06/2006	04/09/2006	N/A	N/A	N/A

Before an Exploration Licence Application can be processed under the provisions of the ALRA, the Northern Territory Minister for Mines and Energy must first give consent to the Applicant to enter into negotiations with the relevant Land Council for its consent to the grant of the relevant Exploration Licence ("consent to negotiate") (Section 137(1)(b) Mining Act 1980 (NT)).

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Consent to negotiate was issued by the Northern Territory Minister for Mines and Energy to Hume Mining NL in respect to the Northern Territory Application once a notice of this Exploration Licence Application had been published (Section 163(1) Mining Act 1980 (NT)) and any objections or comments lodged had been resolved (Section 163(2) Mining Act 1980 (NT)).

Hume Mining NL was required to submit, within the three month period prescribed by Section 41 of the ALRA, to the Central Land Council ("CLC") a detailed written application for its consent to the grant of the Northern Territory Application. Hume Mining NL complied with this requirement. The table above appears to indicate that the proposal should have been lodged by 2 September 2006. However, that date fell on a Saturday, so the due date was extended to Monday 4 September 2006.

Hume Mining NL and the CLC are required to reach an agreement for exploration and development on or before 3 September 2007 (or within further periods, each of 12 months, as mutually agreed between the parties and approved by the Federal Minister for Families, Community Services and Indigenous Affairs). If agreement cannot be reached, or an application for consent is refused, the area subject to the Northern Territory Application becomes subject to a moratorium preventing lodgement of any further Exploration Licence Application in respect to that land for five years.

Historically, the CLC excluded uranium from any agreement it may have entered into with Applicants for Exploration Licences. Whilst the DPIM advised that it has previously taken the view that such exclusion would not prevent it from issuing an Exploration Licence for all minerals in accordance with the Mining Act 1980 (NT), exploration for uranium authorised by a tenement granted under that Act, where a precondition to grant requires consent from the Aboriginal traditional owners, raises complex legal issues.

### **2.1.5 Native Title Claims and Indigenous Land Use Agreements**

EL 24929 and EL 24930 are affected by the registered Mount Doreen Native Title Claim No DC05/2. This Native Title Claim was filed with the NNTT on 11 April 2005 and registered on 11 May 2005.

EL 24930 lies partially within the Tanami Exploration, Central Land Council Indigenous Land Use Agreement DIA2001/001 ("the ILUA") which was registered with the NNTT on 4 September 2001. The parties to the ILUA are the Central Land Council and Tanami Exploration NL. The ILUA only binds those parties and will not affect exploration carried out pursuant to the Northern Territory Licences or any Exploration Licence granted pursuant to the Northern Territory Application.

Other than EL 24929 and EL 24930, the Northern Territory Application and Northern Territory Licences do not fall within any registered Native Title Claims and/or Indigenous Land Use Agreements.

The issue of whether or not a Native Title Claim applies to the Northern Territory Licences is irrelevant to the requirement to comply with the processes set out in the NTA. That is, the primary issue is whether or not the land is Native Title claimable land or, in other words, whether or not Native Title has been extinguished on such land. If land is Native Title claimable, then NTA processes must be complied with before exploring or mining on that land. If land is not Native Title claimable, then Native Title is not an issue and no compliance with the NTA is necessary.

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As stated in Section 2.1.4 above, the Northern Territory Application is situated within land which is Aboriginal Freehold land, and Strike Resources Limited and Hume Mining NL are proceeding in accordance with the processes prescribed in the ALRA.

As stated in Section 2.1.7 below, the Northern Territory Licences are situated within land which is almost entirely constituted of Perpetual Pastoral Lease, which was granted pursuant to the Pastoral Land Act 1992. That means that the land is Native Title land. The Northern Territory Licences were subject to Native Title processes prior to grant.

### 2.1.6 *Aboriginal Sacred Sites*

It is an offence under Part IV of the Aboriginal Sacred Sites Act 1989 (NT) (“the NTASS Act”) to enter onto, work on or desecrate a sacred site.

“Sacred site” is defined as “a site that is sacred to Aboriginals or is otherwise of significance according to Aboriginal tradition”. This definition includes, but is not limited to:

- sites which have been entered on the Register of Sacred Sites maintained by the Aboriginal Areas Protection Authority (“the AAPA”), known as “registered sacred sites”; and
- sites which have not yet been evaluated or entered on the Register of Sacred Sites but there is sufficient information indicating that they are nonetheless significant according to Aboriginal tradition, known as “recorded sacred sites”.

The protection of sacred sites under the NTASS Act applies whether or not those sites are registered or recorded sacred sites.

It is a valid defence to a charge under the NTASS Act if the defendant carried out work in accordance with an Authority Certificate issued by the AAPA. Hume Mining NL does not hold an Authority Certificate in respect to the Northern Territory Licences.

A search of the records maintained by the AAPA has revealed numerous recorded sacred sites within the boundaries of the Northern Territory Licences and the Northern Territory Application. A registered sacred site is also located near the northern boundary of EL 24930.

It should be emphasised that the issue of Aboriginal sacred sites is entirely separate to that of Native Title or the issues related to the ALRA.

### 2.1.7 *Access and Compensation on Perpetual Pastoral Lease Land*

The Northern Territory Licences are located within Perpetual Pastoral Lease No 1035 which is held by Braiuling Nominees Pty Ltd.

No access arrangement with the abovementioned Lessee is required. The grant of an Exploration Licence automatically entitles the holder of that Licence to have access to the relevant land (Section 23 Mining Act 1980 (NT)). That said, the Exploration Licence holder must obtain the consent of any relevant owner or occupier including the abovementioned Pastoral Lessee before interfering with land used as a yard, garden or orchard, or on which substantial improvements exist (Section 166 Mining Act 1980 (NT)).

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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The holder must pay to the relevant Pastoral Lessee compensation in accordance with Section 184 of the Mining Act 1980 (NT). That provision requires compensation for deprivation of the use of or damage to the surface of the land comprised in the abovementioned Perpetual Pastoral Lease, deprivation of the use of improvements on the land, severance of the land and any other damage.

The amount of such compensation is as agreed, or in default of agreement, as determined by a Mining Warden.

No compensation agreement between Hume Mining NL and the abovementioned Perpetual Pastoral Lessee has been lodged with the DPFI.

### 2.1.8 *Exploration Licence Conditions*

The conditions attached to the Northern Territory Licences and any Exploration Licence granted pursuant to the Northern Territory Application relate or will relate to the conduct of exploration, environmental management of exploration, reporting requirements, expenditure commitments, rehabilitation of disturbed land and the requirement to obtain an Authorisation under the Mining Management Act 2001 (NT) before carrying out exploration or works involving substantial disturbance (see Section 2.1.9 below).

In addition, where any Exploration Licences are granted in accordance with the terms of an agreement reached pursuant to the ALRA, such agreement would most likely set out requirements for site clearances which would need to be complied with prior to the commencement of any exploration activities.

### 2.1.9 *Site Authorisations*

Pursuant to Section 35(1) of the Mining Management Act 2001 (NT), the operator of a mining site must not carry out mining activities on the site unless the Northern Territory Minister for Mines and Energy has granted the operator an Authorisation. "Mining site" and "mining activities" are interpreted broadly in the Mining Management Act 2001 (NT) to include exploration and mining on an Exploration Licence, except where exploration does not involve "substantial disturbance" (Section 35(1) Mining Management Act 2001 (NT)), as discussed below.

Before granting an Authorisation pursuant to Section 35(1), the Northern Territory Minister for Mines and Energy must be satisfied that the management system to be implemented on the site will promote the protection of the safety and health of persons and of the environment on the site and that the management of the mineral resources on the site will be in accordance with good mining practice (Section 36(2) Mining Management Act 2001 (NT)). A Mining Management Plan must be lodged with the Minister for Mines and Energy in order for an Authorisation to be issued.

"Substantial disturbance" is defined by the DPFI to include most forms of exploration which entails surface disturbance, including seismic lines, drill pads, vacuum, auger and RAB drill holes, grids, tracks, costeans and camp establishment.

There are no Authorisations pursuant to the Mining Management Act 2001 (NT) currently in place to allow the holder of the Northern Territory Licences to carry out such exploration.

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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If and when the Northern Territory Application is granted, the conditions of grant are likely to include a requirement to obtain an Authorisation under the Mining Management Act 2001 (NT) before carrying out exploration involving substantial disturbance (Section 166(1A) Mining Act 1980 (NT)).

### **2.1.10 Royalties**

No royalties are payable in respect to Exploration Licences in the Northern Territory.

### **2.1.11 Expenditure Commitments and Exploration Reporting Requirements**

Expenditure commitments and exploration reporting requirements will be imposed on an Exploration Licence granted in satisfaction of the Northern Territory Application.

The holder of a granted Exploration Licence is required to submit an annual report at the end of each 12 month period of that Exploration Licence detailing, amongst other things, the expenditure incurred on exploration operations conducted during that period. In the event that there is a shortfall in actual expenditure (when compared with the expenditure commitment of the granted Exploration Licence), there is a requirement to apply for a variation of that condition of that Exploration Licence.

Compliance with the expenditure commitments and reporting requirements of a granted Exploration Licence is important because those matters are considered by the DPIFM when determining whether or not to renew the Exploration Licence. Furthermore, compliance with such commitments and requirements may also affect the DPIFM's decision to renew a granted Exploration Licence in full, or to require a reduction in the area of the Exploration Licence.

### **2.1.12 Heritage**

It is an offence under Sections 33, 34 and 39 of the Heritage Conservation Act 1991 (NT) to carry out work on or damage a heritage place or heritage object, or place or object subject to an interim conservation order including archaeological places and objects (collectively referred to as "archaeological sites"), without consent.

"Heritage places" and "heritage objects" are places and objects that have been declared to be such pursuant to Section 26 of the Heritage Conservation Act 1991 (NT). Broadly, an "archaeological place" includes a place pertaining to the past occupation by Aboriginal or Macassan people that has been modified by the activity of such people and in or on which the evidence of such activity exists (Section 4 Heritage Conservation Act 1991 (NT)). An "archaeological object" generally includes a relic pertaining to the past occupation by Aboriginal or Macassan people of any part of Australia which is now in the Northern Territory (Section 4 Heritage Conservation Act 1991 (NT)).

A search of the Register maintained by the Northern Territory Heritage Advisory Council ("the NTHAC") has revealed the following:

- There are no nominated, proposed or declared heritage places or objects within the boundaries of the Northern Territory Application; and
- There are two archaeological sites within EL 24879, six archaeological sites within EL 24930 and no (recorded) archaeological sites within the remaining Northern Territory Licences. The eight archaeological sites within EL 24879 and EL 24930 are likely to be grinding hollows or stone artefacts.

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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Further searches of the Register maintained by the Heritage Conservation Act 1991 (NT) and archaeological surveys of the land subject to the Northern Territory Application and Northern Territory Licences should be conducted prior to the commencement of exploration operations to ensure that no breaches of the Heritage Conservation Act 1991 (NT) occur.

### 2.1.13 *Rent and Reductions*

Rent details in respect to each of the Northern Territory Licences are set out in the Schedule.

The amount of rent payable in respect to a granted Exploration Licence varies depending upon the year of tenure of the Exploration Licence. Currently, rent for the first two years of a granted Exploration Licence is charged at the rate of \$11 per block, inclusive of GST. The amount is then doubled for each year after that (that is, \$22 per block in the third year, \$44 per block in the fourth year, etc, up to a maximum of \$352 per block in the seventh and eighth years).

There is no rent payable in respect to the Northern Territory Application.

One month prior to the second anniversary of an Exploration Licence and each succeeding period of 12 months after that date, the holder of an Exploration Licence is required to reduce the area of the Exploration Licence so that the area is not more than half of the original area of the Exploration Licence (Section 26 Mining Act 1980 (NT)).

### 2.1.14 *Security*

Security is not required in respect to the Northern Territory Application.

The DPFIM has advised that there are currently no securities lodged in respect to any of the Northern Territory Licences.

## 2.2 **WESTERN AUSTRALIA**

The following information was obtained from searches and enquiries made with the Western Australia Department of Industry and Resources ("DoIR") and the NNTT.

### 2.2.1 *General*

Exploration Licence No 46/629 ("E46/629") and Exploration Licence No 09/1253 ("E09/1253") are in the name of Hume Mining NL.

Exploration Licence No 09/1245 ("E09/1245") is in the name of Helen Mary Ansell.

Exploration Licences No's 09/1257 ("E09/1257"), 09/1258 ("E09/1258"), 53/1259 ("E53/1259"), 53/1115 ("E53/1115") and 53/1203 ("E53/1203") are in the name of Strike Resources Limited.

Exploration Licence Application No 46/585 ("E46/585") is in the name of Adelaide Prospecting Pty Ltd.

E46/585 has been recommended for grant by the Mining Warden, indicating that the Applicant has complied with all statutory requirements of the Mining Act 1978 (WA) and Mining Regulations 1981 (WA) (as amended).

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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Basic details of E09/1245, E09/1253, E09/1257, E09/1258, E46/585, E46/629, E53/1115, E53/1203 and E53/1259 (collectively referred to as “the Western Australian Tenements”) are contained in the Schedule.

### 2.2.2 *Encumbrances*

Strike Resources Limited advises the following:

- Hume Mining NL acquired from Adelaide Prospecting Pty Ltd a right to earn and acquire an 85 per cent beneficial interest in E46/585 (excluding all manganese mineral rights) pursuant to a letter agreement between Giralia Resources NL, Adelaide Prospecting Pty Ltd and Hume Mining NL dated 12 November 2004;
- Strike Resources Limited acquired from Hume Mining NL 75 per cent of the beneficial interest held by Hume Mining NL in E09/1253, E46/629, and a right to earn and acquire a 63.75 per cent beneficial interest held by Hume Mining NL in E46/585 (excluding all manganese mineral rights), pursuant to a letter agreement between Hume Mining NL and Strike Resources Limited dated 15 September 2005 (as amended by subsequent letter agreements between those parties dated 19 September 2005, 27 October 2005, 7 November 2005 and 10 November 2005);
- Strike Resources Limited acquired from Helen Mary Ansell a 70 per cent beneficial interest in E09/1245 pursuant to a letter agreement between Helen Mary Ansell, Uranium Oil and Gas Limited and Strike Resources Limited dated 3 October 2005;
- Strike Resources Limited acquired from Adelaide Prospecting Pty Ltd an 85 per cent interest in E53/1115 pursuant to a letter agreement between Adelaide Prospecting Pty Ltd and Strike Resources Limited dated 28 October 2005. It should be noted that the DoIR Register search for E53/1115 shows Strike Resources Limited as the sole holder of the tenement;
- Strike Resources Limited agreed to transfer all of its interest in E09/1253, E09/1245, E09/1257, E09/1258, E53/1115, E53/1259, E53/1203, E46/629 and the right to earn and acquire an interest in E46/585 (excluding all manganese mineral rights) to Strike Uranium Pty Limited pursuant to a letter agreement dated 5 February 2007; and
- Searches of the Western Australia Tenements which were obtained from the DoIR’s Register do not record the aforementioned interests (either legal or equitable). In fact, no interest has been recorded against any of the Western Australia Tenements.

The beneficial ownership of the Western Australia Tenements is set out in the Schedule.

### 2.2.3 *Exclusions, Overlapping Titles and Applications*

E53/1115 is excluded from the areas subject to Exploration Licence No 53/912 (22.22 hectares), Mining Lease No 53/41 (183 hectares), Mining Lease No 53/52 (24.32 hectares), Mining Lease No 53/54 (0.01 hectares) and Mining Lease No 53/188 (334.67 hectares), which are held by Wiluna Operations Ltd.

Mining Lease Application No 53/1077 (22.22 hectares) and Prospecting Licence Application No P53/1352 (22.22 hectares) have been lodged over E53/1115. When those Applications are granted, the relevant areas will be excluded from E53/1115.

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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E53/1203 (146.96 hectares), E53/1115 (22.22 hectares) and E53/1259 (2,398.51 hectares) co-exist with Application for Miscellaneous Licence No 53/89, which has been lodged by Outokumpu Mining Australia Pty Ltd. If and when Application for Miscellaneous Licence No 53/89 is granted, it will co-exist with E53/1203, E53/1115 and E53/1259.

E46/585 is likely to exclude an approximate area of 7,556.78 hectares, which is the area of land subject to the determined Native Title Claim lodged by the Martu Native Title Claimant Group (WC96/78) (refer to Section 2.2.5 below). Also excluded will be land covered by the Oakover River (blocks 1961 Y, 2033 D, H, J, N, O, P, S, T, U, W, Y, Z, 2105 D, E, K, P and 2106 F and L).

E09/1253 does not co-exist with any other mining or exploration title or application, however approximately 6,805.03 hectares within E09/1253 is subject to Crown Reserve 39182 (Use and Benefit of Aboriginal Inhabitants). Condition 5 of E09/1253 requires that the prior written consent of the Minister for State Development is to be obtained before commencing activities on Use and Benefit of Aboriginal Inhabitants Reserve 39182.

E09/1257, E09/1258, E53/1245 and E46/629 do not co-exist with any other mining or exploration titles or applications.

### **2.2.4 Exploration Licence Conditions**

The Western Australia Tenements are, or will be when granted, subject to standard endorsements and conditions pertaining to the environment, Aboriginal heritage and exploration requirements.

E09/1258 encroaches upon Crown Reserve 3615 (Road Reserve) and E46/585 encroaches upon Crown Reserves 12297 (Rabbit Proof Fence) and 4274 (Road Reserve). Special conditions will be imposed restricting exploration activities in respect to these Reserves.

Endorsement 3 of E09/1245 states that “the grant of this Licence does not include the land the subject of prior Exploration Licence 09/974. If the prior Licence expires, is surrendered or forfeited that land may be included in this Licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled Transitional Provisions Relating to the Geocentric Datum of Australia.” Exploration Licence 09/974 was forfeited on 21 April 2006 and the holder of E09/1245 may apply to include the relevant land into E09/1245.

Condition 9 of E53/1115 and Condition 7 of E53/1259 state that “the rights of ingress and egress from Miscellaneous Licence 53/89 (are) at all times preserved to the licensee and no interference with the purpose or installations connected to the licence” is permitted.

Condition 8 of E53/1259 states that “no interference (is permitted) with the use of the Aerial Landing Ground and mining thereon being confined to below a depth of 15 metres from the natural surface.”

## 11. INDEPENDENT EXPLORATION TITLES REPORT

### 2.2.5 Native Title

The Western Australia Tenements are affected by Native Title Claims and have undergone the expedited procedure of the Right to Negotiate process as follows:

LICENCE / APPLICATION	NATIVE TITLE CLAIMS	EXPEDITED PROCEDURE OBJECTIONS CLOSE	OBJECTIONS LODGED
E09/1245	WAJARRI ELDERS COMBINED (WC01/003) NHARNUWANGGA WAJARRI AND NGARLAWANGGA (WC99/13)*	TENEMENT GRANTED	N/A
E09/1253	WAJARRI ELDERS COMBINED (WC01/003)	TENEMENT GRANTED	N/A
E09/1257	WAJARRI ELDERS COMBINED (WC01/003)	TENEMENT GRANTED	N/A
E09/1258	WAJARRI ELDERS COMBINED (WC01/003) GNULLI (WC97/028)	TENEMENT GRANTED	N/A
E46/585	*MARTU (WC96/78) NYIYAPARLI (WC99/4) NJAMAL (WC99/8)	EXPEDITED PROCEDURE NOT YET COMMENCED	EXPEDITED PROCEDURE NOT YET COMMENCED
E46/629	NYIYAPARLI (WC99/4) NJAMAL (WC99/8)	TENEMENT GRANTED	N/A
E53/1115	DEREGISTERED SIR SAMUEL 2 (WC95/82)	TENEMENT GRANTED	N/A
E53/1203	DEREGISTERED SIR SAMUEL 2 (WC95/82)	TENEMENT GRANTED	N/A
E53/1259	DEREGISTERED SIR SAMUEL 2 (WC95/82)	TENEMENT GRANTED	N/A

\* *Determined Claim*

The Western Australian Government is currently adopting a policy whereby the intended grant of an Exploration Licence is nominated as an act that attracts the expedited procedure under the NTA, subject to the Applicant formally agreeing with the Native Title Party to identify and protect Aboriginal heritage sites within the boundaries of the relevant Exploration Licence when granted.

A number of Claimant groups have agreed to the terms of a Regional Standard Heritage Agreement ("RSHA"), which has been prepared by the respective Claimant representative groups. However, many Claimants prefer to operate under an individual (alternate) heritage agreement.

Current DoIR policy requires an Applicant for an Exploration Licence to provide evidence by way of a statutory declaration that it has already entered into a heritage agreement (alternate or RSHA) with the Native Title Claimants relevant to that Exploration Licence Application. Once such evidence is provided, the DoIR will commence processing the Exploration Licence Application in accordance with the expedited procedure.

## 11. INDEPENDENT EXPLORATION TITLES REPORT

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The DoIR advises that the Applicant in respect to E46/585 has requested the excision of the land subject to the determined Native Title Claim lodged by the Martu Native Title Claimant Group (WC96/78).

The Njamal Native Title Claimant Group have lodged Native Title Claim No WC 99/08 and the Nyiyaparli Native Title Claimant Group have lodged Native Title Claim No WC 05/006 in respect to the area subject to E46/585. The Applicant in respect to E46/585 is required to submit evidence of having entered into an RSHA (or alternative) with the Njamal Native Title Claimant Group and the Nyiyaparli Native Title Claimant Group before the DoIR will commence processing E46/585 in accordance with the expedited procedure.

### 2.2.6 *Future Obligations*

Rent is payable on an Exploration Licence at a rate per graticular block. The current rate is \$105.05 per graticular block, which includes GST.

