



NOTICE OF GENERAL MEETING & EXPLANATORY STATEMENT

TO SHAREHOLDERS

Date and Time of Meeting: 11:00 am (Perth time)
on Wednesday, 17 September 2008

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

IMPORTANT NOTICE

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

The Chairman of the General Meeting will vote open proxies received in favour of all resolutions to be considered at the General Meeting.

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CORPORATE DIRECTORY

BOARD

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

COMPANY SECRETARY

Victor Ho

PRINCIPAL & REGISTERED OFFICE

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Web: www.advancedshare.com.au

STOCK EXCHANGE

Australian Securities Exchange
Perth, Western Australia

ASX CODE

AUQ

AUDITORS

Grant Thornton (WA) Partnership
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West Perth, Western Australia 6005
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PURPOSE OF THIS DOCUMENT

This Notice of Meeting and Explanatory Statement has been prepared for the purpose of providing shareholders with all the information known to the Company that is material to the shareholders' decision on how to vote on the proposed resolutions at the General Meeting. Shareholders should read this Notice of Meeting and Explanatory Statement in full to make an informed decision regarding the resolutions to be considered at this General Meeting.

This Notice of Meeting and Explanatory Statement is dated 18 August 2008.

ENQUIRIES

If you have any questions regarding the matters set out in this Notice of Meeting and Explanatory Statement, please contact the Company or your professional advisers.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of shareholders of Alara Uranium Limited A.C.N. 122 892 719 (**Company** or **Alara** or **AUQ**) will be held at The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at 11:00 am (Perth time) on Wednesday, 17 September 2008.

AGENDA

ORDINARY BUSINESS

1. Resolution 1 – Change of Company Name and Modification of Constitution

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

“That, for the purposes of sections 136 and 157 of the Corporations Act 2001 (Cth) and for all other purposes, the name of the Company be changed to “Alara Resources Limited” and the Company’s constitution be modified by replacing all references therein to “Alara Uranium Limited” with references to “Alara Resources Limited” (including, without limitation, in clause 2.1(9)).”

2. Resolution 2 – Updated Director’s Deeds

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

“That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given to the Company to enter into a deed with each of its directors on the terms and conditions a summary of which are set out in the Explanatory Statement accompanying this Notice.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by directors John Francis Stephenson, Shanker Madan and Farooq Khan or any associates of each of the foregoing persons.

3. Resolution 3 - Issue of Options to Non-Executive Director

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

“That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth), Listing Rule 10.11 of the Australian Securities Exchange (operated by ASX Limited) (ASX) and for all other purposes, shareholders approve the issue of, and determine to issue to Non-Executive Chairman John Francis Stephenson 900,000 options, each to subscribe for one ordinary share in the Company at an exercise price of \$0.35 and exercisable at any time on or before 5 years from the date of issue (subject to 25% of the options being unable to be exercised until 12 months from the date of issue) and on the terms and conditions set out in the Explanatory Statement accompanying this Notice including Annexure A.”

Voting Exclusion: The Company will disregard any votes cast on this resolution by Non-Executive Director John Francis Stephenson, or any associates of John Francis Stephenson.

4. Resolution 4 - Issue of Options to Executive Directors

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

“That, for the purposes of Chapter 2E of the Corporations Act 2001 (Cth), ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of, and determine to issue, to the following directors of the Company a total of 16,400,000 options, each to subscribe for one ordinary share in the Company at an exercise price of \$0.35 and exercisable at any time on or before 5 years from the date of issue (each with one free attaching option issued on the same terms other than a free attaching option and vesting period) (subject to 25% of the options being unable to be exercised until 12 months from the date of issue) and on the terms and conditions set out in the Explanatory Statement accompanying this Notice including Annexure B:

- (i) Shanker Madan – 8,200,000 options; and*
- (ii) Farooq Khan – 8,200,000 options.”*

Voting Exclusion: The Company will disregard any votes cast on this resolution by Executive Directors, Shanker Madan and Farooq Khan or any associates of each of Shanker Madan and Farooq Khan.