Rent (excluding GST) for the first year of tenure is paid upon application. Prior to grant, the DoIR requests payment of the GST component of rent paid upon application.

The aggregate rent and expenditure commitments for the Western Australia Tenements are listed in the Schedule.



**RUSSELL HETHERINGTON**

8 March 2007

**11. INDEPENDENT EXPLORATION TITLES REPORT****ALARA URANIUM LIMITED – SCHEDULE  
NORTHERN TERRITORY**

APPLICATION / TENEMENT NO	NAME	APPLICANT / HOLDER	UNREGISTERED BENEFICIAL OWNERSHIP	STATUS	APPLICATION / GRANT DATE	EXPIRY DATE	AREA (BLOCKS / KM <sup>2</sup> )	CURRENT ANNUAL RENT INCL 10% GST (IF OR WHEN GRANTED)	ANNUAL EXPENDITURE COMMITMENT (FIRST YEAR OF GRANT)	SECURITY	RECORDED / REGISTERED ENCUMBRANCES
EL 24879	MOUNT DOREEN	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	15/08/2006	14/08/2012	82 BLOCKS (260.5 KM <sup>2</sup> )	\$902.00	\$45,000	NIL	DEALING NO 92392
ELA 24927	HAASTS BLUFF	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	APPL'N PENDING	12/09/2005	N/A	338 BLOCKS (998.8 KM <sup>2</sup> )	\$3,718.00	\$45,000	NIL	DEALING NO 92392
EL 24928	MOUNT DOREEN	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	21/08/2006	20/08/2012	15 BLOCKS (34.95 KM <sup>2</sup> )	\$165.00	\$25,000	NIL	DEALING NO 92392
EL 24929	MOUNT DOREEN	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	21/08/2006	20/08/2012	26 BLOCKS (56.8 KM <sup>2</sup> )	\$286.00	\$25,000	NIL	DEALING NO 92392
EL 24930	MOUNT DOREEN	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	21/08/2006	20/08/2012	99 BLOCKS (314.7 KM <sup>2</sup> )	\$1,089.00	\$25,000	NIL	DEALING NO 92392

Dealing No 92392 records an Instrument of Transfer between Hume Mining NL (25%) and Strike Resources Limited (75%) lodged with the DPIMF on 5 March 2007

**11. INDEPENDENT EXPLORATION TITLES REPORT****WESTERN AUSTRALIA**

APPLICATION / TENEMENT NO	NAME	APPLICANT / HOLDER	UNREGISTERED BENEFICIAL OWNERSHIP	STATUS	GRANT/ APPLICATION DATE	EXPIRY DATE	AREA	ANNUAL RENT INCL 10% GST	MINIMUM EXPENDITURE COMMITMENT	SECURITY	RECORDED / REGISTERED ENCUMBRANCES
E09/1245	RUBBEROID WELL	HELEN MARY ANSELL	URANIUM OIL AND GAS LIMITED / HELEN ANSELL – 30% STRIKE URANIUM PTY LTD – 70%	GRANTED	23/03/2006	22/03/2011	35 BLOCKS	\$3,676.75	\$35,000	\$5,000	NIL
E09/1253	MT JAMES	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	29/06/2006	28/06/2011	49 BLOCKS	\$5,147.45	\$49,000	\$5,000	NIL
E09/1257	INJINU HILLS	STRIKE RESOURCES LIMITED	STRIKE URANIUM PTY LTD – 100%	GRANTED	29/06/2006	28/06/2011	27 BLOCKS	\$2,836.35	\$27,000	\$5,000	NIL
E09/1258	MORTIMER HILLS	STRIKE RESOURCES LIMITED	STRIKE URANIUM PTY LTD – 100%	GRANTED	29/09/2006	28/09/2011	26 BLOCKS	\$2,731.30	\$26,000	\$5,000	NIL
E46/585	LITTLE SANDY DESERT	ADELAIDE PROSPECTING PTY LTD	GIRALIA RESOURCES NL / ADELAIDE PROSPECTING PTY LTD – 100% <sup>1</sup>	APPL'N PENDING	17/10/2003	N/A	69 BLOCKS	\$7,248.45 (PROPOSED)	\$69,000 (PROPOSED)	\$5,000	NIL
E46/629	CANNING WELL	HUME MINING NL	HUME MINING NL – 25% STRIKE URANIUM PTY LTD – 75%	GRANTED	02/08/2005	01/08/2010	19 BLOCKS	\$1,995.95	\$20,000	\$5,000	NIL
E53/1115	MT LAWRENCE WELLS	STRIKE RESOURCES LIMITED	ADELAIDE PROSPECTING PTY LTD – 15% STRIKE URANIUM PTY LTD – 85%	GRANTED	06/10/2004	05/10/2009	6 BLOCKS	\$980.76	\$20,000	\$5,000	NIL
E53/1203	MT LAWRENCE WELLS	STRIKE RESOURCES LIMITED	STRIKE URANIUM PTY LTD – 100%	GRANTED	02/08/2006	01/08/2011	17 BLOCKS	\$1,785.85	\$20,000	\$5,000	NIL
E53/1259	MILGOOL CAMP	STRIKE RESOURCES LIMITED	STRIKE URANIUM PTY LTD – 100%	GRANTED	02/03/2007	01/03/2012	8 BLOCKS	\$840.40	\$20,000	\$5,000	NIL

<sup>1</sup> Hume Mining NL and Strike Uranium Pty Ltd have a right to earn a 2.1.25% interest and a 63.75% interest respectively, exclusive of all manganese mineral rights.

## 12. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### MIRANDA & AMADO ABOGADOS

JOSE DANIEL AMADO V.  
JUAN LUIS AVENDAÑO C.  
JUAN LUIS AVENDAÑO V.  
LUIS MARCELO DE-BERNARDIS  
ROSA MARIA CONROY A.  
RAFAEL CORZO DE LA COLINA  
ENRIQUE FELICES SAAVEDRA  
JOSE A. JIMENEZ GARCIA  
ROCIO LIU ARÉVALO  
ROBERTO MACLEAN MARTINS  
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PABLO SOTOMAYOR H.  
GILDA SPALLAROSSA L.  
OSCAR TRELLES DE B.  
MAURO UGAZ O.

JOSÉ ALEGRE C.

March 27, 2007

The Directors  
Alara Uranium Limited  
Level 1, 159 Main Street  
Osborne Park, Western Australia 6017

**REF.: LEGAL OPINION ON THE PERUVIAN APPLICATIONS FOR MINERAL CONCESSIONS IN WHICH ALARA URANIUM LIMITED HAS SECURED AN INTEREST**

Dear Sirs,

We have been requested to provide you with our legal opinion on:

- (1) the two (2) applications filed on January 29, 2007 on behalf of Strike Resources Peru S.A.C. (“**SRK Peru**”) in the Provinces of Castilla and Condesuyos, Department of Arequipa, Peru (the “**Pampacolca 1 and 2 Applications**”), which were subsequently transferred to Strike Uranium Peru S.A.C. (“**SUPSAC**”);
- (2) the two (2) applications filed by SUPSAC on March 19, 2007 in the Province of Castilla, Department of Arequipa, Peru (the “**Pampacolca 3 and 4 Applications**”); and,
- (3) the legal status of SUPSAC.

## 12. LEGAL OPINION ON PERUVIAN CONCESSIONS

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We are advised that on March 20, 2007, Alara Uranium Limited (“**Alara**”) entered into a share sale agreement (“**Peru Sale Agreement**”) with Strike Resources Limited (“**SRK**”) to acquire all of the shares in Strike Uranium Peru Pty Ltd ACN 124 334 103 (“**SUP**”), a wholly owned subsidiary company of SRK.

This legal opinion is prepared for inclusion in a prospectus to be dated on or about March 29, 2007 to be issued by Alara (“**Prospectus**”).

In producing this legal opinion we are relying on the information available in public sources and the information provided to us by Alara, SRK, SRK Peru and SUPSAC and we are assuming that such information is accurate. We have also assumed: (i) the veracity of all copies of the documents and information provided by Alara, SRK, SRK Peru and SUPSAC and the signatures included in them, as well as the contents of the internal charts or memorandums prepared by Alara, SRK, SRK Peru and SUPSAC officers; and, (ii) the authority of the representatives of all of the counterparties with whom Alara, SRK, SRK Peru and SUPSAC has executed contracts, as well as the enforceability in Peru of these documents.

This legal opinion is given exclusively from a Peruvian law perspective, taking into account the laws and regulations in force in Peru as of the date hereof, without considering any legislation in force in other jurisdictions.

### 1. Status and validity of the Pampacolca 1 and 2 Applications

On January 29, 2007, Mr. Deny Martín Bayona Peláez, Exploration Manager for SRK Peru, filed two (2) applications for metallic mineral concessions, covering 1500 hectares, under the names “**Pampacolca 1**” (Code 01-01084-07, 900 hectares, National Chart for Chuquibamba 32Q) and “**Pampacolca 2**” (Code 01-01085-07, 600 hectares, National Chart for Chuquibamba 32Q) located in the Districts of Pampacolca and Tipan Aplao, Province of Castilla and the Districts of Aplao and Iray, Provinces of Castilla and Condesuyos, respectively, in the Department of Arequipa in the south of Peru.

Pursuant to the correspondence provided to us for purposes of this opinion, Mr. Deny Martín Bayona Peláez made and held such applications on behalf of and for the benefit of SRK Peru.

SRK holds all of the issued share capital of SRK Peru, except for one (1) share held by Mr. Alberto Delgado Venegas, Solicitor for SRK, on behalf of and for the benefit of SRK.

On March 1, 2007, Mr. Deny Martín Bayona Peláez transferred the Pampacolca 1 and 2 Applications to SRK Peru. Such transfer agreement was formalized by public deed dated March 1, 2007 granted before Notary Public of Lima, Eduardo Laos de Lama.

On March 2, 2007, SRK Peru transferred the Pampacolca 1 and 2 Applications to SUPSAC. Such transfer agreement was formalized by public deed dated March 2, 2007 granted before Notary Public of Lima, Eduardo Laos de Lama. SUP holds all of the share capital of SUPSAC, except for one (1) share held by Alberto Delgado Venegas, Solicitor for SRK, on behalf of and for the benefit of SUP.

The procedures for the granting of concessions which are applicable to the above-referred Pampacolca 1 and 2 Applications are described, in general terms, in section 5.2 herein.

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### 2. Status and validity of the Pampacolca 3 and 4 Applications

On March 19, 2007, SUPSAC filed two (2) additional applications for metallic mineral concessions, covering 1200 hectares, under the names “**Pampacolca 3**” (Code 01-01852-07, 700 hectares, National Chart for Chuquibamba 32Q) and “**Pampacolca 4**” (Code 01-01851-07, 500 hectares, National Chart for Chuquibamba 32Q) located in the District of Pampacolca, Province of Castilla in the Department of Arequipa in the south of Peru.

The procedures for the granting of concessions which are applicable to the above-referred Pampacolca 3 and 4 Applications are described, in general terms, in section 5.2 herein.

### 3. Summary of the Legal Status of Strike Uranium Peru S.A.C

#### 3.1 Incorporation

SUPSAC is a Peruvian *sociedad anónima* (stock company) incorporated by public deed granted on March 1, 2007 before Notary Public of Lima Eduardo Laos de Lama.

SUPSAC is duly recorded in File No. 11989710 of the Corporate Registry in Lima as from March 8, 2007 and is validly existing and conducting its business in Peru.

SUPSAC’s tax registration number (RUC) is 20515470710.

#### 3.2 Bylaws

According to Article 2 of its bylaws, the corporate purpose of SUPSAC is to execute any and all types of mining activity, including surveying, exploration, exploitation, milling, beneficiation, general works, trading and mining transport, within or outside the Peruvian territory, on its own or in association with third parties, according to the Peruvian General Mining Law, as amended or substituted from time to time, and all other applicable laws. For such purposes, SUPSAC may acquire mining rights under any modality and enter into any class of agreement on such mining rights, including transfer, lease and option contracts, among others, as well as file mining applications and carry out any administrative procedure with the purpose of acquiring mining rights.

Pursuant to article 3 of the bylaws, SUPSAC is domiciled in the city of Lima, but it may establish agencies and/or branches in any other place within the territory of the Republic of Peru and/or abroad by decision of the General Shareholders’ Meeting. According to article 4 of the bylaws, SUPSAC initiated its activities on the date of the execution of the articles of incorporation – that is, March 1, 2007- and its existence is not subject to a term. As per said article 4, SUPSAC is to acquire legal existence upon its recording in the Corporate Registry, which occurred on March 8, 2007. However, acts entered into by the company prior to its recording in the Lima Corporate Registry need to be ratified by the General Shareholders’ Meeting within three (3) months of such recording. In that sense, the acquisition by SUPSAC of the Pampacolca 1 and 2 Applications was ratified through a General Shareholders’ Meeting held on March 13, 2007.

Shares in SUPSAC are represented by share certificates and ownership of shares must be recorded in the Share Registry Book (*Matrícula de Acciones*). The issuance of provisional share certificates is allowed as per article 7 of the bylaws, in case share certificates are issued prior to the recording of the company or the capital increase corresponding to the issuance of such shares. Any liens or encumbrances over shares are also recorded in the Share Registry Book.

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The General Shareholders' Meeting is the highest authority in SUPSAC. Decisions in the General Shareholders' Meeting are taken by favourable vote of the absolute majority of the shares represented at the meeting, except for those decisions requiring a qualified quorum (such as amendments of the bylaws, capital increases or reductions, mergers, spin-offs, reorganizations and material transfers of assets, among others), which require the favourable vote of the absolute majority of the issued share capital.

Management of SUPSAC is entrusted to the Board of Directors and General Manager.

### 3.3 Authorized Capital

The authorized capital recorded in SUPSAC's file at the Corporate Registry in Lima, is currently S/. 1,000 represented by 1,000 shares of a nominal value of S/.1.00 (One Nuevo Sol, the Peruvian currency), each fully subscribed and paid.

SUP holds 999 shares in SUPSAC, which is all but one (1) share of the issued and recorded capital. Mr. Alberto Delgado Venegas, Solicitor for SRK, holds the one (1) remaining share in SUPSAC on behalf of and for the benefit of SUP as per Deed of Ownership executed on March 9, 2007.

### 3.4 Board of Directors and General Manager

The current Board of Directors of SUPSAC is composed of the following individuals:

- (a) Hem Shanker Madan – President of the Board.
- (b) William Matthew Johnson.
- (c) Victor Poh Hong Ho.

Such current board has been recorded in SUPSAC's file at the Corporate Registry in Lima.

The current General Manager of SUPSAC is Mr. Hem Shanker Madan, as appointed upon the incorporation of the company. Such appointment is recorded in SUPSAC's file at the Corporate Registry in Lima.

Subject to completion of the Peru Sale Agreement, the Board of Directors and General Manager of SUPSAC will be replaced by nominees of Alara. Alara has advised that Mr. Madan and Mr. Ho will remain as directors of SUPSAC with Mr. Farooq Khan replacing Mr. Johnson as director, and Mr. Madan will remain as General Manager of SUPSAC.

## 4. Foreign Investment and International Trade

The Peruvian Political Constitution of 1993 (the "**Constitution**"), establishes that the Peruvian economy is open to private investment, within a social market economy, and that the State promotes the creation of wealth and guarantees private property, free enterprise, commerce and industry, while facilitating free competition. The State also guarantees the possession and exchange of foreign currency.

Pursuant to article 63 of the Constitution, foreign investors have the same rights as local investors and the State applies the same conditions to foreign and national investments. As per article 71 of the Constitution, foreigners may not acquire or possess mines or land, among others, within fifty (50) kilometres of the borders, except in the case of public need as expressly declared by means of a Supreme Decree countersigned by the Council of Ministers.

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The General Law for the Growth of Private Investment, Legislative Decree 757, develops the non-discrimination principle between local and foreign investors in connection to currency exchange, prices, tariffs or custom duties, based on the sector of the economy or geographical location of the investments, and establishes the rights and guarantees that are applicable to such investments. Pursuant to Legislative Decree 757 foreign investors may apply for the execution of stability agreements that stabilize the income tax regime, free convertibility of currency and repatriation of profits for a given period of ten years counted from the date of its execution. It also contains provisions on juridical stability that include the economic regime, free competition, private property, taxation, administrative and environmental matters, all within a free market economy.

Pursuant to Legislative Decree 668, the Peruvian State guarantees freedom of and promotes international and national trade as a fundamental consideration for the development of the country. The State, therefore, guarantees to the economic agents free access to acquire, transform and commercialize goods, whether final goods or raw materials, as well as the provision of services necessary for the development of free trade and commerce.

### 5. Summary of the regulation of Mining Activities and Tenure

Mining activities in Peru are currently governed by the Single Revised Text of the General Mining Law (hereinafter “**General Mining Law**”) approved by Supreme Decree No. 014-92-EM and its regulations. Pursuant to article 66 of the Constitution, natural resources belong to the Nation. They are granted to private parties by means of concessions.

The entity responsible for the granting of mineral concessions is the National Institute for Mineral Concessions and Cadastre (“**INACC**”), which is currently in the process of being merged into the National Institute for Geology, Mining and Metallurgy (“**INGEMMET**”), also a government agency.<sup>1</sup> Passing of regulations on mining activities is the competency of the Ministry of Energy and Mines, through the General Mining Direction and the General Direction of Environmental Affairs for Mining. Supervision and enforcement of mining and mining-related environmental regulations is the competency of the recently created Agency for Supervision of Investment in Energy and Mining (“**OSINERGMIN**”).<sup>2</sup> The highest administrative authority for the resolution of any disputes that may arise in the procedures for granting title to a concession or maintenance of title therewith is the Mining Council.

#### 5.1 Concessions and Mining Activities

A mineral concession is a license granted by the State that allows the holder thereof the exclusive right to explore and exploit the mineral resources located within a certain area of the subsoil. A single concession allows for exploration, development and mining production; therefore, there is no need to apply for a different concession as the stages of a project develop. As per the General Mining Law, mineral concessions are considered a separate real estate from the surface land that covers them. The exclusive rights granted by virtue of a concession are irrevocable, provided the titleholder of the concession complies with the legal and regulatory obligations that are imposed by law to maintain the good standing of such concession. The delimitation of the area over which the concession is given is made on the basis of vertical planes corresponding to the sides of a square, rectangle or closed polygonal, whose vertices refer to Universal Transversal Mercator coordinates (UTM).

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<sup>1</sup> Such merger has been approved as per Supreme Decree No. 008-2007-EM, published in the Official Gazette on February 22, 2007, which establishes a 60 calendar day transition period during which all of the data, documents, assets and personnel of INACC is to pass over to INGEMMET. INACC will cease to exist after such process is completed. However, said Supreme Decree also establishes that such deadline may be postponed.

<sup>2</sup> Actually such competencies have been transferred to the already existing Agency for the Supervision of Investment in Energy (“**OSINERG**”) which has thus changed its name to OSINERGMIN.

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In addition to mineral concessions (for exploration, development and mining), the General Mining Law contemplates the granting of: (i) beneficiation concessions (for processing plants); (ii) general works concessions (for rendering certain auxiliary services to more than one mining operation held by different parties); and, (iii) transportation concessions (for the building of pipelines or other systems for the transportation of mineral products).

The General Mining Law characterizes several types of mining activity establishing specific provisions for the development of each one of them. The following are characterized as mining activities by the General Mining Law:

- (a) Reconnaissance: is the activity conducive to revealing levels of mineralization through elementary work;
- (b) Prospecting: is the research conducive to identifying potential mineral deposits by means of chemical and physical indicators measured using precision techniques and instruments;
- (c) Exploration: is the mining activity tending to demonstrate the size, position, mineralogical characteristics, reserves and values of the mineral deposits;
- (d) Exploitation: is the activity of extracting the minerals contained in a deposit; and “development” encompasses the activities performed to make the exploitation of the minerals contained in a deposit possible;
- (e) Beneficiation: is the group of physical, chemical and/or physical-chemical processes that are carried out to extract or concentrate the valuable substances of an aggregate of minerals and/or to purify, smelt or refine metals. It includes the following stages:
  - (i) Mechanical preparation: process whereby the mineral is crushed, classified and/or washed.
  - (ii) Metallurgy: set of physical, chemical and/or physical-chemical processes used to extract and/or concentrate valuable substances from the ore.
  - (iii) Refining: process of purifying metals from products obtained through the above metallurgical processes.
- (f) Commercialization: is the activity of purchasing and selling mineral products;
- (g) General works: is the mining activity that provides auxiliary services, such as ventilation, sewage, hoisting or extraction in favour of two or more concessions of different concessionaires.
- (h) Transportation: is the activity that refers to a system used for the massive continuous haulage of mineral products, by non-conventional methods. The systems to be used can be: (i) conveyor belts; (ii) pipelines; or, (iii) cable cars.<sup>3</sup>

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<sup>3</sup> Other forms of transportation, such as roads or railroads, are governed by different laws and regulations, not the General Mining Law.

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Of all the aforementioned activities, as characterized by the General Mining Law, only reconnaissance, prospecting and commercialization can be freely carried out in the Peruvian territory without the prior granting of a concession from the State.

### 5.2 Procedure for the Granting of a Mineral Concession

The General Mining Law and the Regulations for Mining Procedures, Supreme Decree No. 018-92-EM, establish the procedure for the granting of a mineral concession according to the Grid Based System. Mineral concessions can be granted for metallic (which includes all metals) or non-metallic minerals, and no overlap between them is allowed. Exploration and exploitation works may be initiated in a certain area once title to concession has been granted over such area, except where there is any overlap with pre-existing claims or concessions applied under the abrogated system in force prior to December 15, 1991, provided that such concessions are held by third parties. The obligation to respect the area of overlap accompanies any transfer of title.

Mineral concessions are granted in units of 100 hectares with a maximum of 10 units (1000 hectares) or 100 units (10,000) in territorial waters, in a rectangular shape north-south / east-west oriented as delimited by its borders expressed by UTM coordinates. However, in urban or urban expansion areas, mineral rights are granted in units of 10 hectares with a maximum of 100 hectares.<sup>4</sup>

Such procedure for title commences with the filing of an application with INACC, in which, among others, the UTM coordinates of the area requested are indicated, together with a name for the application, which cannot be the same as that of a pre-existing application or concession, and payment of the initial license fees. After the application for a mineral concession, the applicant is required to make publications in the Official Gazette and in a local daily newspaper. Publications must be made within thirty (30) business days following receipt of the documents issued for such purposes by INACC. Copies of such publications must be delivered to the authority within sixty (60) days following the final publication. Within said sixty (60) day term, any party that considers its rights affected by the application may file an opposition writ against it. Pursuant to the terms established in the Regulations for Mining Procedures, unless any third party opposes the title procedure, the technical and legal reports shall be issued within thirty (30) business days following delivery of the last of the publications and title to concession shall be issued within five (5) business days of such reports.

A list of the resolutions awarding title is published in the Official Gazette on a monthly basis. A resolution awarding title shall be deemed final, provided it is not challenged during the fifteen (15) business days following the publication of such list. Upon completion of title procedure, resolutions awarding title shall be recorded with the Public Registry for purposes of enforceability against third parties and the State.

Should there be two or more applications over the same area, the earlier application shall be admitted. Once an application is admitted, no more applications will be accepted on the same area until the first application is resolved. Should the mining application fully overlap a previous one, such application will be cancelled. If the overlap is partial, the second application will be requested to reduce its area in order to respect the previously granted area. As explained above, overlaps are only allowed with pre-existing claims or concessions that were applied under the abrogated system in force prior to December 15, 1991.

### 5.3 Rights of the Holders of Mineral Concessions

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<sup>4</sup> Article 11 of the General Mining Law and article 8 of the Law for Mineral Rights located in Urban and Urban Expansion Areas, Law 27015, modified by Law 27560, published in the Official Gazette on November 24, 2001.

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Pursuant to article 37 of the General Mining Law,<sup>5</sup> holders of mineral concessions -in addition to the exclusive right to explore for and mine mineral products within the area of their concessions- have the following rights:

- (a) To request from the mining authority, authorization to establish easements in lands of third parties that may be necessary for the rational utilization of the concession subject to the legal provisions on access of land.
- (b) To request authorizations in order to establish easements on the surface lands of other concessions provided the mining activity of their holders is not prevented or adversely affected.
- (c) To construct, in the adjacent concessions, the work that may be necessary for access, ventilation and sewage of its concessions, transport of minerals and safety of the workers, after the pertinent indemnification has been paid if such works cause damages and without creating any encumbrance to the adjacent concessions, leaving in stock piles, free of costs to the holders of the adjacent concessions, any minerals resulting from the work performed. The titleholders of the adjacent concessions may use these works paying the respective compensation, in the amount to be established by the mining authority if the parties do not come to an agreement.
- (d) To perform in free land the works that have the same objective indicated in the preceding paragraph, with authorization from the General Mining Direction.
- (e) To use the waters that may be necessary for domestic service of the workers and for the operations of the concession, in accordance with the legal provisions on the matter.
- (f) To use the mineral substances contained in the waters that emerge from their work.
- (g) To inspect the work of the neighbouring or adjacent concessions when they suspect internment or when they fear flooding, caving in or fire, due to the bad condition of the work of the neighbouring or adjacent property, for the development of the work that is carried out in them.
- (h) To contract the execution of exploration, development, exploitation and beneficiation work with specialized companies registered with the General Mining Direction.
- (i) To freely dispose of fifty per cent (50%) of the length of each drill-core resulting from its exploration activities.

Holders of mining activities may file for special legal stability agreements under the provisions of the General Mining Law, which stabilize the Income Tax rate (currently levied at a 30% rate) at the time of the execution of the agreement plus two per cent (2%) as per Law No. 27343.

The General Mining Law contemplates two (2) forms of stability agreements that basically differ from each other in the term of the guarantee (10 and 15 years, respectively), and in the minimum investment commitment under each type.

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<sup>5</sup> As amended by the application of the legal provisions on the use of surface land and easements described in section 6 of this opinion.

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In the case of the ten (10) year stability agreement, the holder of mining activities shall file an Investment Program for a minimum of US\$ 2'000,000 and a production of 350 to 5000 Tones per day.

In the case of the fifteen (15) year stability agreement, the holder of mining activities with production of no less than 5000 Tones per day or that will expand its operations to a level of production of no less than 5000 Tones per day, shall file a technical and economic Feasibility Study with an investment commitment of at least US\$ 20'000,000 for start-up operations, or at least US\$ 50'000,000 for expansion of existing operations.

### 5.4 Obligations of the Holders of Mineral Concessions

The holders of mineral concessions have the following obligations under the General Mining Law:

- (a) To carry out work on the mineral concessions they hold or, in other words, to effect the necessary investments for the production of mineral resources. Such production must be obtained at the latest prior to the expiration of the sixth year counted from the year in which the title to concession was granted. The volume of production (gross sales) must be equal to or higher than the equivalent in national currency of US\$ 100.00 per year and per hectare granted in the case of metallic substances, and of the equivalent in national currency of US\$ 50.00 per year and per hectare granted in the case of non-metallic substances.
- (b) Holders of mineral concessions are obligated to pay an annual license fee by June 30 of each year, currently charged at US\$ 3 per hectare per annum. If the minimum production levels described in a. above are not reached within six (6) years counted as from the year the title to concession is granted, the concession holder must make an additional payment so-called a Penalty ("*penalidad*") of US\$6.00 per hectare for the 7<sup>th</sup> through 11<sup>th</sup> year following the granting of the concession, and of US\$20.00 per hectare thereafter. The concession holder shall be exempted from the Penalty if the investment made during the previous year was ten (10) times the Penalty (i.e. US\$60 per hectare per year 7<sup>th</sup> through to 11<sup>th</sup>). Failure to pay license fees and/or penalties for two (2) consecutive years results in the forfeiture of the mineral concession.
- (c) For the fulfilment of the work obligations indicated above, the holder of more than one mineral concession of the same class and nature, may group them in Economic Administrative Units (or "*UEA*" as per the initials in Spanish) provided they are located within an area of 5 kilometres of radius in the case of non ferrous metallic minerals or primary auriferous metallic minerals; of 20 kilometres of radius in the case of iron, coal or non metallic minerals; and 10 kilometres in the auriferous detrital metallic deposits or of detrital heavy minerals.
- (d) To conduct operations in a workmanlike manner according to good industry practices by applying systems, methods and techniques that conduce to the best development of the activity, subject to the regulations on safety, health and environmental standards that apply to the mining industry in Peru. In the pursuit of such activities, damages to third parties must be avoided to the extent possible and the titleholder of the mineral concession is liable for all damages caused to such third parties.
- (e) To facilitate, at all times, free access to the mining authority to supervise compliance with the obligations that correspond to the concession holder.

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- (f) Holders of mining activities are required to submit an Annual Consolidated Statement (or “*DAC*” as per its initials in Spanish) each year containing such statistical information as shall be required by means of a Ministerial Resolution. This information is confidential. Additionally, in order to evidence investment in a mineral concession as described in b. above, holders of mining activity are required, once per year, to submit a Sworn Affidavit of Investment. Also, mining authorities require the filing of monthly statistical reports. Non-compliance with these requirements may result in fines.
- (g) To admit in their work centre, to the extent of their possibilities, the engineering students of the specialties of Mining, Metallurgy, Geology, Industrial and Chemical, so that they can be trained there during their vacation periods, and also to facilitate the visits that these may make to their installations.
- (h) To provide to the workers who work in zones that are far from villages, and to their dependent families, housing facilities, including the following:
  - (i) Adequate housing, to the worker and his family dependents indicated in this article;
  - (ii) Lodging facilities exclusively for the workers under a system that permits a number of days of work in exchange for a number of days of rest in a populated centre, in the way established by the regulations of the General Mining Law and in compliance with applicable labour laws;
  - (iii) Schools and their operation;
  - (iv) Adequate installations for recreation;
  - (v) Social assistance services; and,
  - (vi) Free medical and hospital attention, to the extent these are not covered by the entities of the Peruvian Social Security System.

In order to comply with this obligation, the holder of mining activity may promote housing programs in nearby towns, subject to the approval of the General Mining Direction.

- (i) To comply with all environmental, safety, hygiene, health and sanitation regulations, including providing complete and regular training programs in such matters, including a yearly filing of the Health and Safety Program and the organization of a Health and Safety Committee in each mining unit.

Pursuant to Law 28258 and its Regulations approved by Supreme Decree No. 157-2004-EF, holders of mining concessions are obligated to pay a royalty on the production obtained from such concessions as consideration to the State for the exploitation of natural resources, to be distributed among the regional government, province and district municipal governments (to be used for the benefit and development of local communities) and State-owned universities in the areas where the mining operations take place.

Royalties are calculated on the post-beneficiation (concentrate) value -or equivalent- of the product considering the international market quotation price of such product as per the following production tiers and sliding scale:

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- (i) First tier: production of up to US\$ 60 million per annum, the royalty payable is equal to one percent (1%).
- (ii) Second tier: on the excess of US\$ 60 million per annum and up to US\$ 120 million per annum production, the royalty payable is equal to two percent (2%).
- (iii) Third tier: on the excess of US\$ 120 million per annum production, the royalty payable is three per cent (3%).

The international prices that are to be used for the calculation and monthly payment of the royalty are published on a monthly basis by the Government and the tax administration is responsible for collection of the royalties.

Moreover, as of the beginning of this year, as a trade-off to convince the Government not to pass a law creating a windfall tax applicable to mining companies and considering the currently prevailing high metal prices, most producing mining companies have agreed with the Government to enter into “voluntary contribution” agreements pursuant to which they are to pay a maximum of 3.75% of their profits for the following four (4) years. Companies that come into production in the future are expected to enter into similar agreements, although they are not mandatory.

Provided the international metal prices remain within a certain range which is contemplated in the pro-forma agreements, such voluntary contribution payments shall be made directly by the companies to privately-managed funds that will invest in the development of infrastructure, health and education projects, among other similar projects, for the benefit of local communities located in the areas of interest of mining operations.

### 5.5 Contracts on Concessions

Peruvian law allows concession holders to enter into any kind of contract over their concessions, including applications for concessions, provided any such contract does not go against the express text of the law, contravenes public order or contradicts the nature of the particular concession.

The General Mining Law expressly regulates several forms of contracts that may be entered into in connection with a mineral concession, namely: (i) transfer agreements (for the whole concession or an interest in the concession);<sup>6</sup> (ii) option agreements; (iii) mining lease agreements; (iv) mortgages; and, (v) mining pledges.

Pursuant to article 163 of the General Mining Law, any such contracts are to be formalized by public deed executed before a Notary Public and shall be recorded in the Public Registry for Mining Rights of the jurisdiction where the mineral concessions are located to be enforceable against the State and third parties.

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<sup>6</sup> In the event an interest in a concession is acquired (or whenever more than one individual or company jointly hold the rights to a concession), a limited liability company shall be mandatorily formed between the holders of such interests in the concession as prescribed by the General Mining Law.

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### 5.6 Manners in which a Concession may revert to the Peruvian State

As per Chapter XI of the General Mining Law, the rights over a concession may be lost in favour of the State under the following circumstances:

- (a) Forfeiture: failure to make timely payment of the annual license fees or penalties, if applicable, for two (2) consecutive years.

Mineral, beneficiation, general works and transportation concession cannot be the subject of a declaration of forfeiture after five (5) years have elapsed from the occurrence of the alleged cause for such forfeiture, if the administrative authority has not issued the resolution of forfeiture. Such term shall not be applicable in case the respective administrative or judicial procedures have commenced before the expiry thereof.

- (b) Abandonment: the breach by the applicant of procedural rules for the granting of a concession.
- (c) Nullity: the concessions granted to individuals that are disqualified by the General Mining Law to hold concessions (among which are the President of the Republic, the Members of the Legislative Power and of the Judicial Power, the Ministers of State and other high-ranking Government-officials, during the time they are in office) are null.
- (d) Cancellation: the applications or concessions will be cancelled when they totally overlap priority mineral rights, or when it is not possible to locate the right in the Peruvian territory.
- (e) Material breach of environmental laws and regulations.

### 5.7 Concessions for General Works, Beneficiation and Transportation

The concessions for general works, beneficiation and transportation give the right to their holders to carry out the mining activities that correspond under each such concession.<sup>7</sup>

The obligations of the holders of such concessions are similar to those that must be fulfilled by the holders of mineral concessions.

The applications for the granting of the concessions for general works, beneficiation and transportation are to be filed with the General Mining Direction of the Ministry of Energy and Mines. Title to these concessions may also be recorded in the Public Registry for Mining Rights.

Furthermore, these concessions may revert to the Peruvian State in the same circumstances applicable to mineral concessions. The same contracts that may be entered into in connection with mineral concessions may be executed in connection with these concessions.

## 6. Surface Land

Holding a mineral concession in Peru does not grant automatic access to the surface land. Although an easement procedure is contemplated in Peruvian law, due to social and political reasons the mining authorities are reluctant to impose easements on landowners. Therefore, in practice

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<sup>7</sup> As defined in the General Mining Law, please refer to section 5.1 of this legal opinion.

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mining companies have to negotiate and enter into private agreements with landowners in order to have access to their land for purposes of conducting mining activities.

Law No. 26505, Law for the Private Investment in the Development of Economic Activities in the Lands of the National Territory and in Lands held by Agricultural Communities, provides that for the establishment of easements on lands to conduct mining activities, an agreement must be established between the holder of the concession and the owner of the land, and such agreement must be evidenced by a document formalized at a Notary Public or Justice of the Peace and must be reported to the General Mining Direction of the Ministry of Energy and Mines.

If no agreement is reached, the holder of a mineral concession is entitled to file an application to the General Mining Direction so that the Government may propitiate an agreement between both parties, acting as a mediator. If this agreement is not obtained, the holder of the mineral concession may request that the General Mining Direction initiates the procedure for the mandatory imposition of an easement, subject to payment of compensation. However, the final administrative resolution imposing an easement, if obtained, may still be questioned at the Judiciary.

### 7. Environmental Laws and Regulations

Law No. 28611, General Environmental Law, is the main legal norm that contains the general framework for the protection of the environment in Peru. As per such law, environmental competencies are distributed by sectors and, therefore -as described in section 5 above- the Ministry of Energy and Mines, through the General Direction of Environmental Affairs for Mining, is competent for environmental regulations in the mining sector and OSINERGMIN has supervision and enforcement powers.

Such General Environmental Law contemplates principles such as the internalization of costs principle and the environmental responsibility principle. As per the former, which is an extended version of the “polluter-payer” principle, any and all individuals or entities shall assume the cost of the risks or damages that it creates to the environment, including the cost of any actions required to prevent, supervise, restore, rehabilitate, repair and compensate for damages. On the other hand, the environmental responsibility principle, which is the other side of the same coin, establishes that the person that causes the degradation of the environment and its components, whether an individual or entity, is inexcusably obligated to adopt the measures necessary for its restoration, rehabilitation or repair, as appropriate, or, whenever the foregoing is not possible, to compensate in environmental terms for the damages generated, without prejudice to any other administrative, civil or criminal liabilities that may be applicable.

In connection with exploration projects in Peru, as is the case of the activities that would be conducted by SUPSAC, the Environmental Regulations for Mining Exploration Activities were passed by Supreme Decree No. 038-98-EM,<sup>8</sup> which establish that the holder of mining activities is responsible for the emissions, discharges and disposition of waste that results from its mining exploration activities carried out within the area of its concession(s). Therefore, such holders of mining activities are obligated to avoid and impede that any such emissions, discharged and dispositions surpass the established maximum permissible levels for concentrations or prolonged exposure that may have adverse effects to the environment. Any such prejudice to the environment shall be rehabilitated using the best available practices.

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<sup>8</sup> As amended by Supreme Decree No. 014-2007-EM published in the Official Gazette on March 10 2007.

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Such Environmental Regulations contemplate three (3) categories –depending on the intensity of the activities to be carried out- and the respective environmental authorizations that are applicable to mining exploration activities:

- (i) Category A: applicable to such exploration activities that cause little or no alteration to the surface, such as geological and geophysical studies, topographic analysis and collection of small quantities of rocks and minerals from the surface, using hand-held apparatus or instruments that may be transported over the land without causing more alterations to the surface than those that would be caused by persons that are not conducting exploration activities. The activities included in this category do not require an environmental authorization.
- (ii) Category B: comprises exploration activities that originate discharges and require the disposition of waste that may degrade the environment in the area, where the area effectively disturbed is that required to construct twenty (20) drilling platforms or less, the access roads between such platforms and ancillary facilities, provided such area does not exceed ten (10) hectares. Also included in this category are those exploration activities that require the construction of tunnels for less than fifty (50) metres. For purposes of engaging in the activities included in this category, holders of mining activities are required to previously file a Sworn Affidavit (including, among others, the schedule of activities and plans for remediation) with the General Direction of Environmental Affairs for Mining, which shall issue a Certificate of Environmental Viability within five (5) days of filing of the sworn affidavit, subject to the subsequent review of the veracity of such sworn affidavit.
- (iii) Category C: is referred to exploration activities that originate discharges and require the disposition of waste that may degrade the environment in the area, where the area effectively disturbed is that required to construct more than twenty (20) drilling platforms, the access roads between such platforms and ancillary facilities, or that exceed an area of ten (10) hectares. Also included in this category are those exploration activities that require the construction of tunnels for more than fifty (50) metres. In order to engage in the exploration activities comprised in this category, holders of mining activities are required to file a prior Environmental Evaluation (“EA” for its initials in Spanish) for the approval of the General Direction of Environmental Affairs for Mining. Such filing will be sent to the Regional authority and local Municipality and two (2) consecutive publications shall be made by the applicant in the Official Gazette. Any and all interested parties shall have a 20-day term to file comments or objections. After such period, in case there are no objections, the General Direction of Environmental Affairs for Mining shall have ten (10) calendar days to issue the resolution approving the EA.

Failure to comply with the provisions of the Environmental Regulations for Mining Exploration Activities may give rise to administrative sanctions, such as fines.

Mine closure has also been recently regulated in Peru through the Law for Mine Closure, Law No. 28090, approved in October 2003, as amended, and its regulations approved by Supreme Decree No. 033-2005-EM of August 2005. The subject has been even more recently regulated in connection with exploration activities, by means of an amendment to the aforementioned regulations, approved by Supreme Decree No. 046-2006-EM dated August 15, 2006.

## 12. LEGAL OPINION ON PERUVIAN CONCESSIONS

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The Law and its regulations, as amended, contemplate that holders of mining activities are responsible for carrying out the activities necessary to close their mining operations in an environmentally-sound manner and are obligated to file Closure Plans and provide the Government with appropriate guarantees of their performance thereunder. The regulations, as amended, establish that holders of subterranean exploration activities that imply the removal of more than 10,000 tonnes of material or more than 1,000 tonnes of material with neutralization potential (NP) over acidity potential (AP) lower than three ( $NP/AP < 3$ ), as measured in representative samples of the removed material, are obligated to file a Closure Plan as part of the EA or the modification to the EA relating to the activities for such quantities of material being removed, and shall be required to post bonds or other forms of guarantees for the compliance of such closure activities.

Peru also has laws protecting the country's cultural heritage, which establish administrative, civil and even criminal liabilities for any individual or company that carries out activities that may affect or cause damages to such cultural heritage. Obtaining a Certificate of Non-Existence of Archaeological Remains ("CIRA" for its initials in Spanish) from the National Institute of Culture ("INC" for its initials in Spanish) is required as part of the permitting process for the development of any mine and as a pre-condition for the approval of the full Environmental Impact Study required for such purposes.

### 8. Situation of Waters for Mining Exploration Use

According to the Water Law, Law No. 17752, water resources belong to the Nation. The Peruvian Government grants no private property over the Nation's water. The State, through the Ministry of Agriculture, only grants rights for the use of water.

Pursuant to Supreme Decree No. 078-2006-AG,<sup>9</sup> water rights are applied for and granted through an administrative procedure to be followed by the interested party at the corresponding Technical Administrator of the Water District (*Administrador Técnico del Distrito de Riego – ATDR*), Regional Direction of the Ministry of Agriculture or the Intendency for Hydric Resources of the National Institute for Natural Resources ("INRENA" for its initials in Spanish), depending on the kind of permit required. The following criteria will be used to evaluate the application:

- (i) availability of the water resource;
- (ii) actual need and use to be given to the water resource;
- (iii) its exercise being according to the social interest and the development of the country; and,
- (iv) priorities in the use of water at the specific area.

First priority for the use of water is given to primary needs and consumption by the adjacent population. Second priority is given to agricultural purposes. Third priority is given to power generation, industrial and mining purposes, while any other uses are given the last priority. In case more than one application is filed with the same ranking, the authorities will take into account the application that is more closely in line with the social interest.

The types of water rights that may be granted are: permits, authorizations and licenses. Permits grant the right to a company or individual to use waters in excess or remaining waters, subject to their availability. In the case of agriculture, a permit shall be granted for specific crops only. Authorizations are granted for a fixed term so that water may be used to carry out studies, construct infrastructure or other temporary or specific works. Licenses are water rights granted for an indefinite term and for any purposes allowed by the Water Law. In all cases the permit,

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<sup>9</sup> Published in the Official Gazette on December 28 2006.

## 12. LEGAL OPINION ON PERUVIAN CONCESSIONS

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authorization or license will specify a volume of water and may include other conditions for usage (such as seasonality).