5. Resolution 5 - Issue of Options to Employees

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

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue to the following employees of the Company (and controlled entities of the Company) a total of 1,735,000 options, each to subscribe for one ordinary share in the Company at an exercise price of \$0.35 and exercisable at any time on or before 5 years from the date of issue (subject to 50% of the options being unable to be exercised until 6 months from the date of issue, 25% of the options being unable to be exercised until 12 months from the date of issue and 25% of the options being unable to be exercised until 18 months from the date of issue) and on the terms and conditions set out in the Explanatory Statement accompanying this Notice including Annexure C:

- (i) Victor Poh Hong Ho - 700,000 options;*
- (ii) Jerko Peter Zuvella – 250,000 options;*
- (iii) Cherie Louise Leeden – 450,000 options;*
- (iv) Ganesh Krishnamurthy – 100,000 options;*
- (v) Stephen James Gethin – 125,000 options;*
- (vi) Carole Chau Yueh Lee – 75,000 options; and*
- (vii) Dong Gia Huynh – 35,000 options.”*

Voting Exclusion: The Company will disregard any votes cast on this resolution by Victor Poh Hong Ho, Jerko Peter Zuvella, Cherie Louise Leeden, Ganesh Krishnamurthy, Stephen James Gethin, Carole Chau Yueh Lee and Dong Gia Huynh or any associates of each of the foregoing persons.

DATED THIS 18th DAY OF AUGUST 2008

BY ORDER OF THE BOARD,



**VICTOR HO
COMPANY SECRETARY**

NOTES:

Defined Terms

All terms defined in a resolution shall apply for all other resolutions in this Notice of Meeting.

Voting Exclusion

Where a voting exclusion applies (as described above in the Notice), the Company need not disregard a vote if:

- (a) it is cast by a party as proxy for a party who is entitled to vote, in accordance with the directions on the Proxy Form for this General Meeting; or
- (b) it is cast by the person chairing the General Meeting as proxy for a party who is entitled to vote, in accordance with a direction on the Proxy Form for this General Meeting to vote as the proxy decides.

Role of ASIC and ASX

A copy of this Notice of Meeting and Explanatory Statement has been lodged with ASIC and ASX. Neither ASIC nor ASX nor any of their respective officers takes any responsibility for the contents of the Notice of Meeting and Explanatory Statement.

EXPLANATORY STATEMENT

This Explanatory Statement is provided to the shareholders of Alara Uranium Limited pursuant to and in satisfaction of the Corporations Act 2001 (Cth) and the ASX Listing Rules. This Explanatory Statement is intended to be read in conjunction with the Notice of General Meeting.

1. RESOLUTION 1 – CHANGE OF COMPANY NAME

Pursuant to section 157 of the Corporations Act, a company may change its name by passing a special resolution adopting a new name.

Pursuant to section 136 of the Corporations Act, a company may adopt, modify or repeal its constitution by passing a special resolution.

A special resolution must be passed by at least 75% of the votes cast by members entitled to vote on the resolution and present in person or by proxy at a general meeting of shareholders.

Resolution 1 seeks shareholder approval:

- (i) for the purposes of section 157 of the Corporations Act for the Company to change its name from “Alara Uranium Limited” to “Alara Resources Limited”; and
- (ii) for the purposes of section 136 of the Corporations Act for the Company’s constitution to be modified by replacing all references therein to “Alara Uranium Limited” with references to “Alara Resources Limited” including, without limitation, clause 2.1(9) which contains a definition of the “Company”.

The Directors believe that such change of name is more reflective of the diversified portfolio of resource projects in the Company beyond a pure focus on uranium minerals which the current name suggests.

The change of name takes effect under the Corporations Act when the Australian Securities and Investments Commission (**ASIC**) alters the details of the Company’s registration.