For purposes of conducting exploration activities, an authorization for the use of water shall be requested to the Regional Direction of the Ministry of Agriculture. The request shall identify the applicant, indicate the water body from which the water resources are to be taken (name, point where the water shall be taken, place of water discharge, time frame, project description), including maps and payment of the corresponding administrative fees. The Regional Direction of the Ministry of Agriculture shall request the opinion of the Users Council (*Junta de Usuarios*) prior to granting the request for authorization.

### 9. Risk Factors

This section refers to specific risks that have not been mentioned in the preceding sections of this legal opinion or, in our view, need to be further detailed.

As described in section 6 of this report, there is a surface land access risk in the event that SUPSAC is unable to reach an understanding with the Communities and/or other persons holding rights over the surface land covering the mineral applications held by SUPSAC. Although the imposition of easements through the General Direction of Mines is an available avenue, it is not the recommended alternative considering that the final administrative resolution imposing an easement, if obtained, may still be questioned at the Judiciary by the landowner.

Related to the above and considering that mining projects usually are developed in high altitude areas of the country where there is a high index of poverty, social or community-relations issues with the stakeholders involved or impacted by such development is a matter common to all mining projects in Peru. In some cases, issues with the neighbouring communities have resulted in social unrest and protests, which in extreme cases have led to violent up-risings against the particular mining company. The risk of social unrest is a part of the overall country risk inherent to Peru. Such cases have been usually -rightly or wrongly- tied-up to claims of damages to the environment. Although the Peruvian Central Government is clearly pro-investment and has taken several actions, whenever necessary, to prevent or solve conflicts between mining companies and local stakeholders, such relationships are not immune to the prevailing political tendency of the regional and/or local authorities or the involvement of Non-Governmental Organisations (NGOs), which are sometimes internationally funded.

However, measures can be taken to mitigate such risks and develop a “good-neighbour” relationship with local stakeholders, which have granted the so-called “social license” to many mining projects in Peru, which are being successfully developed. In general terms it could be argued that most success stories are based on the establishment of sound and fluid channels of communication, transparency, and the prudent management of expectations.

SUPSAC may need to hire and obtain a report from consultants in Peru for the purpose of identifying recorded land owners. Such report should identify the owners that appear to have rights over the surface land over SUPSAC’s mineral applications, so that SUPSAC would have a clearer picture of the communities and other persons with whom it should negotiate access for exploration purposes. Considering the state of the Peruvian public records concerning land, this does not negate the possibility of un-recorded holders of land being present in the areas of interest of SUPSAC. As described above, SUPSAC will need to assess the titles of any such purported owners and conduct negotiations to achieve their authorization for access and, eventually, purchase land to develop SUPSAC’s mining projects.

## 12. LEGAL OPINION ON PERUVIAN CONCESSIONS

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### 10. Qualifications

As to matters with respect to which our opinion is stated to be “to our knowledge” or words of similar effect, we have not undertaken any independent examination of facts, but have based our opinion in sole reliance upon matters of which the attorneys in our firm who have devoted time to this matter have knowledge as of the date of this opinion.

We assume no obligation to update or supplement the opinions contained in this letter to reflect any fact or circumstance that may hereafter come to our attention or any change in law that may hereafter occur or become effective.

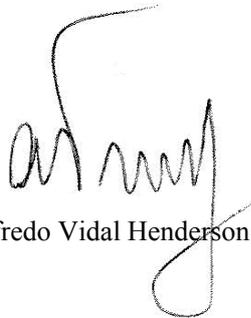
### 11. Consent

This legal opinion is given solely for the benefit of Alara and its directors and officers in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Miranda & Amado Abogados have consented to the inclusion of this legal opinion in the Prospectus in the form and context in which it is included and have not withdrawn that consent before the lodgement of the Prospectus with the Australian Securities & Investments Commission.

Yours faithfully,

MIRANDA & AMADO ABOGADOS



Alfredo Vidal Henderson

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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CHARTERED  
ACCOUNTANTS  
& BUSINESS  
ADVISORS

A MEMBER OF  
MOORES ROWLAND  
INTERNATIONAL

29 March 2007

The Directors  
Alara Uranium Limited  
c/-Charles Foti Business Services  
Level 1  
159 Main Street  
Osborne Park  
Perth WA 6017

Dear Sirs,

### INDEPENDENT ACCOUNTANT'S REPORT

#### 1. INTRODUCTION

The directors of Alara Uranium Limited ("Alara" or the "Company") have requested Bentleys MRI Perth Financial Services Pty Ltd ("Bentleys MRI") to report on the Balance Sheet of Alara and the Pro Forma Balance Sheet ("Pro Forma") as at 9 March 2007, assuming completion of certain transactions.

This report has been prepared for inclusion in a prospectus (the "Prospectus") to be dated on or around 29 March 2007, relating to an offer ("Offer") of 24,000,000 shares ("Shares") at 25 cents each to raise \$6,000,000, if fully subscribed. The minimum subscription of the Offer is the issue of 16,000,000 Shares at 25 cents each to raise \$4,000,000.

Oversubscriptions on the Offer may be accepted through the issue of a maximum total of 40,000,000 Shares at 25 cents each to raise \$10,000,000.

The Pro Forma Balance Sheet reported in Appendix A has assumed a full subscription of \$6,000,000.

If the minimum subscription has not been raised, all application monies will be returned to the applicants, pursuant to section 724(2) of the Corporations Act.

The Offer as described above is not underwritten.

#### 2. SCOPE OF OUR REPORT

##### *Background Information*

Alara is an unlisted Australian Public Company and was registered on 6 December 2006. The Company has not, to the date of the Prospectus, carried on any business activities.

The purpose of the Offer is to provide the Company with the necessary funds to enable it to meet its exploration expenditure requirements and to seek additional uranium opportunities in Australia and overseas. Refer to Section 6.5 of the Prospectus for further details.



**Bentleys MRI Perth**  
**Financial Services Pty Ltd**  
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T 61 8 9480 2000  
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## 13. INDEPENDENT ACCOUNTANT'S REPORT

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**ALARA URANIUM LIMITED  
INDEPENDENT ACCOUNTANT'S REPORT**

To enable the Company to achieve its objectives the Company will acquire three companies being Hume Mining NL (owned by Orion Equities Limited), Strike Uranium Pty Ltd (owned by Strike Resources Limited ("Strike")) and Strike Uranium Peru Pty Ltd (owned by Strike). A summary of the share sale agreements are contained in section 16 of the Prospectus. These companies hold mining tenements in Australia and Peru, which Alara intends to explore and develop.

The Company intends, within seven days from the date of the Prospectus, to apply to the Australian Securities Exchange for the shares offered by this Prospectus to be admitted to quotation. There are currently no options on issue in the Company and there is a proposed non-renounceable rights issue of options (for which a separate prospectus will be issued), as detailed in Section 6.11 of the Prospectus.

### ***Report on Actual and Pro Forma Financial Information***

We have conducted a review of the actual and Pro Forma Balance Sheets of the Company and the notes thereto as at 9 March 2007, as set out in Appendix A and B.

The purpose of the Pro Forma Balance Sheet is to show the financial effects on the Company as if the transactions outlined in Appendix A and B had taken place as 9 March 2007. The Pro Forma Balance Sheet has been based on the audit reviewed Balance Sheet of each company within the group, as at 9 March 2007 ("Financial Information").

We have reviewed the Financial Information in order to state whether anything has come to our attention that would indicate that the Financial Information as set out in Appendix A and B is not presented fairly on the basis of the proposed transactions and in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Australian Accounting Standards and other mandatory professional reporting requirements.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements and was limited primarily to enquiries and discussions with the directors and personnel of Alara, reading of directors minutes and relevant contracts, analytical procedures applied to the financial data, performance of certain limited verification procedures and comparison for consistency in application of accounting standards and policies. The significant accounting policies of the Company are detailed in Appendix B.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. As we have not performed an audit on the Financial Information of the Company as at 9 March 2007, we do not express an audit opinion.

### **3. STATEMENTS**

#### ***Financial Information***

Based on the scope of our review, which is not an audit, nothing has come to our attention which would require any modification to the Financial Information, as set out in Appendix A and B, in order for it to present fairly the financial position of the Company as at 9 March 2007, on the basis of the proposed transactions (also set out in Appendix A and B) and in accordance with the measurement requirements, but not all of the disclosure requirements, of applicable Australian Accounting Standards and other mandatory professional reporting requirements had the transactions taken place on 9 March 2007.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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**ALARA URANIUM LIMITED  
INDEPENDENT ACCOUNTANT'S REPORT**

### 4. SUBSEQUENT EVENTS

To the best of our knowledge and belief, and based on the work we have performed as described in the scope paragraph above, there have been no material transactions or events subsequent to 9 March 2007, other than those disclosed in the Prospectus, that would require comment on, or adjustment to, the information referred to in our report or that would cause the information included in this report to be misleading.

### 5. DISCLOSURES

Bentleys MRI does not have any pecuniary interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. Bentleys MRI will receive a fee for the preparation of this report.

The directors have agreed to indemnify and hold harmless Bentleys MRI and its employees from any claims arising out of misstatement or omission in any material or information supplied by the directors.

Consent for the inclusion of the Independent Accountant's Report in this Prospectus in the form and context in which it appears has been given. At the date of this report this consent has not been withdrawn.

Yours faithfully

**BENTLEYS MRI PERTH FINANCIAL SERVICES PTY LTD**

A handwritten signature in black ink that reads 'P. Warr.' with a small flourish at the end.

**P W WARR  
Director**

## 13. INDEPENDENT ACCOUNTANT'S REPORT



ALARA URANIUM LIMITED  
INDEPENDENT ACCOUNTANT'S REPORT

### APPENDIX A

#### BALANCE SHEET

Set out below is the Balance Sheet of Alara Uranium Limited as at 9 March 2007, and the Consolidated Pro Forma Balance Sheet of the Company as at 9 March 2007 on the basis of the assumptions contained in Note 1.12 of Appendix B. The significant accounting policies upon which the Balance Sheet and the Pro Forma Balance Sheet of the Company are based are contained in Appendix B.

ALARA URANIUM LIMITED  
BALANCE SHEET

		UNAUDITED	REVIEWED PRO FORMA
		ALARA URANIUM LIMITED	ALARA URANIUM LIMITED CONSOLIDATED
<b>Current Assets</b>	<b>Note</b>		
Receivables		94	7,659
Cash at bank	2	41,397	5,217,611
Total Current Assets		41,491	5,225,270
<b>Non Current Assets</b>			
Mining Tenements	3	-	5,576,221
Total Non - Current Assets		-	5,576,221
<b>Net Assets</b>		41,491	10,801,491
<b>Equity</b>			
Issued Capital	4	55,000	10,815,000
Accumulated Profit/(Losses)		(13,509)	(13,509)
		41,491	10,801,491

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### APPENDIX B

#### NOTES TO THE BALANCE SHEET

##### 1. BASIS OF PREPARATION

The balance sheet as at 9 March 2007 has been drawn up in accordance with the measurement requirements, but not the disclosure requirements, of applicable Australian Accounting Standards and other mandatory professional requirements.

##### Statement Of Significant Accounting Policies

The financial report (comprising the financial statements and notes thereto) is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report includes separate financial statements for Alara Uranium Limited ("Company"). The consolidated entity consisting of Hume Mining NL (incorporated on 29 March 1994 and owned by Orion Equities Limited) ("Hume"), Strike Uranium Pty Ltd (incorporated on 5 February 2007 and owned by Strike Resources Limited) ("SU") and Strike Uranium Peru Pty Ltd (incorporated on 9 March 2007 and owned by Strike) ("SUP"). Strike Uranium Peru Pty Ltd has one subsidiary, Strike Uranium Peru S.A.C., is a Peruvian Company incorporated on 1 March 2007 ("SUPSAC"). Alara Uranium Limited is a company limited by shares, incorporated on 6 December 2006 and domiciled in Australia.

The financial report complies with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial report.

##### Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of financial assets and financial liabilities for which the fair value basis of accounting has been applied.

##### 1.1. Principles of Consolidation

A controlled entity is any entity the Company has the power to control the financial and operating policies of so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### NOTES TO THE BALANCE SHEET (continued)

#### 1.2. Mineral Exploration and Evaluation Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence or otherwise of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Under AASB 6 "Exploration for and Evaluation of Mineral Resources", if facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the Company must perform impairment tests on those assets and measure any impairment in accordance with AASB 136 "Impairment of Assets". Any impairment loss is to be recognised as an expense. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Mining assets acquired in a business combination are capitalised at cost and are subject to impairment testing reviews.

#### 1.3. Foreign Currency Transaction and Balances

##### *Functional and presentation currency*

The functional currency of each entity within the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### *Transaction and balances*

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge. Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

##### *Group companies*

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- (a) assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- (b) income and expenses are translated at average exchange rates for the period; and
- (c) retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### NOTES TO THE BALANCE SHEET (continued)

#### 1.4. Income Tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The amount of deferred tax assets benefits brought to account or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### 1.5. Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### 1.6. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts (if any) are shown within short-term borrowings in current liabilities on the balance sheet.

#### 1.7. Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when considered non-recoverable.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### NOTES TO THE BALANCE SHEET (continued)

#### 1.8. Investments and Other Financial Assets

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss - A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**Loans and receivables** - Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

**Held-to-maturity investments** - These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

**Available-for-sale financial assets** - Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities** - Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

#### 1.9. Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### 1.10. Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### NOTES TO THE BALANCE SHEET (continued)

#### 1.11. Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

#### 1.12. Basis of Preparation

The Pro Forma Balance Sheet in Appendix A includes the following adjustments

- i) Issue of 24,000,000 shares at 25 cents per share to raise \$6,000,000 if fully subscribed.
- ii) Issue of 28,750,000 shares to Vendor (Strike Resources Limited) to acquire all of the issued share capital of Strike Uranium Pty Limited and Strike Uranium Peru Pty Limited.
- iii) Issue of 6,250,000 shares to Vendor (Orion Equities Limited) to acquire all of the share capital of Hume Mining NL.
- iv) The settlement of existing liabilities of \$438,957 in companies acquired from Vendors.

Vendor shares have been valued at fair value for accounting purposes after consideration of factors including escrow provisions, range of subscriptions offered and Offer not being underwritten.

The assumption underlying the Pro Forma Balance Sheet is set out below:

- The Pro Forma Balance Sheet has been prepared on the basis that the Offer will be fully subscribed and that no Oversubscriptions will be accepted; and
- Estimated costs of the Offer totalling \$400,000 as detailed in Section 8.2 of the Prospectus.

**13. INDEPENDENT ACCOUNTANT'S REPORT****NOTES TO THE BALANCE SHEET (continued)**

	NOTES	UNAUDITED	REVIEWED PRO FORMA
		\$	\$
<b>2. Cash Assets</b>			
Cash and cash equivalents		41,397	5,217,611
Reconciliation of movement in cash:			
Opening balance		41,397	41,397
Issue of 24,000,000 Shares at 25 cents	<b>1.12(i)</b>	-	6,000,000
Acquisition of cash assets of subsidiary	<b>1.12 (iii)</b>	-	15,171
Settlement of liabilities of subsidiaries	<b>1.12 (iv)</b>	-	(438,957)
Associated costs of the Share Offer	<b>1.12</b>	-	(400,000)
Closing balance		41,397	5,217,611
<b>3. Mining Exploration</b>			
Mining Exploration Expenditure		-	5,576,221
Reconciliation of movement in Mining Exploration Expenditure project expenditure:			
Opening balance		-	-
Acquisition of mining exploration tenements	<b>1.12 (ii-iii)</b>	-	5,576,221
Closing balance		-	5,576,221

## 13. INDEPENDENT ACCOUNTANT'S REPORT



### NOTES TO THE BALANCE SHEET (continued)

	NOTES	UNAUDITED	REVIEWED PRO FORMA
<b>4. Issued Share Capital</b>			
Issued and paid up ordinary Share Capital		55,000	10,800,000
Opening balance		55,000	55,000
Issue of 24,000,000 shares at 25 cents	<b>1.12(i)</b>	-	6,000,000
Issue of shares to Vendors	<b>1.12 (ii)-(iii)</b>	-	5,160,000
Total estimated costs of the Offer	<b>1.12</b>	-	(400,000)
Closing balance		55,000	10,815,000
Movements in number of ordinary Shares			
<b>Details:</b>			<b>Number</b>
Balance as at 9 March 2007			5,500,000
Issue of 24,000,000 shares at 25 cents	<b>1.12(i)</b>		24,000,000
Issue of 28,750,000 Shares to Vendors (Strike)	<b>1.12(ii)</b>		28,750,000
Issue of 6,250,000 Shares to Vendors (Orion)	<b>1.12(iii)</b>		6,250,000
Closing balance			64,500,000

### 5. RELATED PARTY DISCLOSURES

We have not examined related party transactions as part of this independent accountants report as these are disclosed elsewhere in this prospectus.

## 13. INDEPENDENT ACCOUNTANT'S REPORT

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### NOTES TO THE BALANCE SHEET (continued)

#### 6 COMMITMENTS

##### (a) Exploration Tenement Leases - Commitments for Expenditure

In order to maintain current rights of tenure to its Australian exploration tenements, the Consolidated Entity is required to outlay lease rentals and meet minimum expenditure commitments. Based on tenements which have been granted as at the date of this report, the Consolidated Entity has a twelve month commitment of \$347,437

Financial commitments for subsequent periods are contingent upon future exploration and evaluation results and cannot be estimated. These obligations are subject to renegotiation upon expiry of the tenement lease or when application for a mining lease is made and have not been provided for in the accounts.

For further details of proposed capital commitments and expenditure refer to Section 9.4 of the Prospectus.

##### (b) Standard Heritage Protection Agreements

These agreements facilitate the preservation of aboriginal heritage through the protection of aboriginal sites and objects upon the grant of mining tenements. The Heritage Protection Agreements require the Consolidated Entity to conduct aboriginal heritage surveys prior to conducting exploration that is not low impact in nature and detail procedures to be followed if an aboriginal site is identified.

Details of material contracts entered into by the Company are disclosed in Section 16 of the Prospectus.

#### 7. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities exist in relation to certain resource projects of the Consolidated Entity subject to the continued development and advancement of the same.

(a) **Royalty to Central Exchange Mining Ltd** – By an agreement entered into between Hume, Strike Resources Limited (“SRK”), SU and Central Exchange Mining Ltd (a Subsidiary of Orion Equities Limited) (“CXML”) dated 9 February 2007 for the assignment by Hume of a 2% royalty entitlement (owed to Hume by SRK under an agreement between Hume and SRK dated 15 September 2005 (as amended)) to CXML. Under the above agreements, CXML is entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from the Company arising from any commercial exploitation of any minerals from the tenements the subject of the abovementioned 15 September 2005 Agreement.

(b) **Native Title** - the Consolidated Entity's mining tenements in Australia may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Consolidated Entity.

#### 8. OTHER

Uranium mining is subject to extensive government regulation and policy in Australia, which may impact future impairment testing of associated mining assets.

## 14. BOARD OF DIRECTORS & PROPOSED DIRECTORS

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### 14.1 BOARD OF DIRECTORS AND PROPOSED DIRECTORS

The existing Directors of the Company are Mr Peter Wallace, Mr Robert Foti and Mr David Foti. Following completion of the Share Sale Agreements and the Issue, these existing Directors will resign and the following Proposed Directors will be appointed.

#### **Dr John Stephenson — Proposed Non-Executive Chairman**

*Qualifications* — BSc (honours) in Geology from the University of London through the former University College of Rhodesia and a PhD in Geology from the University of Manitoba, Canada.

*Experience* — Dr Stephenson is a highly experienced geologist with over 37 years experience in the mining sector. He has held senior positions in large mining companies, most recently as Exploration Director for Rio Tinto Australasia where he led Rio Tinto's exploration activities for five and a half years based in Perth.

Dr Stephenson has also during his career led and managed exploration teams for both junior and major mining companies in several parts of the world, mainly in Southern and East Africa, North America and Australia exploring for gold, uranium, diamonds and base metals. He has also been involved with projects in Europe, South America and India. He led teams responsible for the discovery of a world class diamond deposit, the Diavik diamond mine in Canada's Northwest Territories for which he recently received an award; and a high grade gold deposit, the former Golden Patricia gold mine in Ontario.

Dr Stephenson has particular experience in the uranium sector having in the early to mid 1970's led reconnaissance airborne and ground surveys for uranium in Canada. Between 1978-1981, Dr Stephenson headed the ground follow-up of a country-wide airborne radiometric and magnetic survey for uranium and other minerals in Tanzania. In the early 90's Dr Stephenson led exploration for a subsidiary of Rio Tinto exploring for uranium and base metals in eastern Canada. Dr Stephenson also led Rio Tinto's exploration activities in Australia in the late 90's which included the search for uranium.

*Relevant interest in shares* — None

*Other current directorships in listed entities* — Chairman of Strike Resources Limited (since 26 October 2005)

*Former directorships in other listed entities in past 3 years* — None

#### **H. Shanker Madan — Proposed Managing Director**

*Qualifications* — Honours and Masters Science degrees in Applied Geology

*Experience* — Mr Madan has had world-wide experience in the exploration and evaluation of mineral deposits for various commodities. Mr Madan has been a Manager with Hamersley Iron, Group Leader with BHP Minerals, Chief Geologist with Hancock and Wright Prospecting and a Senior Geological Consultant to the Rio Tinto Group.

Mr Madan has managed a range of mineral evaluation studies in Iran, Brazil and Western Australia for BHP, Rio Tinto and Hamersley Iron. He has also acted as a consultant to Rio Tinto, Ashton Mining and others on mineral projects in Brazil, South Africa, India, the Philippines, Fiji and United States, working on a range of iron-ore, diamonds, gold, copper and chromite deposits.

He has been involved in the discovery of 3 world class iron deposits in Western Australia for TexasGulf and BHP Minerals. From 1997 to 2001, Mr Madan managed the evaluation of resource projects for Hamersley Iron and more recently completed a resource due diligence study of the billion-dollar West Angelas project in the Pilbara region of Western Australia.

*Relevant interest in shares* — None

*Other current directorships in listed entities* — Managing Director of Strike Resources Limited (since 26 September 2005)

*Former directorships in other listed entities in past 3 years* — None

## 14. BOARD OF DIRECTORS & PROPOSED DIRECTORS

### Farooq Khan — Proposed Executive Director

*Qualifications* — BJuris , LLB. (*Western Australia*)

*Experience* — Mr Khan is a qualified lawyer having previously practiced principally in the field of corporate law. Mr Khan has extensive experience in the securities industry, capital markets and particularly capital raisings, mergers and acquisitions and investments. Mr Khan has also led the executive management of a number of ASX listed companies through their establishment and growth

*Relevant interest in shares* — None

*Other current directorships in listed entities* — Current Chairman and Managing Director of:  
(1) Queste Communications Ltd (since 10 March 1998)

Current Chairman of:

- (2) Orion Equities Limited (OEQ) (since 23 October 2006)
- (3) Bentley International Limited (BEL) (director since 2 December 2003)
- (4) Scarborough Equities Limited (SCB) (since 29 November 2004)

Current Executive Director of:

- (5) Strike Resources Limited (SRK) (since 9 September 1999)

*Former directorships in other listed entities in past 3 years* — Formerly Chairman and Managing Director of:  
(1) Altera Capital Limited (26 November 2001 to 18 October 2005);  
(2) Sofcom Limited (3 July 2002 to 18 October 2005)

### 14.2 DIRECTORS' INTERESTS IN SECURITIES

At the date of this Prospectus the relevant interests of each of the existing Directors and Proposed Directors in the Shares of the Company are as follows:

Directors / Proposed Directors	No. of Shares
Peter Wallace	150,000 <sup>2</sup>
Robert Foti	75,000 <sup>3</sup>
David Foti	75,000 <sup>4</sup>
John Stephenson	-. <sup>5</sup>
H. Shanker Madan	-. <sup>5</sup>
Farooq Khan	-. <sup>5</sup>

2 Held by BRW Consulting Services Pty Ltd A.C.N 112 787 309 in which Mr Wallace is the sole director and secretary and his spouse, Mrs Jane Wallace, has a 33.33% shareholding interest.

3 Held by Charles Foti Corporation Pty Ltd A.C.N 108 117 059 in which Mr Robert Foti is one of 3 directors and his father, Mr Charles Foti, is the sole shareholder as trustee for the Charles Foti Corporation Trust, of which Mr Robert Foti is a beneficiary.

4 Held by Charles Foti Corporation Pty Ltd A.C.N 108 117 059 in which Mr David Foti is one of 3 directors and his father, Mr Charles Foti, is the sole shareholder as trustee for the Charles Foti Corporation Trust, of which Mr David Foti is a beneficiary.

5 Refer Section 14.7 of this Prospectus.

There are currently no Options on issue in the Company.

Nothing in this Prospectus will be taken to preclude Directors, Proposed Directors, officers or employees of the Company from applying for Shares under this Prospectus.

### 14.3 DIRECTORS' REMUNERATION

The Constitution of the Company provides that the non-Executive Directors are entitled to remuneration as determined by the Company in general meeting to be apportioned among them in such manner as the Directors agree. Non-executive directors' fees not exceeding an aggregate of \$165,000 per annum have been approved by the Company in general meeting.

Subject to any contract with the Company and to the Corporations Act, the Board may fix the remuneration of each Executive Director. That remuneration may consist of salary, bonuses, participation in profits of the Company or of any other company in which the Company is interested, a percentage of any increase in the market capitalisation of the Company or by any or all of those modes but may not be by way of commission on or percentage of operating revenue of the Company.

The existing Directors have agreed not to receive any remuneration.

## 14. BOARD OF DIRECTORS & PROPOSED DIRECTORS

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The remuneration of the Proposed Directors has not been determined and will be fixed by the new Board.

In addition to the remuneration outlined above:

- (a) the Company is required to pay Directors employer superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation.
- (b) The Company may also pay the Directors' travelling and other expenses that they properly incur in attending Directors' meetings or any meetings of committees of Directors, in attending any general meetings of the Company, and in connection with the Company's business;
- (c) If a Director, at the request of the Board and for the purposes of the Company, performs extra services or undertakes any executive or other work for the Company beyond his or her general duties, the Company may pay that Director a fixed sum or salary set by the Board. Such remuneration may be either in addition to or in substitution for any remuneration to which that Director is entitled as described above.

The Company does not presently have any equity (shares or options) based remuneration arrangements pursuant to any executive or employee Share or Option plan or otherwise.

The Company does not presently provide retirement benefits or incentive/performance based benefits to Directors.

The Company intends to investigate the implementation of such arrangements in the future which will be put to shareholders for approval at that time.

The Company does not presently have formal service agreements or employment contracts with the Directors or Proposed Directors.

Under the Company's Constitution:

- (a) A Director of the Company may be or become a director, officer, employee or member of any company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise and is not accountable for any reasonable benefits received as a director, officer, employee or member of the other company.
- (b) A Managing Director of the Company may, with the prior approval of the other Directors (such approval not to be unreasonably withheld), act as a managing director of another company.

### 14.4 OFFICERS' INDEMNITY AND INSURANCE

The Company's Constitution provides that to the extent permitted by the Corporations Act:

- (i) the Company may indemnify:
  - (a) every person who is or has been an officer of the Company; and
  - (b) where the Board considers it appropriate to do so, any person who is or has been an officer of a related body corporate of the Company;

against any liability incurred by that person in his or her capacity as an officer of the Company or of the related body corporate (as the case may be).

- (ii) The Company may pay a premium in respect of a contract insuring a person who is or has been an officer of the Company or a related body corporate of the Company against any liability incurred by the person as an officer of the Company or a related body corporate except a liability (other than one for legal costs) arising out of conduct involving a wilful breach of duty in relation to the Company or a contravention of section 182 or 183 of the Corporations Act.

The Company has a directors' and officers' liability insurance policy which covers all Directors and officers of the Company.

### 14.5 DIRECTORS' DEEDS

In addition to the rights of indemnity provided under the Company's Constitution (to the extent permitted by the Corporations Act), the Company has also entered into a deed with each of the existing Directors and the Proposed Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries). By the Deeds:-

1. The Company is to retain, and the Director is granted access to, Board papers and company books (subject to confidentiality and privilege) both while the Director is a director of the Company and after the Director ceases to hold office, for the purposes expressly permitted by the deed.
2. The Company is required (to the extent permitted by the Act) to indemnify the Director against:

## 14. BOARD OF DIRECTORS & PROPOSED DIRECTORS

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- 2.1 any liability incurred by the Director (before or after the date of entry into the Deed) as an officer of the Company or as an officer of a Relevant Entity (ie, a wholly owned subsidiary of the Company);
- 2.2 legal costs which the Director pays or becomes liable to pay in defending or resisting legal proceedings for a liability incurred as an officer of the Company or as an officer of a Relevant Entity or in seeking relief from such a liability under the Act; and
- 2.3 legal costs which the Director pays or becomes liable to pay in connection with any legal proceeding of an official person relating to the Company or a Relevant Entity which involves the Director because of his present or former capacity as an officer of the Company or Relevant Entity;
3. The Company must (subject to the Act) use its best efforts to ensure that, so far as practical (having regard to the cost of coverage and its availability), the Director is insured under a directors' and officers' insurance policy against liability incurred as an officer of the Company or of a Relevant Entity ("**D & O Policy**") for the period that each Director is a director of the Company and for 2 years after that Director ceases to hold office, and to pay the insurance premiums on that D & O Policy.
4. Subject to the terms of the deed and the Corporations Act, the Company may, at the request of the Director and on such terms as it thinks fit, advance monies to the Director to meet any costs or expenses of the Director incurred in circumstances relating to the indemnities provided under the deed and prior to the outcome of a legal proceeding. The Company cannot make such an advance to a Director in respect of legal costs incurred in a legal proceeding initiated by the Company against the Director. Advances must be repaid by the Director once the outcome of the legal proceeding is known, but may be set-off by indemnities from the Company (where permitted by the deed and the Corporations Act);
5. The Company must reimburse the Director for the reasonable expense of obtaining independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director of the Company; and

6. The regulation of the Company's and the Director's rights and obligations in respect of confidential information, legal proceedings against the Director, disclosure of Director's benefits and notifiable interests and related party benefits.

### 14.6 OTHER INTERESTS OF DIRECTORS

Other than as set out below or elsewhere in this Prospectus:

- (a) no Director or proposed Director of the Company, and no firm in which a Director or proposed Director of the Company is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:
- (i) the formation or promotion of the Company;
  - (ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of Shares under this Prospectus;
  - (iii) the offer of Shares under this Prospectus,
- (b) no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed Director of the Company:
- (i) to induce them to become, or to qualify them as, a Director; or
  - (ii) for services rendered by them in connection with the formation or promotion of the Company.

The Company has entered into the IPO Funding Deed with BRW Consulting Services Pty Ltd A.C.N 112 787 309<sup>6</sup> (BRW) pursuant to which BRW has agreed to advance monies, provide financial support (including but not limited to the provision of guarantees on behalf of the Company) and indemnify the Company for all costs and expenses incurred by the Company in undertaking and completing the Offer/Issue, through (inter alia) the provision of unsecured non recourse loans to the Company as requested by the Company from BRW from time to time.

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- 6 In which Mr Wallace is the sole director and secretary and his spouse, Mrs Jane Wallace, has a 33.33% shareholding interest.

## 14. BOARD OF DIRECTORS & PROPOSED DIRECTORS

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Subject to completion of the Issue and the raising by the Company of the Minimum Subscription, the Company has agreed to repay any funds advanced by BRW to the Company within 14 days from completion of the Issue.

BRW has agreed that should the Offer not proceed for any reason whatsoever any monies advanced by BRW to the Company shall be treated as a non recourse loan owing by the Company to BRW and repayable by the Company at its absolute discretion as to the quantum of repayment and the time of repayment.

### 14.7 OTHER MATTERS

The Company notes that:

- (a) All of the Proposed Directors are also directors of Strike;
- (b) Proposed Directors, Messrs H. Shanker Madan and Farooq Khan are also directors of Strike Uranium and Strike Uranium Peru;
- (c) Mr Khan is also a director of Orion and Hume.

The Company notes that the proposed Company Secretary, Mr Victor Ho (who will replace Mr Robert Foti following completion of the Share Sale Agreements and the Issue), is also a director and company secretary of Strike, Strike Uranium, Strike Uranium Peru, Orion and Hume.

Upon completion of the Strike Uranium Sale and Peru Sale Agreements, the Company will issue 28.75 million Shares to Strike as consideration for the acquisition of Strike Uranium and Strike Uranium Peru.

Upon completion of the Hume Sale Agreement, the Company will issue 6.25 million Shares to Orion as consideration for the acquisition of Hume.

The Company has also set aside a Priority Allocation of up to 2 million Shares (**Orion Priority Pool**) for Orion Equities Limited (**Orion**) under the Offer.

## 15. CORPORATE GOVERNANCE

### 15.1 COMPLIANCE WITH CORPORATE GOVERNANCE COUNCIL'S PRINCIPLES

The extent to which the Company has followed the ASX Corporate Governance Council's 10 principles of good corporate governance and best practice recommendations are as follows:

<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	<b>Compliance</b>	<b>CGS References / Comments</b>
1.1 Formalise and disclose the functions reserved to the board and those delegated to management.	Yes	2, 3.3, 4.1
1.2 Provide the information indicated in Guide to reporting on Principle 1.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>an explanation of any departure from best practice recommendation 1.1.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>the statement of matters reserved for the board or a summary of the board charter or the statement of delegated authority to management.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>		
2.1 A majority of the board should be independent directors.	No	3.5
2.2 The chairperson should be an independent director	Yes	3, 3.3, 3.5
2.3 The roles of chairperson and chief executive officer should not be exercised by the same individual.	Yes	3, 3.2, 3.3, 4.1
2.4 The board should establish a nomination committee	No	4.2
2.5 Provide the information indicated in Guide to reporting on Principle 2.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report</li> <li>the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds</li> <li>a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company</li> <li>the term of office held by each director in office at the date of the annual report</li> <li>the names of members of the nomination committee and their attendance at meetings of the committee</li> <li>an explanation of any departures from best practice recommendations 2.1, 2.2, 2.3, 2.4 or 2.5.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>a description of the procedure for the selection and appointment of new directors to the board</li> <li>the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee</li> <li>the nomination committee's policy for the appointment of directors.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>		
3.1 Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:	No	6
3.1.1 the practices necessary to maintain confidence in the company's integrity		
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2 Disclose the policy concerning trading in company securities by directors officers and employees.	Yes	3.8

## 15. CORPORATE GOVERNANCE

<b>PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING</b>	<b>Compliance</b>	<b>CGS References / Comments</b>
<p>3.3 Provide the information indicated in Guide to reporting on Principle 3.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>• explanation of any departures from best practice recommendations 3.1, 3.2 or 3.3.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• any applicable code of conduct or a summary of its main provisions. This disclosure may be the same as that required under Principle 10.</li> <li>• the trading policy or a summary of its main provisions.</li> </ul>	Yes	Annual Reports Website CGS 3.8
<b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>		
4.1 Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.	Yes	4.1, 7
4.2 The board should establish an audit committee.	No	4.2
4.3 Structure the audit committee so that it consists of:	No	4.2, 3
• only non-executive directors		
• a majority of independent directors		
• an independent chairperson, who is not chairperson of the board		
• at least three members.		
4.4 The audit committee should have a formal charter.	No	4.2
<p>4.5 Provide the information indicated in Guide to reporting on Principle 4.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>• details of the names and qualifications of those appointed to the audit committee, or, where an audit committee has not been formed, those who fulfil the functions of an audit committee</li> <li>• the number of meetings of the audit committee and the names of the attendees</li> <li>• explanation of any departures from best practice recommendations 4.1, 4.2, 4.3, 4.4 or 4.5.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• the audit committee charter</li> <li>• information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1 Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Yes	7, 8.2
<p>5.2 Provide the information indicated in Guide to reporting on Principle 5.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>• explanation of any departures from best practice recommendation 5.1 or 5.2.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• a summary of the policies and procedures designed to guide compliance with Listing Rule disclosure requirements.</li> </ul>	Yes	Annual Reports Website CGS

## 15. CORPORATE GOVERNANCE

<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>	<b>Compliance</b>	<b>CGS References / Comments</b>
6.1 Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings	Yes	8.1
6.2 Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.	Yes	Annual General Meetings
6.3 Provide the information indicated in Guide to reporting on Principle 6.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• explanation of any departures from best practice recommendations 6.1 or 6.2.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• a description of the arrangements the company has to promote communication with shareholders.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>		
7.1 The board or appropriate board committee should establish policies on risk oversight and management.	Yes	7
7.2 The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:  7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board.  7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Yes	7
7.3 Provide the information indicated in Guide to reporting on Principle 7.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• explanation of any departures from best practice recommendations 7.1, 7.2 or 7.3.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• a description of the company's risk management policy and internal compliance and control system.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE</b>		
8.1 Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Yes	3.11
8.2 Provide the information indicated in Guide to reporting on Principle 8.  The following material should be included in the corporate governance section of the annual report: <ul style="list-style-type: none"> <li>• whether a performance evaluation for the board and its members has taken place in the reporting period and how it was conducted</li> <li>• an explanation of any departure from best practice recommendation 8.1.</li> </ul> The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: <ul style="list-style-type: none"> <li>• a description of the process for performance evaluation of the board, its committees and individual directors, and key executives.</li> </ul>	Yes	Annual Reports Website CGS

## 15. CORPORATE GOVERNANCE

<b>PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY</b>	<b>Compliance</b>	<b>CGS References / Comments</b>
9.1 Provide disclosure in relation to the company's remuneration policies to enable investors to understand (i) the costs and benefits of those policies and (ii) the report link between remuneration paid to directors and key executives and corporate performance.	Yes	Annual Reports
9.2 The board should establish a remuneration committee.	No	4.2
9.3 Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Yes	Annual Reports
9.4 Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	N/A	No equity-based executive remuneration in place
<p>9.5 Provide the information indicated in Guide to reporting on Principle 9.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>• disclosure of the company's remuneration policies referred to in best practice recommendation 9.1 and in Box 9.1</li> <li>• the names of the members of the remuneration committee and their attendance at meetings of the committee</li> <li>• the existence and terms of any schemes for retirement benefits, other than statutory superannuation, for non-executive directors</li> <li>• an explanation of any departures from best practice recommendations 9.1, 9.2, 9.3, 9.4 or 9.5.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that committee.</li> </ul>	Yes	Annual Reports Website CGS
<b>PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS</b>		
10.1 Establish and disclose a code of conduct to guide compliance with legal and other obligations.	No	6
<p>10.2 Provide the information indicated in Guide to reporting on Principle 10.</p> <p>The following material should be included in the corporate governance section of the annual report:</p> <ul style="list-style-type: none"> <li>• an explanation of any departure from best practice recommendation 10.1.</li> </ul> <p>The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:</p> <ul style="list-style-type: none"> <li>• any applicable code of conduct or a summary of its main provisions.</li> </ul>	Yes	Annual Reports Website CGS

## 15. CORPORATE GOVERNANCE

### 15.2 CORPORATE GOVERNANCE STATEMENT (CGS)

#### 1. Framework and Approach to Corporate Governance and Responsibility

The Board is committed to maintaining the highest standards of Corporate Governance. Corporate Governance is about having a set of core values and behaviours that underpin the Company's activities and ensure transparency, fair dealing and protection of the interests of stakeholders.

The Board of Directors supports the Principles of Good Corporate Governance and Best Practice Recommendations developed by the ASX Corporate Governance Council ("**Council**"). The Company's practices are largely consistent with the Council's guidelines - the Board considers that the implementation of some recommendations are not appropriate having regard to the nature and scale of the Company's activities and size of the Board. The Board uses its best endeavours to ensure exceptions to the Council's guidelines do not have a negative impact on the Company and the best interests of shareholders as a whole.

Details of all of the Council's recommendations can be found on the ASX website at [http://www.asx.com.au/about/CorporateGovernance\\_A2.shtm](http://www.asx.com.au/about/CorporateGovernance_A2.shtm).

#### 2. Board of Directors - Role and responsibilities

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. The Board is also responsible for the overall corporate governance of the Company, and recognises the need for the highest standards of behaviour and accountability in acting in the best interests of the Company as a whole. The Board also ensures that the Company complies with all of its contractual, statutory and any other legal or regulatory obligations. The Board has the final responsibility for the successful operations of the Company.

Where the Board considers that particular expertise or information is required, which is not available from within their number, appropriate external advice may be taken and reviewed prior to a final decision being made by the Board.

Without intending to limit the general role of the Board, the principal functions and responsibilities of the Board include the following.

- (1) formulation and approval of the strategic direction, objectives and goals of the Company;
- (2) the prudential control of the Company's finances and operations and monitoring the financial performance of the Company;
- (3) the resourcing, review and monitoring of executive management;
- (4) ensuring that adequate internal control systems and procedures exist and that compliance with these systems and procedures is maintained;

- (5) the identification of significant business risks and ensuring that such risks are adequately managed;
- (6) the timeliness, accuracy and effectiveness of communications and reporting to shareholders and the market;
- (7) the establishment and maintenance of appropriate ethical standards;
- (8) responsibilities typically assumed by an audit committee including:
  - (a) reviewing and approving the audited annual and reviewed half yearly financial reports;
  - (b) reviewing the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal;
- (9) responsibilities typically assumed by a remuneration committee including:
  - (a) reviewing the remuneration and performance of both Executive and Non-Executive Directors;
  - (b) setting policies for Executives' remuneration, setting the terms and conditions of employment for Executives, undertaking reviews of Executive's performance, including, setting goals and reviewing progress in achieving those goals;
  - (c) reviewing the Company's Executive and employee incentive schemes and making recommendations on any proposed changes.
- (10) responsibilities typically assumed by a nomination committee including:
  - (a) devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors;
  - (b) oversight of Board and Executive succession plans.

#### 3. Board of Directors – Composition, Structure and Process

The Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and the scale and nature of the Company's activities.

##### 3.1. Skills, knowledge and experience

Directors are appointed based on the specific corporate and governance skills and experience required by the Company. The Board should contain Directors with a relevant blend of personal experience in accounting and finance, law, financial and investment markets, financial

## 15. CORPORATE GOVERNANCE

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management and public company administration, and Director-level business or corporate experience, having regard to the scale and nature of activities of the Company.

### 3.2. Non-Executive Directors

The existing Directors are non-executive directors.

One of the three Proposed Directors will be a non-executive director, namely the Chairman.

### 3.3. Chairman and Managing Director

The Chairman leads the Board and has responsibility for ensuring the Board receives accurate, timely and clear information to enable Directors to perform their duties as a Board.

Proposed Director, Dr John Stephenson is proposed to be appointed Non-Executive Chairman of the Company following completion of the Share Sale Agreements and the Issue.

The Managing Director is responsible and accountable to the Board for the Company's management.

Proposed Director, Mr Shanker Madan, is proposed to be appointed Managing Director of the Company following completion of the Share Sale Agreements and the Issue.

### 3.4. Company Secretary

The Company Secretary is appointed by the Board and is responsible for developing and maintaining the information systems and processes that are appropriate for the Board to fulfil its role and is responsible to the Board for ensuring compliance with Board procedures and governance matters. The Company Secretary is also responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.