2. RESOLUTION 2 – UPDATED DIRECTOR’S DEEDS

Resolution 2 seeks shareholder approval for the purposes of Part 2E of the Corporations Act for the entry by the Company into a deed with each of its Directors to regulate certain matters between the Company and each Director, both during the time the Director holds office with, and after the Director ceases to be an officer of, the Company (or its wholly owned subsidiaries) (the **Deed**).

The Company notes that it is not unusual for directors of a company to be granted the protection conferred by the Deed. The Company has previously entered into a Deed with each of its current Directors (dated 29 March 2007) after receiving shareholder approval at a general meeting held on the same date.

However, the Company has conducted a general review and update of this deed and the Company and each of its current Directors have agreed to terminate the existing Deeds with effect as from and including the date of this General Meeting and, if this resolution is approved by shareholders, the Company will enter into a new Deed with each of its current Directors after that date.

The matters contained in the Deed are outlined in more detail below but principally relate to access to board papers and other Company information, the Company paying the costs of obtaining independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director, an indemnity by the Company against liability incurred by the Director while acting as such, the payment of legal costs where a Director is

involved in legal proceedings for, on behalf of or against the Company (by a party other than that Director) and the provision of directors indemnity insurance.

Some of these matters are already dealt with by the Corporations Act, but the Deeds the subject of this resolution are more detailed and comprehensive and extend the matters dealt with by the Corporations Act as outlined below.

The Company also notes that, in the event that shareholders' approval is not obtained in accordance with this resolution, the Company proposes to enter into a modified form of the Deed with each of its Directors which would not require shareholders' approval.

The Company considers that the Deed complies with the provisions of Part 2D.2 of the Corporations Act (which sets out certain limitations on the scope of indemnities and insurance which may be effected by companies for their directors).

By the Deed:

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 (clause 2);
2. the Company is required (to the extent permitted by the Corporations Act) to indemnify the Director against:
 - 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 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 Corporations 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 (clause 4);
3. subject to the terms of the Deed and the Corporations Act, the Company is permitted, at the request of the Director and on such terms as it thinks fit, to 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) (clauses 6.2 and 6.3);
4. the Company must (subject to the Corporations 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 (clause 7);
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 (clause 9); and

-
6. the Company's and 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 are regulated.

The above is a summary of the main terms and conditions of the Deed only. A complete copy of the Deed may be inspected at the Company's registered office.

Clause 49.1 of the Company's constitution provides that, to the extent permitted by the Corporations Act and subject to the terms of the Company's constitution, the Company may indemnify every person who is or has been an officer of the Company and, where the board of directors considers it is 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).

Further, by clause 50.1 of the Company's constitution the Company may pay or agree to 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 sections 182 or 183 of the Corporations Act.

The rights of indemnity and insurance to be granted to the Directors under the Deed are consistent with the Company's Constitution.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Relevantly, section 208(1) of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless the public company obtains the approval of the public company's shareholders in accordance with the Corporations Act and the benefit is given within 15 months after the approval, or the giving of the benefit falls within an exception set out in the Corporations Act.

The Deed may confer a financial benefit on a Director of the Company (who is a related party of the Company) as outlined below. Thus, shareholder approval will be required to enter into the Deed, unless the giving of the benefit falls within an exception set out in the Corporations Act. Relevantly, sections 212(1) and (2) of the Corporations Act provide that shareholder approval is not needed to give a financial benefit if:

1. the benefit is for a related party who is an officer of the public company (e.g., a director); and
2. the benefit is:
 - 2.1 an indemnity, exemption or insurance premium in respect of a liability incurred as an officer of the public company or entity that the public company controls (or an agreement to give an indemnity or exemption or to pay an insurance premium of that kind); or
 - 2.2 the making of, or an agreement to make, a payment in respect of legal costs incurred by the officer in defending an action for a liability incurred as an officer of the public company or entity that the public company controls and section 199A does not apply to the costs (or, if section 199A does apply to the costs, the director must repay the amount paid if the costs become costs for which the company must not give the officer an indemnity under that section); and
3. to give the benefit would be reasonable in the circumstances of the public company or entity giving the benefit.