The current Company Secretary is Mr Robert Foti. Mr Victor Ho is proposed to be appointed Company Secretary following completion of the Share Sale Agreements and the Issue.

### 3.5. Independence

An independent Director, in the view of the Company, is a Non-Executive Director who:

- (1) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (2) within the last 3 years has not been employed in an Executive capacity by the Company, or been a Director after ceasing to hold any such employment;
- (3) within the last 3 years has not been a principal of a material professional adviser or a material consultant to the Company, or an employee materially associated with a service provider;
- (4) is not a material supplier or customer of the Company, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

- (5) has no material contractual relationship with the Company other than as a Director of the Company;
- (6) has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- (7) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The existing Non-Executive Directors are all regarded as independent Directors. The Proposed Directors are not considered independent within the definition outlined above as they are also directors of Strike, who will be a major shareholder in the Company following completion of the Share Sale Agreements and the Issue.

The Board considers that the Company (following completion of the Share Sale Agreements and the Issue) will not be of a size, nor will its affairs be expected to be of such complexity to justify the appointment and further expense of a majority of independent Non-Executive Directors. The Board believes that the individuals on the Board can make, and do make, quality and independent judgments in the best interests of the Company on all relevant issues.

If the Company's activities increase in size, nature and scope the size of the Board will be reviewed periodically and the optimum number of Directors required for the Board to properly perform its responsibilities and functions.

### 3.6. Conflicts of Interest

To ensure that Directors are at all times acting in the interests of the Company, Directors must:

- (1) disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- (2) if requested by the Board, within 7 days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself from the room when Board discussion and/or voting occurs on matters about which the conflict relates (save with the approval of the remaining Directors and subject to the Corporations Act).

### 3.7. Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company as defined in the Corporations Act or the ASX Listing Rules. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction,

## 15. CORPORATE GOVERNANCE

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the Board cannot approve the transaction. The Company also discloses related party transactions in its financial report as required under relevant Accounting Standards.

### 3.8. Share Dealings and Disclosures

The Company's policy regarding Directors, Executives and employees dealing in its securities, is set by the Board. The Board restricts Directors, Executives and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices. Executives and employees and Directors are required to consult the Chairman and the Board respectively, prior to dealing in securities in the Company or other companies in which the Company has a relationship.

Dealings are not permitted at any time whilst in the possession of price sensitive information not already available to the market. In addition, the Corporations Act prohibits the purchase or sale of securities whilst a person is in possession of inside information.

### 3.9. Board Nominations

The Board will consider nominations for appointment or election of Directors that may arise from time to time having regard to the corporate and governance skills required by the Company and procedures outlined in the Constitution and the Corporations Act.

### 3.10. Terms of Appointment as a Director

The current Directors of the Company have not been appointed for fixed terms. The Proposed Directors will not be appointed for fixed terms. The constitution of the Company provides that a Director other than the Managing Director may not retain office for more than three calendar years or beyond the third annual general meeting following his election, whichever is longer, without submitting himself for re-election. One third of the Directors (save for a Managing Director) must retire each year and are eligible for re-election. The Directors who retire by rotation at each annual general meeting are those with the longest length of time in office since their appointment or last election.

### 3.11. Performance Review and Evaluation

It is the policy of the Board to ensure that the Directors and Executives of the Company be equipped with the knowledge and information they need to discharge their responsibilities effectively, and that individual and collective performance is regularly and fairly reviewed. Although the Company is not of a size to warrant the development of formal processes for evaluating the performance of its Board, individual Directors and Executives, there is on-going monitoring by the Chairman and the Board. The Chairman also speaks to Directors individually regarding their role as a Director.

### 3.12. Meetings of the Board

The Chairman and Company Secretary will generally schedule monthly formal Board meetings. In addition, the Board meets whenever necessary to deal with specific matters requiring attention between scheduled monthly meetings. Circulatory Resolutions are also

utilised where appropriate either in place or in addition formal Board meetings. Board meetings are held predominantly by telephone conferencing as not all Directors are resident in the one city. However, the Board will convene face to face meetings from time to time as is appropriate based on the particular items of business for consideration.

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

It is recognised and accepted that Board members may also concurrently serve on other boards, either in an executive or non-executive capacity.

### 3.13. Independent Professional Advice

Subject to prior consultation with the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

### 3.14. Access to Company Information and Confidentiality

All Directors have the right of access to all relevant Company books and to the Company's Executive Management. In accordance with legal requirements and agreed ethical standards, Directors and Executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

### 3.15. Directors' Deeds

The Company has also entered into a deed with each of the current and Proposed Directors to regulate certain matters between the Company and each Director, both during the time the Directors holds office and after the Director ceases to be an officer of the Company (or wholly owned subsidiaries). A summary of the terms of such deed is contained in Section 14.5 of this Prospectus.

## 4. Management

### 4.1. Executives

The Managing Director is responsible and accountable to the Board for the Company's management.

The existing Directors are non-executive directors.

Proposed Director, Mr Shanker Madan, is proposed to be appointed Managing Director of the Company following completion of the Share Sale Agreements and the Issue.

Proposed Director, Mr Farooq Khan, is proposed to be appointed Executive Director of the Company following completion of the Share Sale Agreements and the Issue.

The Company does not presently have a Chief Financial Officer ("CFO").

## 15. CORPORATE GOVERNANCE

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Mr Victor Ho is proposed to be appointed Company Secretary following completion of the Share Sale Agreements and the Issue.

The Board has determined that the Managing Director and the Company Secretary are the appropriate persons to make the chief executive and CFO declarations respectively in respect of the year ended 30 June 2007, as required under section 295A and recommended by the Council.

### 4.2. Board and Management Committees

In view of the current and proposed composition of the Board and the nature and scale of the Company's activities, the Board has considered that establishing formally constituted committees for audit, board nominations and remuneration would contribute little to its effective management.

Accordingly audit matters, the nomination of new Directors and the setting, or review, of remuneration levels of Directors and Executives are reviewed by the Board as a whole and approved by resolution of the Board (with abstentions from relevant Directors where there is a conflict of interest). That is, matters typically dealt with by an audit, nominations and remuneration committee are dealt with by the full Board.

### 5. Remuneration Policy

Please refer to Section 14.3 of this Prospectus.

### 6. Code of Conduct and Ethical Standards

The Company is not of a size that warrants the establishment of a formal code of conduct that guides compliance with all levels of legal and other obligations to stakeholders. However, the Company's policies are focussed on ensuring that all Directors, Executives, and employees act with the utmost integrity and objectivity in carrying out their duties and responsibilities, striving at all times to enhance the reputation and performance of the Company.

### 7. Internal Control and Risk Management

The Board is responsible for the identification, monitoring and management of significant business risks and the implementation of appropriate levels of internal control, recognising however that no cost effective internal control system will preclude all errors and irregularities. The Board regularly reviews and monitors areas of significant business risk.

The Board has determined that the Managing Director and the Company Secretary are the appropriate persons to make the chief executive and CFO declarations respectively in respect of the year ended 30 June 2007, on the risk management and internal compliance and control systems recommended by the Council.

### 8. Communications

#### 8.1. Communications to Market and Shareholders

The Board recognises its duty to ensure that its shareholders are informed of all major developments affecting the Company's state of affairs. Information will be communicated to shareholders and the market through:

- (1) The Annual Report which is distributed to shareholders (usually with the Notice of Annual General Meeting);
- (2) The Annual General Meeting and other general meetings called to obtain shareholder approvals as appropriate;
- (3) The Half-Yearly Directors' and Financial Reports;
- (4) Quarterly Activities and Cash Flow Reports;
- (5) Other announcements released to ASX as required under the continuous disclosure requirements of the ASX Listing Rules and other information that may be mailed to shareholders.

The Company will actively promote communication with shareholders through a variety of measures, including the use of the Company's website and email. The Company's reports and ASX announcements will be available for viewing and downloading from its website: [www.alarauranium.com](http://www.alarauranium.com) or the ASX website: [www.asx.com.au](http://www.asx.com.au) under ASX code "LAR". The Company will also maintain an email list for the distribution of the Company's announcements via email in a timelier manner.

#### 8.2. Continuous Disclosure to ASX

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company will notify the ASX promptly of information:

- (1) concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- (2) that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

## 16. MATERIAL CONTRACTS

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Set out in this section is a summary of the contracts to which the Company is a party which may be material in terms of the Offer or the operation of the business of the Company, and which are not otherwise summarised elsewhere in this Prospectus.

### 16.1 STRIKE URANIUM SALE AGREEMENT

On 19 March 2007, pursuant to the terms of a share sale deed, the Company purchased from Strike Resources Limited (**SRK**), all of the issued capital in Strike Uranium Pty Ltd (**Strike Uranium**). Strike Uranium is the holder of the interests in the Tenements referred to in the Schedule to the Independent Exploration Title Report (Section 11 of the Prospectus). The consideration to be paid to SRK is 18,750,000 Shares in the Company, these Shares to be issued upon completion of the Strike Uranium Sale Agreement.

Completion of the Strike Uranium Sale Agreement is conditional and subject to the Company raising the Minimum Subscription amount under the Issue and the Company receiving approval from ASX for Quotation of the Company's Shares on the ASX. Completion is also subject to completion occurring under the Hume Sale Agreement and the Peru Sale Agreement.

Under the terms of the Strike Uranium Sale Agreement, the 18,750,000 shares issued to SRK are required to be held in escrow as restricted securities as required by the ASX Listing Rules. Subject to all necessary approvals and waivers being obtained, the Strike Uranium Sale Agreement acknowledges that SRK intends to distribute 16,000,000 of the Shares in the Company it receives under this Strike Uranium Sale Agreement and the Peru Sale Agreement to its shareholders through a *in specie* distribution (refer Section 7.4 of this Prospectus).

The Strike Uranium Sale Agreement also grants eligible shareholders in SRK priority to apply for Shares under the Issue. Further details of this priority offer (the Strike Priority Pool) is contained in Section 6.6 of this Prospectus.

Under the Strike Uranium Sale Agreement, the Company agrees to reimburse SRK for any exploration expenditure funded by SRK from the date of execution of the Strike Uranium Sale Agreement to the date of completion, up to a maximum of \$50,000 to cover all funding for expenditure provided by SRK or OEQ under this agreement and similar terms in the Hume Sale Agreement and the Peru Sale Agreement.

Following completion, SRK agrees to transfer and assign any interests it may secure in uranium tenements or projects worldwide to the Company upon payment of the acquisition costs incurred to date by SRK. Similarly, the Company agrees to

transfer and assign any interests it may secure in iron ore tenements or projects worldwide to SRK upon payment of the acquisition costs incurred to date by the Company. These reciprocal obligations cease on 15 February 2010 or earlier if Strike's Shareholding in the Company falls below 5% of the Company's total issued Share capital during this period.

### 16.2 HUME SALE AGREEMENT

On 19 March 2007, pursuant to the terms of a share sale agreement, the Company purchased from Orion Equities Limited (**OEQ**), all of the issued capital in Hume Mining NL (**Hume**). Hume Mining is the holder of the interests in the Tenements referred to in the Schedule to the Independent Exploration Title Report (Section 11 of the Prospectus). The consideration to be paid to OEQ is 6,250,000 Shares in the Company, these Shares to be issued upon completion of the Hume Sale Agreement.

Completion of the Hume Sale Agreement is conditional and subject to the Company raising the Minimum Subscription amount under the Issue and the Company receiving approval from ASX for Quotation of the Company's shares on the ASX. Completion is also subject to completion occurring under the Strike Uranium Sale Agreement and the Peru Sale Agreement.

Under the terms of the Hume Sale Agreement, the 6,250,000 Shares issued to OEQ are required to be held in escrow as restricted securities as required by the ASX Listing Rules.

The Hume Sale Agreement also grants OEQ a priority to apply for shares under the Issue. Further details of this priority allocation (the Orion Priority Allocation) is contained in Section 6.7 of this Prospectus.

Under the Hume Sale Agreement, the Company agrees to reimburse OEQ for any exploration expenditure funded by OEQ from the date of execution of the Hume Sale Agreement to the date of completion, up to a maximum of \$50,000 to cover all funding for expenditure provided by OEQ or Strike Uranium under this agreement and similar terms in the Strike Uranium Sale Agreement and the Peru Sale Agreement.

## 16. MATERIAL CONTRACTS

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### 16.3 PERU SALE AGREEMENT

On 20 March 2007, pursuant to the terms of a Share Sale Agreement, the Company purchased from SRK, all of the issued capital in Strike Uranium Peru Pty Ltd. Strike Uranium Peru Pty Ltd is the beneficial holder of all the issued capital in SUPSAC which in turn is the holder of the Pampacolca Project Applications 1, 2, 3 and 4 referred to in the Legal Opinion on Peruvian Concessions (Section 12 of the Prospectus). The consideration paid to SRK was 10,000,000 Shares in the Company, these Shares to be issued upon completion of the Peru Sale Agreement.

Completion of the Peru Sale Agreement is conditional and subject to the Company raising the Minimum Subscription amount under the Issue and the Company receiving approval from ASX for Quotation of the Company's shares on the ASX. Completion is also subject to completion occurring under the Hume Sale Agreement and the Strike Uranium Sale Agreement.

Under the terms of the Peru Sale Agreement, the 10,000,000 Shares issued to SRK are required to be held in escrow as restricted securities as required by the ASX Listing Rules. Subject to all necessary approvals and waivers being obtained, the Peru Sale Agreement acknowledges that SRK intends to distribute 16,000,000 of the Shares in the Company it receives under this agreement and the Strike Uranium Sale Agreement to its shareholders through a *in specie* distribution (refer Section 7.4 of this Prospectus).

The Peru Sale Agreement also grants shareholders in SRK priority to apply for shares under the Issue. Further details of this priority offer (the Strike Priority Pool) is contained in Section 6.6 of this Prospectus.

Under the Peru Sale Agreement, the Company agrees to reimburse SRK for any exploration expenditure funded by SRK from the date of execution of the Peru Sale Agreement to the date of completion, up to a maximum of \$50,000 to cover all funding for expenditure carried out by SRK or OEQ provided under this agreement and similar terms in the Hume Sale Agreement and the Strike Uranium Sale Agreement.

Following completion, SRK agrees to transfer and assign any interests it may secure in uranium tenements or projects worldwide to the Company upon payment of the acquisition costs incurred to date by SRK. Similarly, the Company agrees to transfer and assign any interests it may secure in iron ore tenements or projects worldwide to SRK upon payment of the acquisition costs incurred to date by the Company. These reciprocal obligations cease on 15 February 2010 or earlier if Strike's Shareholding in the Company falls below 5% of the Company's total issued Share capital during this period.

### 16.4 ROYALTY TO CENTRAL EXCHANGE MINING LTD

By an agreement entered into between Hume, Strike, Strike Uranium and Central Exchange Mining Ltd (**CXML**) (a subsidiary of Orion) dated 9 February 2007, Hume assigned the benefit of a 2% royalty entitlement (owed to Hume by Strike under the Hume Agreement) to CXML. Under the above agreements, CXML is now entitled to receive a royalty of 2% of gross revenues (exclusive of GST) from the Company arising from any commercial exploitation of any minerals from the Hume Tenements (the subject of the Hume Agreement).

### 16.5 CANNING WELL ELA 46/585 – RIGHT TO EARN AND ACQUIRE AN 85% INTEREST

By an agreement entered into between Hume, Adelaide Prospecting and Giralia and executed by the last of the parties on 30 November 2004, Hume secured a right to earn and acquire an 85% interest in the Canning Well tenement ELA 46/585 (excluding all manganese mineral rights), subject to Hume undertaking (at its sole discretion) exploration, feasibility or other expenditure on the tenement with a view to delineating relevant resources to support a Decision to Mine and notifying the vendors within five years of the date of grant of ELA 46/585 that, having completed a bankable feasibility study, it wishes to proceed to commercial exploitation of any mineral discovery (excluding manganese) in respect of the tenement (**Decision to Mine**).

Until a Decision to Mine is made by Hume, Hume has the sole obligation and discretion in relation to incurring exploration, feasibility or other expenditure on the tenement.

After a Decision to Mine is made by Hume, all expenditure incurred in respect of the tenement is to be shared in proportion to Hume's 85% and the vendors' residual 15% interest in the tenement. The parties have the right to assign any of its rights or interest under the agreement provided the assignee assumes the same obligations as the assignor under the agreement.

Hume subsequently assigned 75% of its interest to Strike under the Hume Agreement on the terms described therein. Strike's interest has been subsequently assigned to Strike Uranium under an agreement dated 5 February 2007.

### 16.6 DIRECTORS' DEEDS

A summary of the standard directors' deed entered into between the Company and each of the Directors (current and proposed), are contained in Section 14.5 of this Prospectus.

## 17. RISK FACTORS

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An investment in the Company carries risk and prospective investors in the Company should consider the risk factors described in this section, together with the information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with the Company's business and its involvement in the mineral exploration and development industry.

This section deals with the areas the Directors regard as the major risks associated with an investment in the Company. Investors should be aware that an investment in the Company involves many risks that may be higher than the risks associated with an investment in other companies. Intending investors should read the whole of this Prospectus in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Shares.

Applicants should be aware that there are risks associated with any share investment. The prices at which the Company's securities trade may be above or below the issue price for the securities to be issued under this Prospectus. The trading price of the securities is likely to be highly volatile and could be subject to wide fluctuations in response to factors such as additions or departures of key personnel, litigation, press newspaper and other media reports, the results of exploration activity or variations in the Company's operating result.

The securities allotted under this Prospectus carry no guarantee in respect of profitability, dividends, return of capital, or the price at which they may trade on the ASX.

### 17.1. GOVERNMENT REGULATION AND POLICY

Uranium mining is subject to extensive regulation by state and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Australian Federal Government currently permits the mining and export of uranium under international agreements designed to prevent nuclear proliferation. The export of uranium is controlled by the Federal Government through its licensing process and Australian uranium can only

be exported to those countries that undertake to use it for peaceful purposes.

The Company's Australian Projects are located in the Northern Territory and Western Australia.

#### **The Laws regulations and policies of the Northern Territory Government and Federal Government of Australia**

Exploration for and the mining of uranium are permitted in the Northern Territory. The Mining Act 1980 (NT) provides a legislative framework within which such activities are undertaken. Additionally, the Mining Act (NT) sets out the requirements and conditions of granting of mineral leases, exploration licences, exploration tenement licences, extractive mineral leases and mineral claims.

Under the Mining Act (NT), the Northern Territory must act on the advice of the Federal Minister in relation to uranium. The Northern Territory is not permitted to act other than in accordance with such advice (except with the respect to decisions made about the granting of exploration licences).

The Mining Management Act 2001 (NT) contains regulations pertaining to health and safety, the environment, authorisations, and the management of mining sites.

According to this Act, the Northern Territory is required to consult with, and act in accordance with the advice of the Commonwealth (the Federal Government) in relation to decisions about 'mining activities' (which include exploration) in relation to uranium.

The Federal Government, therefore, has the power to make decisions with respect to the granting of mining authorisations, without which mining activities cannot take place.

The Federal Government also has specific interests and responsibilities in relation to the regulation of uranium, including:

- (a) management of nuclear actions and the protection of matters of national environmental significance as defined under the Environment Protection and Biodiversity Conservation Act 1999 (the EPBC Act);
- (b) oversight of environmental requirements attached to environmental approvals for existing uranium mines issued following recommendations made under the now repealed Environment Protection (Impact of Proposals) Act 1974 (the EPIP Act);
- (c) environmental assessment and approval of new uranium mines and significant expansion to existing mines under the EPBC Act;
- (d) ensuring the physical security of nuclear materials within Australia;

## 17. RISK FACTORS

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- (e) approval of exports of radioactive materials including uranium; and
- (f) implementation of Safeguards Agreements and tracking of Australian Obligated Nuclear Materials internationally.

### **The Northern Territory Government Policy**

Presently, the Northern Territory Government supports the Federal Labor Party policy opposing new uranium mines being developed. However, as stated above, due to legislative arrangements in place, the Northern Territory Government must, to a significant extent, act on the advice of the Federal Minister in relation to uranium. Accordingly, the Northern Territory must act in accordance with the Federal Coalition's uranium policy, at least while the Coalition remains in government.

Federal Coalition policy has favoured uranium mining in Australia since the Coalition came to power in 1996, at which time the Labor Party's three mines policy was abandoned. It was then decided that new uranium mines could operate, albeit under strict environmental, heritage and nuclear safeguards.

### **Australian Federal Government Policy**

#### **Mining Policy**

As set out above, the Federal Government, the policy of which has been to favour uranium mining since the Coalition came to power in 1996, effectively controls uranium mining in the Northern Territory.

If the Labor Party wins the next federal election, it will control uranium mining in the Northern Territory. The consequences of this are uncertain, as the Federal Labor Party has not made clear its policy with respect to uranium mining. It is possible that its policies may have a significant adverse effect on the Company's ability to exploit any uranium resources delineated.

#### **Export Policy**

The Federal Government maintains controls over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the Customs (Prohibited Exports) Regulations (Cth) and the Nuclear Non-Proliferation (Safeguards) Act (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, constructing, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may

be significantly delayed, thereby rendering the deposits uneconomic.

### **The Western Australian Government Policy**

The State Labor Government of Western Australia was re-elected on 26 February 2006 for a further four year term on a policy prohibiting the mining of uranium in Western Australia.

The Western Australian Policy does not stop the Company exploring for and identifying uranium deposits in Western Australia, but it does mean that it will not be able to mine any deposit it identifies unless the present or a future Western Australian Government reverses the Western Australian Policy.

### **Political Risks – Possible Adverse effect on Company's Financial Position**

The Federal Government has announced a preparedness to discuss the export of uranium to China and India and the establishment of a committee of enquiry into the establishment of a nuclear power industry in Australia, but there is no guarantee of a change of policy.

Investors should also note that even if there is a relaxation to the Federal Policy, mining and exploration is still subject to the Western Australian Policy in force at the relevant time in respect of the Company's Western Australian Projects. Similarly a relaxation to the Western Australian Policy still makes the Company subject to the Federal Policy in force at the relevant time.

Unless the Western Australian Policy is relaxed the Company will not be able to mine any uranium that it might find in its Western Australian Projects.

If the Western Australian Policy is not relaxed in line with investors' expectations, it may have a significant adverse effect on the Company's financial position, prospects and share price. This is because the amount spent (refer Section 9.4) on the Western Australian Projects cannot be recovered until the policy is relaxed.

Should Australian Governments at both the Federal and State level relax their current restrictive policies on the mining and export of uranium then that will create a welcome environment for junior explorers.

There can be no assurance that the above Government policies will change in the future. In addition, future changes in governments, regulations and policies may have an adverse impact on the Company.

## 17. RISK FACTORS

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### 17.2. COMPETITION FROM ALTERNATIVE ENERGY AND PUBLIC PERCEPTION

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional energy sources may be provided at lower cost resulting in a decrease in demand for uranium.

Furthermore, the growth of the nuclear power industry (with an attendant increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to divided public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have very low levels, if any, of carbon emissions. Technology changes may occur that make alternative energy systems more efficient and reliable.

### 17.3. INVESTMENT IN PERU

The Projects referred to in section 9.1 of this Prospectus are located in Peru, South America.

Peru is a less-developed country with associated political, economic, legal and social risks. Consideration should be given to the risks associated with operating in Peru as it has an economy and legal system different from that of most developed countries.

There can be no assurance that the systems of government and the political system will remain stable. There can be no guarantee that government regulations relating to foreign investment, nationalisation of private assets, repatriation of foreign currency, taxation and the mining industry in Peru will not be enacted, amended and / or replaced in the future to the detriment of the Company's business and / or projects. Outcomes before courts in Peru may be less predictable than in Australia, which could affect the enforceability of contracts entered into by the Company in these countries. There can be no guarantee that civil, ethnic or military unrest will not break out in Peru in the near future.

The Company's operations may be impacted by currency fluctuations, political reforms, changes in Peruvian government policies and procedures, civil unrest, social and religious conflict and deteriorating economic conditions. The likelihood of any of these changes, and their possible effects,

if any, cannot be determined by the Company with any clarity at the present time, but they may include disruption, increased costs and, in some cases, total inability to establish or to continue to operate mining exploration or development activities.

Changes to the mining law or to other government legislation and regulations in Peru, or to the division of regulatory powers between the central government and local and provincial bodies, may materially impact on the ability of the Company to operate in Peru and on the ultimate profitability of the Projects to be developed in Peru. In the event that an economic resource is identified in relevant Projects in Peru there can be no assurance that all or any of the relevant approvals and permits necessary to conduct mining operations will be granted by the Peruvian government and other appropriate regulatory authorities.

Holding a mineral concession in Peru does not grant automatic access to the surface land. In practice, mining companies have to negotiate and enter into private agreements with landowners in order to have access to their land for purposes of conducting mining activities. There is a surface land access risk in that the Company may find that it is unable to negotiate suitable access or compensation arrangements with the local Peruvian community (e.g. land owners, local authorities, traditional land users) which are required to be completed prior to the commencement of any mining activity.

Mining projects developed in areas of the country where there is a high index of poverty, social or community carries with it the risk of social unrest and protests where issues arise with community groups, which in extreme cases can lead to violent up-risings against the particular mining company.

The risk of terrorism activities in Peru and South America generally and the resulting impact upon relevant Projects is also a relevant risk factor.

If any contracts regulating the Company's interest in relevant Projects were unenforceable in whole or in part, the Company would be adversely affected to the extent of any such unenforceability. In practical terms, the enforcement of contractual rights in Peru may be difficult. Accordingly, if any party breaches its obligations under relevant contracts it may be difficult for the Company to achieve specific performance or gain satisfactory compensation. Even if the Company is able to enforce its rights, it may only be able to do so over an extended period of time and at a potentially high cost.

There are also added risks attaching to exploration and mining operations in a developing country such as Peru which are not necessarily present in a developed country which can impact on a range of factors such as sovereign risk, safety, security, costs, ability to operate, country policy, fiscal

## 17. RISK FACTORS

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provisions and laws and can lead to delays or even the suspension of operations.

The Company also refers to Section 12 (Legal Opinion on Peruvian Concessions) of this Prospectus for other relevant Peruvian risk factors.

The Company has made investment and strategic decisions based on information currently available to the Directors. Should there be any material change in the political, economic, legal and social environments in Peru or South America generally, the Directors may reassess investment decisions and commitments to assets in this country and region.

### 17.4. EXPLORATION RISK

The mineral tenements in which the Company will have an interest, as described in this Prospectus, are at various stages of exploration, and potential investors should understand that mineral exploration and development are high risk undertakings.

Mineral exploration involves significant risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome.

There can be no assurance that exploration of the Tenements/Projects described in this Prospectus, or any other tenements that may be acquired in the future, will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

### 17.5. OPERATING RISK

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction rates and costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of the Tenement interests/Projects in which it will have an interest. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

### 17.6. MARKET RISK

If the Company achieves success leading to mineral production, the marketability of any

minerals produced will be affected by numerous factors beyond the control of the Company. These factors include market fluctuations and government regulations including regulations relating to taxation, royalties, allowable production, importing and exporting of minerals and environmental protection.

### 17.7. ABILITY TO EXPLOIT SUCCESSFUL DISCOVERIES

It may not always be possible for the Company to participate in the exploitation of any successful discoveries that may be made in any areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. Further, the decision to proceed to further exploration may require the participation of other companies or individual whose interests and objectives may not be the same as the Company. Such further work may also require the Company to meet or commit to financing obligations to which it may not have planned.

### 17.8. RESOURCE ESTIMATES

The Independent Geological Report set out in this Prospectus has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (VALMIN Code) which is binding upon members of the Australasian Institute of Mining and Metallurgy (AusIMM), the Australian Institute of Geoscientists (AIG) and the rules and guidelines relating to Independent Expert Reports set by ASIC and the ASX.

Resource estimates (if any) detailed in this Prospectus are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

### 17.9. COMMODITY PRICE VOLATILITY AND EXCHANGE RATE RISKS

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks.

## 17. RISK FACTORS

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Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other micro and macro-economic factors.

Furthermore, international prices of various commodities are mostly denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian and potentially Peruvian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar, the Australian dollar and the Peruvian currency (Nuevo Sol) as determined in international markets.

### 17.10. ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to laws and regulation in Australia and Peru concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Many of the activities and operations of the Company are environmentally sensitive and cannot be carried out without prior approval from and compliance with all relevant authorities.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. However, the Company may be liable for environmental rehabilitation, damage control and losses due to risks inherent to its activities, such as accidental spills, leakages or other unforeseen circumstances. Breaches of environmental requirements could result in fines or closure of the Company's operations.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact on the environment. There can be no guarantee that such approvals will be granted. Failure to obtain such approvals will prevent the Company from undertaking its desired activities.

The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or effect its operations in any area.

### 17.11. CLIMATE RISKS

Adverse climatic conditions may adversely affect mining exploration and operations and cause a disruption to exploration and mineral production.

Mining operations may also require access to an adequate supply of water. There may be a requirement to identify an adequate water supply. Failure to do so may require certain production facilities to be located at a distance from mining operations requiring additional transport to the production facility and resulting in increased operating costs.

### 17.12. TITLE RISKS AND NATIVE TITLE

Certain of the tenements referred to in this Prospectus are applications awaiting grant and are not granted licences. There is a risk that these applications will not be granted.

Interests in tenements in Australia are governed by the legislation of the State in which they are located and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to, or its interest in, tenements if native title agreements are not reached, licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

Further information regarding title to the tenements and a description of the native title regime in Western Australia and the Northern Territory are set out in the Independent Exploration Titles Report in Section 11 of this Prospectus.

### 17.13. INSURANCE RISKS

The Company intends to adequately insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company. Insurance of all risks associated with mineral exploration and production is not always available and where available the costs can be prohibitive.

## 17. RISK FACTORS

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### 17.14. PAYMENT OBLIGATIONS

Under the exploration tenements and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, tenement holders are required to expend the funds necessary to meet the minimum work commitments attaching to the exploration tenements. Failure to meet these work commitments will render the tenement liable to be cancelled. Further, if any contractual obligations are not complied with when due, in addition to any other remedies which may be available to the other parties, this could result in dilution or forfeiture of interests held by the Company (for example, in the Tenements or the Agreements).

The Company may not have, or be able to obtain, financing for all such obligations as they arise.

In the future, the Company may seek to reduce its financing obligations by granting options over or farming-out part of its interest in its Tenements/Projects. Failure to achieve any proposed option or farm-out may affect the Company's ability to fund its further operations on its Projects.

### 17.15. SHARE MARKET CONDITIONS

The price of the Shares when quoted on ASX will be influenced by international and domestic factors affecting conditions in equity, financial and commodity markets. These factors may affect the general level of prices for listed securities of mining and exploration companies quoted on ASX such as the Company and are outside the control of the Company.

### 17.16. ADDITIONAL REQUIREMENTS FOR CAPITAL

Future capital requirements will depend on many factors, including the Company's exploration results. Additional funds may be needed to fully drill-out and exploit any mineralisation that may be discovered, to commence mining, to farm into, or to purchase other mining projects. The Directors will also investigate the most appropriate manner in which to obtain further funds at the relevant times.

Any additional equity financing may be dilutive to shareholders, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

### 17.17. GENERAL INVESTMENT RISKS

There is a risk that the price of Shares and returns to Shareholders may be affected by changes in:

- local and world economic conditions;

- interest rates;
  - currency exchange risks;
  - levels of tax, taxation law and accounting practice;
  - government legislation or intervention;
  - inflation or inflationary expectations;
  - natural disasters, social upheaval or war in Australia or overseas;
  - disease and health outbreaks; and
  - international hostilities and acts of terrorism,
- as well as other factors beyond the control of the Company.

### 17.18. NO VALUATION

No formal independent valuation of any of the tenements in which the Company has an interest, or the Shares, has been carried out.

### 17.19. CONTRACTUAL AGREEMENTS

The Company is acquiring its interest in a number of tenements through agreements with third parties. If such third parties fail to meet their obligations under such agreements (including but not limited to any funding or financing obligations), this could adversely affect the Company's ongoing operations. In addition, a number of those agreements contemplate further agreements being executed by the parties and in particular refer to the adoption of industry accepted clauses for incorporation in such further agreements. There can be no guarantee that the parties are able to reach agreement on such further contemplated agreements.

### 17.20. INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

In addition, the list of risk factors referred to above are not made in any order of priority and no emphasis should be placed on one risk factor at the expense of another simply because of its relative placement in the list referred to above.

Potential investors should therefore consider that the investment in the Company is **SPECULATIVE** and should consult their professional advisers before deciding whether to apply for Shares.

## 18. RIGHTS ATTACHED TO SECURITIES

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### 18.1 RIGHTS ATTACHING TO SHARES

All Offer Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all the Company's existing Shares.

Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which can be obtained by contacting the Company at its registered office during normal business hours during the Offer Period.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

#### 1. Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for that Share.

#### 2. Dividend Rights

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of Shares in proportion to the number of Shares held by them. The Directors may also implement a dividend reinvestment plan or Share bonus plan on terms they think fit.

Any general meeting, or the Directors, determining a dividend may, by resolution, direct payment of the dividend wholly or partly by the distribution of specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate, and the Directors must give effect to that resolution. Where a difficulty arises in regard to a distribution of specific assets in such manner, the Directors may resolve the difficulty as they see fit.

The Directors may:

- (a) fix the value for distribution of the specific assets or any part of those assets;
- (b) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any of those specific assets in trustees; as the Directors see fit.

#### 3. Return Of Capital

The Company may reduce its Share capital by any means allowed by the Corporations Act, subject to the Company complying with the ASX Listing Rules.

Any reduction in Share capital may be made wholly or partly by way of an *in specie* distribution of specific assets, including paid up shares in, or debentures of, or options over the shares of, the Company or any other body corporate.

The Directors may:

- (i) fix the value for distribution of the specific assets or any part of those assets;
- (ii) determine that cash payments will be made to any Shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (iii) vest any of those specific assets in trustees; as the Directors see fit.

Where the Company reduces its Share capital by way of a distribution of shares or other securities in another body corporate:

- (a) the Shareholders are deemed to have agreed to become shareholders of that corporation and are bound by the Constitution of that body corporate; and
- (b) each of the Shareholders appoints the Company or any of the Directors as its agent to execute any transfer of shares or other securities, or other document required to give effect to the distribution of shares or other securities to that Shareholder.

#### 4. Transfer of Shares

Subject to the Constitution of the Company, the Corporations Act, the ASTC Settlement Rules, the ASX Listing Rules and any other laws, Shares are freely transferable. The Company may decline to register a transfer of Shares in limited circumstances, such as where the transfer is not in registrable form.

## 18. RIGHTS ATTACHED TO SECURITIES

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### 5. Future Increases in Capital

The allotment and issue of Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares to Directors or their associates, the ASX Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### 6. Variation of Rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares. If at any time the Share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### 7. Rights on Winding Up

Subject to the rights of holders of shares with special rights in a winding up (at present there are none), on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of fully paid shares held by them (and a partly paid Share is counted as a fraction of a fully paid Share equal to the amount paid on it, divided by the total issue price of the Share).

### 8. Proportional Takeover Provision

The Constitution prohibits the registration of shares under a proportional takeover scheme until a resolution approving the scheme has been passed by those persons entitled to vote on it at a general meeting. These provisions will cease to have effect at the end of three years beginning on the date the Constitution was adopted (on 19 March 2007) unless renewed in accordance with the Corporations Act.

## 18.2 RIGHTS ATTACHING TO OPTIONS

The options to be issued pursuant to the proposed Prospectus Option Offer will be issued on the following terms and conditions:

#### 1. Entitlement

Each option ("Option") shall entitle the holder to subscribe (in cash) for one (1) Share in the capital of the Company.

#### 2. Option Period

Each Option will expire on 30 June 2009 (such date being referred to as the "Option Expiry Date"). Subject to Clause 6 hereof,

each Option may be exercised at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

#### 3. Ranking of Share Allotted on Exercise of Option

Each Share allotted as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with the existing Shares in the capital of the Company on issue at the date of allotment.

#### 4. Notification to Option Holders

A registered owner of an Option ("Option Holder") will be entitled to receive and will be sent all reports, accounts and notices required to be given to the members of the Company but will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being Option Holders, members of the Company.

#### 5. Transfer of an Option

Each Option is transferable at any time prior to the Option Expiry Date. This right is subject to any restrictions on the transfer of an Option that may be imposed by the ASX.

#### 6. Method of Exercise of an Option

6.1 A certificate or holding statement will be issued by the Company with respect to Options held by an Option Holder. Attached to or endorsed on the reverse side of each certificate or holding statement will be a notice that is to be completed when exercising the Options the subject of the certificate or holding statement ("Notice of Exercise of Options"). Options may be exercised by the Option Holder completing the Notice of Exercise of Options and forwarding the same to the Secretary of the Company. The Notice of Exercise of Options must state the number of Options exercised and the consequent number of ordinary Shares in the capital of the Company to be allotted; which number of Options must be a multiple of 2,000 if only part of the Option Holders total Options are exercised, or if the total number of Options held by an Option Holder is less than 2,000, then the total of all Options held by that Option Holder must be exercised.

6.2 The Notice of Exercise of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.25 per Share.

## 18. RIGHTS ATTACHED TO SECURITIES

6.3 Subject to Clause 6.1 hereof, the exercise of less than all of an Option Holders Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holders entitlement under the Option Holders remaining Options.

6.4 On exercise of Options, the Option Holder must surrender to the Company the Option Holders option certificate or holding statement with respect to those Options being exercised.

6.5 If the Option Holder exercises less than the total number of Options then registered in the Option Holders name:

6.5.1 the Option Holder must surrender the option certificate or holding statement with respect to the Option Holders Options to the Company; and

6.5.2 the Company must cancel that option certificate or holding statement and issue to the Option Holder a new certificate or holding statement with respect to the balance of the Option Holders unexercised Options.

6.6 Within 14 days from the date the Option Holder properly exercises Options held by the Option Holder, the Company shall issue and allot to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.

6.7 The Company will (subject to any escrow restrictions imposed by the ASX) within three (3) business days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules of the ASX.

### 7. Reconstruction

In the event of a reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, the rights of the Option Holder will be treated in the manner set out in the ASX Listing Rules applying to reconstructions at that time.

### 8. Participation in New Share Issues

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Option Expiry Date unless and until the Options are exercised. The

Company will ensure that during the exercise period of the Options, the Record Date for the purposes of determining entitlements to any new such issue, will be at least 9 Business Days after such new issues are announced in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

### 9. Change of Options Exercise Price or Number of Underlying Shares

9.1 If the Company makes a pro rata issue (except a bonus issue) to the holders of ordinary Shares, the exercise price of each Option shall be reduced in accordance with the following formula:

$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$

Where :

O' = the new exercise price of the Option.

O = the old exercise price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = the average market price per Share (weighed by reference to volume) of the underlying Shares during the 5 trading days ending on the day before the ex rights date or the ex entitlements date.

S = the subscription price for a Share under the pro rata issue.

D = any dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

No change will be made pursuant to the application of the above formula to the number of Shares to which the Option Holder is entitled.

9.2 The reduction of the exercise price of each Option in accordance with the above formula shall be subject to the provisions of the Listing Rules of the ASX.

9.3 If the Company makes a bonus issue of Shares or other securities convertible into ordinary Shares pro rata to holders of ordinary Shares the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised by the Option Holder prior to the books closing date for bonus Shares. No change will be made in such circumstances to the exercise price of each Option.

## 19. OTHER ADDITIONAL INFORMATION

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### 19.1. INCORPORATION

Alara Uranium Limited is a public company limited by shares that was incorporated in Western Australia on 6 December 2006.

### 19.2. COMPANY TAX STATUS

The Directors expect that the Company will be taxed in Australia as a public company.

### 19.3. FINANCIAL YEAR

The financial year of the Company ends on 30 June annually.

### 19.4. DIVIDEND POLICY

The Company anticipates that significant expenditure will be incurred in the exploration, evaluation and development of the Company's Projects. Accordingly, the Company does not expect to declare any dividends during this period. Upon the Company achieving sustained profitability, the Directors will consider paying dividends, subject to available cash flow and capital requirement.

### 19.5. LEGAL PROCEEDINGS

Legal proceedings may arise from time to time in the course of the Company's business. As at the date of this Prospectus, the Company is not involved in any legal proceedings, nor so far as the Directors are aware, are any legal proceedings pending or threatened against the Company the outcome of which will have a material adverse effect on the business or financial position of the Company.

### 19.6. TAXATION

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

### 19.7. CHESSE

The Company participates in the Clearing House Electronic Sub register System (CHESSE), operated by ASX Settlement and Transfer Corporation Pty Ltd (ASTC) (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and ASTC Settlement Rules. The Company operates an electronic issuer-sponsored sub register and an

electronic CHESSE sub register. The two sub registers together will make up the Company's principal register of securities.

Under CHESSE, the Company will not issue certificates to Applicants. Instead, the Company will provide Applicants with a holding statement (which is similar to a bank account statement) that sets out the number of Shares allotted to that Applicant under this Prospectus.

This statement will also advise investors of either their Holder Identification Number (HIN) in the case of a holding on the CHESSE sub register or Security Holder Reference Number (SRN) in the case of a holding on the issuer-sponsored sub register.

A statement will be routinely sent to holders at the end of any calendar month during which their holding changes. A holder may request a statement at any other time, however, a charge may be incurred for additional statements.

### 19.8. DISTRIBUTION OF PROSPECTUS

The Prospectus has been prepared by the Company. In preparing the Prospectus, the Company has taken reasonable steps to ensure that the information in the Prospectus is not false or misleading. In doing so, the Company has had regard to the prospectus requirements of the Corporations Act.

Prospective investors should read the full text of the Prospectus as the information contained in individual sections is not intended to and does not provide a comprehensive review of the business and financial affairs of the Company nor the securities offered pursuant to the Prospectus.

No person is authorised to give any information in relation to or to make any representation in connection with the Offer described in the Prospectus that is not contained in the Prospectus. Any such information or representation may not be relied upon as having been authorised by the Company in connection with the Offer.

The Prospectus provides information to assist investors in deciding whether they wish to invest in the Company and should be read in its entirety. If you have any questions about its contents or investing in the Company you should contact your stockbroker, accountant or other financial adviser.

### 19.9. NON-RESIDENT INVESTORS

The Prospectus does not constitute an offer in any country or place in which, or to any person to whom, it would not be lawful to make such an offer. The distribution of the Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons who come into possession of the Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these

## 19. OTHER ADDITIONAL INFORMATION

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restrictions may violate securities law. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed to enable them to subscribe for Shares.

The Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

Intending investors resident outside Australia should first consult their professional advisers as to whether or not governmental or other consents are required, or whether formalities need to be observed to enable them to invest. Intending non-resident investors should also seek advice in respect of the taxation effect of an investment in the Company and dividends that the Company may distribute in the future.

The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

No action has been taken to register or qualify the Shares or the Offer, or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

### 19.10. ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044 the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If Investors have received this Prospectus as an electronic Prospectus, investors should ensure that they have received the entire Prospectus accompanied by the Application Form. If not, investors should contact the Company who will send investors, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, investors may obtain a copy of the Prospectus from the Company's website at [www.alarauranium.com](http://www.alarauranium.com)

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

### 19.11. INTERESTS OF PERSONS NAMED

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter or stockbroker to the Company or broker to the Issue has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- (c) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Al Maynard & Associates, Consulting Geologists has prepared the Independent Geological Report in Section 10. The Company has paid or agreed to pay approximately \$6,000 for these services to the date of this Prospectus.

Hetherington Exploration & Mining Title Services Pty Ltd has prepared the Independent Exploration Titles Report in Section 11. The Company has paid or agreed to pay approximately \$3,500 for these services to the date of this Prospectus.

Miranda & Amado Abogados has prepared the Legal Opinion on the Peruvian Concessions in Section 12. The Company has paid or agreed to pay approximately \$7,000 for these services to the date of this Prospectus.

Bentleys MRI Perth Financial Services Pty Ltd has prepared the Independent Accountant's Report in Section 13. The Company has paid or agreed to pay approximately \$3,300 for these services to the date of this Prospectus.

Blakiston & Crabb has agreed to act as Solicitors to the Issue. The Company has paid or agreed to pay approximately \$37,000 for these services to the date of this Prospectus.

Bentleys MRI Perth Partnership, Chartered Accountants and Business Advisors, has agreed to act as Auditors to the Company and will receive fees for rendering these services in accordance with its normal time based charges.

## 19. OTHER ADDITIONAL INFORMATION

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### 19.12. CONSENTS

The following persons have each consented to being named in the Prospectus and to the inclusion of the following statements and statements identified in this Prospectus as being based on statements made by those persons, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC:

- (a) Al Maynard & Associates, Consulting Geologists – the Independent Geological Report in Section 10;
- (b) Hetherington Exploration & Mining Title Services Pty Ltd – the Independent Exploration Titles Report in Section 11;
- (c) Miranda & Amado Abogados – the Legal Opinion on the Peruvian Concessions in Section 12;
- (d) Bentleys MRI Perth Financial Services Pty Ltd – the Independent Accountant's Report in Section 13.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the reports referred to above and the statements identified in this Prospectus as being made by or based on statements made by those persons.

The following persons have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those persons, and have not withdrawn their consent before lodgement of this Prospectus with ASIC:

- (a) Bentleys MRI Perth Partnership, Chartered Accountants and Business Advisors as Auditors of the Company;
- (b) Advanced Share Registry Services as the Share Registry of the Company;
- (c) Blakiston & Crabb as Solicitors to the Issue.

To the maximum extent permitted by law, each of the persons referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the references to their name.

This Prospectus contains various references to persons or companies. Unless otherwise stated, none of these persons or companies has consented to the inclusion of those references in this Prospectus.

### 19.13. ACKNOWLEDGEMENT AND PRIVACY

By returning the Application Form, each Applicant acknowledges that they have received and read this Prospectus.

If you apply for Shares, you will provide personal information to the Company and the Share Registry. The Company and the Share Registry collect, hold and use your personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, or at all.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (as amended):

- (a) the Share Registry for on-going administration of the Share and Option registers;
- (b) the printers and mailing house for the purposes of preparation and distribution of statements and for handling of mail;
- (c) investor relations and market research consultants or firms for the purpose of analysing the Company's Shareholder base and for product development and planning; and
- (d) legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

Under the Privacy Act 1988, you may request access to your personal information held by, or on behalf of, the Company or the Share Registry. You can request access to your personal information by telephoning or writing to the Share Registry.

## 20. GLOSSARY

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Save as otherwise defined in this Prospectus, the following terms have the following meanings:

**Adelaide Prospecting** means Adelaide Prospecting Pty Ltd A.C.N. 008 934 361.

**AGIP** means AGIP Nucleare (Australia) Pty Ltd, a subsidiary of Italian multi-national energy group ENI.

**Applicant** means a person who submits an Application.

**Application** means a valid application to subscribe for Shares under this Prospectus.

**Application Form** means the application form attached to and forming part of this Prospectus pursuant to which the Offer may be accepted.

**Application Monies** means the sum of 25 cents per Share specified on the Application Form and payable on submission of an Application Form pursuant to this Prospectus.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd A.C.N. 008 504 532.

**ASX** means ASX Limited A.C.N. 008 624 691 operating as the Australian Securities Exchange.

**Auditors** mean Bentleys MRI Perth Partnership, Chartered Accountants and Business Advisors.

**Australian Obligated Nuclear Material** means Australian uranium and nuclear material derived from it, which is subject to obligations pursuant to Australia's bilateral safeguards agreements.

**Board** means the board of Directors unless the context indicates otherwise.

**BRW** means BRW Consulting Services Pty Ltd A.C.N. 112 787 309, in which Company Director, Mr Peter Wallace is the sole director and secretary and his spouse, Mrs Jane Wallace, has a 33.33% shareholding interest.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Sub registry System.

**CGS** means the Corporate Governance Statement of the Company, being more particularly described in Section 15 of this Prospectus.

**Closing Date** means the date on which the Offer closes (currently 8 May 2007).

**Company** or **Alara Uranium** or **LAR** means Alara Uranium Limited A.C.N. 122 892 719.

**CXML** means Central Exchange Mining Ltd ACN 119 438 265, a subsidiary of Orion.

**Corporations Act and Act** means the Corporations Act 2001.

**Directors** means the directors of the Company from time to time.

**Directors' Deed** means the deed between the Company and the Directors and Proposed Directors referred to in Section 14.5 of this Prospectus.

**Dollars or \$** means Australian dollars unless otherwise stated.

**ELA** means an application for an exploration licence.

**EL** means a granted exploration licence.

**Eligible Strike Shareholders** means shareholders of SRK holding at least 5,000 shares in Strike as at 5.00 pm WDT on 6 March 2007, being more particularly described in Section 6.6 of this Prospectus.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to section 727(3) of the Corporations Act.

**Federal Policy** means the Australian Federal Government's regulation of uranium mining and exploitation and policies in relation therein, being more particularly described in Section 17.1 of this Prospectus.

**Full Subscription** means Applications for Shares totalling 24,000,000 Shares raising \$6,000,000 (before expenses).

**Giralia** means Giralia Resources NL A.C.N. 009 218 204.

**Glossary** means the glossary in Section 20 of this Prospectus.

**Hume** means Hume Mining NL A.B.N. 52 063 994 945.

**Hume Agreement** means an agreement entered into between Strike and Hume dated 15 September 2005 (as amended) pursuant to which Strike acquired an interest in 75% of Hume's interests in the Hume Tenements.

**Hume Sale Agreement** means the agreement between the Company and Orion dated 19 March 2007 for the company to acquire Hume, referred to Section 16.2 of this Prospectus.

**Hume Tenements** means:

- (a) EL 24879, 24928, 24928 and 24729 and ELA 24927 (the Bigryli South Project tenements in the Northern Territory);
- (b) EL 09/1253 (a Mt James Project tenement in Western Australia);
- (c) EL 46/629 and a right to earn and acquire a 85% interest in ELA 46/585 (excluding all manganese mineral rights) (the Canning Well Project tenements in Western Australia);
- (d) EL 47/1328 and PL 47/117 in Western Australia.

**IPO Funding Deed** means the deed between the company and BRW dated 19 March 2007, referred to in Section 14.6 of this Prospectus.

**Independent Accountant** means Bentleys MRI Perth Financial Services Pty Ltd A.B.N. 17 735 344 518.

**Independent Accountant's Report** means the report contained in Section 13 of this Prospectus.

**Independent Exploration Titles Report** means the report contained in Section 11 of this Prospectus.

**Independent Geologist** means Al Maynard & Associates, Consulting Geologists A.B.N. 95 336 331 535.

**Independent Geological Report** means the report contained in Section 10 of this Prospectus.

**Issue** means the issue of 24,000,000 Shares pursuant to this Prospectus (with the right to accept Oversubscriptions through the issue of a further 16,000,000 Shares).

**Legal Opinion on the Peruvian Concessions** means the report contained in Section 12 of this Prospectus.

**Listing Rules** means Listing Rules of the ASX.

**Minimum Subscription** means Applications for Shares totalling 16,000,000 Shares raising \$4,000,000 (before expenses).

**Offer** means the offer of Shares pursuant to this Prospectus.

## 20. GLOSSARY

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**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the Official List of the ASX.

**Orion** or **OEQ** means Orion Equities Limited A.C.N. 000 742 843.

**Orion Priority Pool** means the Priority Allocation to Orion to a pool of up to 2,000,000 Shares under the Issue, being more particularly described in Section 6.7 of this Prospectus.

**Opening Date** means the date on which the Offer opens (currently 11 April 2007, or such later date as may be prescribed by ASIC).

**Option** means an option to acquire a Share.

**Option Record Date** means 3 months after the date of Quotation of the Company's shares on ASX or the next Business Day if that date shall not fall on a Business Day.

**Option Holders** means those parties holding options to acquire Shares in the Company.

**Option Offer** means the proposed 3 for 4 rights issue of Options issued on a pro rata non renounceable basis to all Shareholders of the Company whose name shall be on the register of members of the Company on the Options Record Date, pursuant to a prospectus under Chapter 6D of the Corporations Act, at an issue price of one cent per Option, each to acquire one Share at an exercise price of 25 cents per Share (i.e. equal to the issue price under this Prospectus) with each such Option expiring on 30 June 2009, and being more particularly described in Sections 6.11 and 18.2 of this Prospectus.

**Oversubscription** means any Applications for Shares (not exceeding 16,000,000 Shares raising \$4,000,000 (before expenses)) in excess of Full Subscriptions.

**Pampacolca Project Applications** means the applications for four concessions referred to in the Legal Opinion on Peruvian Concessions contained in Section 12 of this Prospectus.

**Peru Sale Agreement** means the agreement between the Company and Strike dated 20 March 2007 for the company to acquire Strike Uranium Peru, referred to Section 16.3 of this Prospectus.

**PL** means a granted prospecting licence.

**Priority Allocation** or **Orion Priority Allocation** means a priority entitlement to Orion under the Priority Allocation, being more particularly described in Section 6.7 of this Prospectus.

**Priority Offer** or **Strike Priority Offer** means a priority entitlement to Eligible Strike Shareholders under the Priority Offer, being more particularly described in Section 6.6 of this Prospectus.

**Projects** means the resource projects of the Company from time to time, including but not limited to interests in the Tenements, also more particularly described in Sections 9, 10 and 11 of this Prospectus.

**Proposed Board** means Dr John F. Stephenson, Mr H. Shanker Madan and Mr Farooq Khan.

**Proposed Company Secretary** means Mr Victor P. H. Ho.

**Prospectus** means this prospectus dated 3 April 2007 for the issue of 24,000,000 Shares (together with the right to accept Oversubscriptions of 16,000,000 Shares), including any electronic or online version.

**Public Offer** means the Shares under the Issue not subscribed for under the Priority Offer and Priority Allocation.

**Queste** or **QUE** means Queste Communications Ltd A.B.N. 58 081 688 164.

**Quotation** means quotation of securities on ASX.

**Safeguards Agreements** sets forth the rules for application of safeguard measures pursuant to Article XIX of GATT 1994. Safeguard measures are defined as "emergency" actions with respect to increased imports of particular products, where such imports have caused or threaten to cause serious injury to the importing member's domestic industry (Article 2).

**Share** means one fully paid ordinary share in the Company and Shares shall mean more than one Share.

**Shareholder** means a holder of Shares.

**Share Registry** means Advanced Share Registry Services.

**Share Sale Agreements** means the Strike Uranium Sale Agreement, Hume Sale Agreement and Peru Sale Agreement.

**Solicitors to the Issue** means Blakiston & Crabb, Lawyers.

**Strike** or **SRK** means Strike Resources Limited A.C.N. 088 488 724.

**Strike Uranium** or **SU** means Strike Uranium Pty Ltd A.C.N. 123 780 441.

**Strike Uranium Peru** or **SUP** means Strike Uranium Peru Pty Ltd A.C.N. 124 334 103.

**SUPSAC** means Strike Uranium Peru S.A.C., a Peruvian company, being a subsidiary of SU.

**Strike Priority Pool** means the Priority Offer to Eligible Strike Shareholders to a pool of up to 16,000,000 Shares (plus an additional 6,000,000 Shares if Oversubscriptions of at least this amount is accepted) under the Issue, being more particularly described in Section 6.6 of this Prospectus.

**Strike Uranium Sale Agreement** means the agreement between the Company and Strike dated 19 March 2007 for the company to acquire Strike Uranium, referred to Section 16.1 of this Prospectus.

**Tenements** means the mining tenements and concessions specified in the Independent Exploration Titles Report (in Section 11 of the Prospectus) and the Legal Opinion on Peruvian Concessions (in Section 12 of the Prospectus) in which the Company has secured an interest pursuant to the Share Sale Agreements.

**Western Australia Policy** means the Western Australian State Government's enunciated policy prohibiting the mining of uranium in Western Australia, being more particularly described in Section 17.1 of this Prospectus.

**WST** means Western Standard Time, Perth, Western Australia.

**WDT** means Western Daylight Savings Time, Perth, Western Australia.

## 21. DIRECTORS' RESPONSIBILITY STATEMENT AND CONSENT

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The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that:

- (1) any statements made by the Directors in this Prospectus are not misleading or deceptive; and
- (2) in respect of any other statements made in this Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that:
  - (a) those persons making the statement or statements were competent to make such statements;
  - (b) those persons have given their consent to those statements being included in the Prospectus in the form and context in which they appear and have not withdrawn that consent before lodgement of this Prospectus with ASIC.

The issue of this Prospectus has been authorised by each of the Directors in accordance with section 720 of the Corporations Act.

Each of the Directors and Proposed Directors has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

This Prospectus has been approved by unanimous resolution of the Directors of Alara Uranium Limited.

Dated: 3 April 2007

For and on behalf of the Board of Alara Uranium Limited,



**Peter Wallace**  
Director



**Robert Foti**  
Director

Broker/Dealer Stamp

**ALARA URANIUM LIMITED**  
A.C.N. 122 892 719  
**PROSPECTUS**

Share Registry Use Only

**APPLICATION FORM**

Before completing this Application Form, you should read the Prospectus dated 3 April 2007 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.**

I/We apply for

Shares in **ALARA URANIUM LIMITED** at 25 cents per Share

or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

\$

Being 25 cents for each Share applied for above

**Full name (PLEASE PRINT)**

**Joint Applicant #2 or <designated account>**

**Joint Applicant #3 or <designated account>**

**Postal Address (PLEASE PRINT)**

**Contact Name**

Telephone number – Business hours

(  )

Telephone number – After hours

(  )

**CHESS HIN (where applicable)**

**E-mail address**

**CHEQUE DETAILS**

Drawer

Bank

BSB

Amount of cheque

**Declaration and Statements:**

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and that no notice of acceptance of the application will be provided.

**TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 3 APRIL 2007.**

# HOW TO COMPLETE THE APPLICATION FORM

This Application Form relates to the Offer pursuant to the Prospectus dated 3 April 2007. The expiry date of the Prospectus is the date which is 13 months after the date of the Prospectus. The Prospectus contains information about investing in the Shares of the Company and it is advisable to read this document before applying for Shares. A person who gives another person access to this Application Form must at the same time and by the same means give the other person access to the Prospectus, and any supplementary prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary prospectus (if applicable), and an Application Form, on request and without charge.

Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

- (A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 8,000 Shares and thereafter in multiples of 1,000 Shares.
- (B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.25.
- (C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- (D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- (E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the Share Registry can speak to regarding any queries they may have on the Application.
- (F) The Company is an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registry. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issuer sponsored on allotment.
- (G) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

## DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 3 April 2007. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

## PAYMENT

Applications for Shares must be accompanied by the application money of \$0.25 per Share (in Australian currency). Cheques should be made payable to Alara Uranium Limited – Offer Account and crossed "Not Negotiable".

## LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

<p><i>Posted to:</i></p> <p>Alara Uranium Limited C/- Advanced Share Registry Services PO Box 1156 NEDLANDS WA 6909</p>	OR	<p><i>Delivered to:</i></p> <p>Alara Uranium Limited C/- Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009</p>
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Applications must be received by no later than 5.00pm WST on the Closing Date, currently 8 May 2007 (unless varied by the Company).

## CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Alara Uranium Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual <i>Use given names, not initials</i>	William Matthew Johnson	WM Johnson
Company <i>Use Company title, not abbreviations</i>	ACME Pty Ltd	ACME P/L ACME Co
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Carole Lee <Carole Lee Family A/C>	Carole Lee Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	James Jones <Est James Jones A/C>	Estate of late James Jones
Partnerships <i>Use partners' personal names, do not use the name of the partnership</i>	James Jones and Peter Jones <James Jones and Son A/C>	James Jones and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s), Do not use the names of the clubs etc.</i>	Victor Smith <ACE Cricket Association A/C>	ACE Cricket Association
Superannuation Funds <i>Use of name of trustee of fund, do not use the name of the fund.</i>	Sue Lynn White Pty Ltd <Super Fund A/C>	Sue Lynn White Pty Ltd Superannuation Fund

Broker/Dealer Stamp

**ALARA URANIUM LIMITED**  
A.C.N. 122 892 719  
**PROSPECTUS**

Share Registry Use Only

**APPLICATION FORM**

Before completing this Application Form, you should read the Prospectus dated 3 April 2007 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON THE REVERSE OF THIS FORM.**

I/We apply for

Shares in **ALARA URANIUM LIMITED** at 25 cents per Share

or such lesser number of Shares which may be allocated to me/us by the Directors.

I/We lodge full application monies of

Being 25 cents for each Share applied for above

**Full name (PLEASE PRINT)**

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

**Postal Address (PLEASE PRINT)**

**Contact Name**

Telephone number – Business hours

(  )

Telephone number – After hours

(  )

**CHESS HIN (where applicable)**

**E-mail address**

**CHEQUE DETAILS**

Drawer

Bank

BSB

Amount of cheque

**Declaration and Statements:**

By lodging this Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the Constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us; and

I/We acknowledge that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and that no notice of acceptance of the application will be provided.

**TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT 2001, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 3 APRIL 2007.**

# HOW TO COMPLETE THE APPLICATION FORM

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Applications must be made on the Application Form attached to this Prospectus. Please complete all relevant parts of the Application Form using BLOCK LETTERS.

- (A) Enter the NUMBER OF SHARES you wish to apply for. The application must be for a minimum of 8,000 Shares and thereafter in multiples of 1,000 Shares.
- (B) Enter the TOTAL AMOUNT of application money payable. To calculate the amount, multiply the number of Shares applied for by \$0.25.
- (C) Enter the FULL NAME(S) of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- (D) Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- (E) Enter a CONTACT NAME and TELEPHONE NUMBER(S) of a person the Share Registry can speak to regarding any queries they may have on the Application.
- (F) The Company is an Issuer Sponsored participant in the ASX CHESSE System. This enables a holder to receive a statement of their shareholdings from the Company's Share Registry. If you are already a Broker Sponsored participant in this system, enter your Holder Identification Number (HIN). Otherwise, leave this box blank and your Shares will automatically be issuer sponsored on allotment.
- (G) Enter the details of cheque(s) accompanying the Application Form in payment of application monies.

## DECLARATION AND STATEMENTS

Before completing the Application Form the Applicant(s) should read the Prospectus dated 3 April 2007. The Applicant(s) agree(s), upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Application Form that may be allotted to the Applicants pursuant to the Prospectus and declare(s) that all details of statements made are complete and accurate.

No notice of acceptance of the Application will be provided by the Company prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the Application.

If your Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your Application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Application Form.

## PAYMENT

Applications for Shares must be accompanied by the application money of \$0.25 per Share (in Australian currency). Cheques should be made payable to Alara Uranium Limited – Offer Account and crossed "Not Negotiable".

## LODGING OF APPLICATIONS

Completed Application Forms and accompanying application monies must be:

<p><i>Posted to:</i></p> <p>Alara Uranium Limited C/- Advanced Share Registry Services PO Box 1156 NEDLANDS WA 6909</p>	OR	<p><i>Delivered to:</i></p> <p>Alara Uranium Limited C/- Advanced Share Registry Services 110 Stirling Highway NEDLANDS WA 6009</p>
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Applications must be received by no later than 5.00pm WST on the Closing Date, currently 8 May 2007 (unless varied by the Company).

## CORRECT FORM OF REGISTRABLE TITLE

Note that only legal entities are allowed to hold Shares. Applications must be in the name(s) of a natural person(s), companies or other legal entities acceptable to Alara Uranium Limited. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below:

TYPE OF INVESTOR	CORRECT FORM OF REGISTRABLE TITLE	INCORRECT FORM OF REGISTRABLE TITLE
Individual <i>Use given names, not initials</i>	William Matthew Johnson	WM Johnson
Company <i>Use Company title, not abbreviations</i>	ACME Pty Ltd	ACME P/L ACME Co
Trusts <i>Use trustee(s) personal name(s), Do not use the name of the trust</i>	Carole Lee <Carole Lee Family A/C>	Carole Lee Family Trust
Deceased Estates <i>Use executor(s) personal name(s)</i>	James Jones <Est James Jones A/C>	Estate of late James Jones
Partnerships <i>Use partners' personal names, do not use the name of the partnership</i>	James Jones and Peter Jones <James Jones and Son A/C>	James Jones and Son
Clubs/Incorporated Bodies/Business Names <i>Use office bearer(s) personal name(s), Do not use the names of the clubs etc.</i>	Victor Smith <ACE Cricket Association A/C>	ACE Cricket Association
Superannuation Funds <i>Use of name of trustee of fund, do not use the name of the fund.</i>	Sue Lynn White Pty Ltd <Super Fund A/C>	Sue Lynn White Pty Ltd Superannuation Fund

ALARA URANIUM LIMITED  
A.C.N. 122 892 719

Proposed ASX Code: LAR

[www.alarauranium.com](http://www.alarauranium.com)

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