The Company considers that the obligations imposed on the Company under the Deed in relation to the directors' and officers' insurance (clause 7) and the giving of the indemnities against liabilities and legal costs (which the Director becomes liable to pay in defending legal proceedings for liabilities incurred by the Director as an officer of the Company or of a Relevant Entity) (clause 4) fall within the scope of the exceptions set out in sections 212(1) and (2) of the Corporations Act.

However, the Deed may confer on a Director financial benefits which go beyond those referred to in sections 212(1) and (2) of the Corporations Act. For example, the obligation imposed on the Company by clause 9.1 of the Deed to reimburse the Director for his or her reasonable expenses 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 will confer a financial benefit on the Company but is not within the scope of the exceptions set out in sections 212(1) and (2) of the Corporations Act. The Company may, or may not, ever have occasion to provide a Director with a financial benefit of this nature.

Section 208(2) of the Corporations Act provides that if:

- (a) the giving of the benefit is required by a contract;
- (b) the making of the contract was approved by the public company's shareholders in the manner set out in the Corporations Act as a financial benefit given to the related party; and
- (c) the contract was made within 15 months after that approval, or before that approval if the contract was conditional on the approval being obtained,

shareholder approval for the giving of the benefit is taken to have been given and the benefit need not be given within 15 months.

Accordingly, the Company seeks shareholder approval to enter into a Deed with each of the current directors of the Company, being John Francis Stephenson, Shanker Madan and Farooq Khan. This approval will authorise the Company to give to these Directors the financial benefits to which they may at any time be entitled under the Deed. If this resolution is passed, the Deed will be entered into with these Directors as soon as practicable thereafter.

The following information is provided for the purposes of the Corporations Act, in particular section 219 of the Corporations Act:

1. the related parties to whom the financial benefits will be given if this resolution is passed is each of the current directors of the Company, being John Francis Stephenson, Shanker Madan and Farooq Khan;
2. the nature of the financial benefits to be given to the Directors of the Company are those contemplated by the Deed (the terms of which are summarised above), and include an indemnity against liabilities and legal costs, payment of insurance premiums and payment of costs of obtaining independent advice. The Company is unable to quantify its potential exposure under the Deed, as it does not know, for example, whether it will ever be called upon to indemnify a Director for a liability within the scope of the Deed, or the quantum of any such liability. There is no cap on the Company's obligation to reimburse directors for the cost of independent professional advice which they obtain;
3. each Director of the Company declines to make a recommendation to members about this resolution because of the interest which they have in the passage of the resolution;
4. each Director of the Company has an interest in the outcome of this resolution. If this resolution is passed and the Company is authorised to enter into a Deed with each Director, the Director will gain the rights and benefits set out in the Deed (for example, a right of indemnity, payment of insurance premiums on a D & O Policy in their favour, reimbursement of costs of independent advice); and
5. the Company does not consider that there is any other information which would reasonably be required by members in order to decide whether or not it is in the

Company's interests to pass this resolution and which is known to the Company or to any of its directors.

The Company will disregard any votes cast on Resolution 2 by Directors John Francis Stephenson, Shanker Madan and Farooq Khan, or any associate of any Director, who will be prohibited from voting as described in the voting exclusion statement within the Notice of General Meeting.

3. RESOLUTION 3 – ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTOR

3.1 Background

Resolution 3 seeks shareholder approval for the Company to grant 900,000 options to Non-Non-Executive Chairman, John Stephenson. Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, they are exercisable at any time on or before 5 years from the date of issue (**option expiry date**);
3. the options will vest as follows:
 - (a) 75% of the options issued to the Chairman will vest at the date of issue of the options (which options may therefore be exercised at any time prior to the option expiry date); and
 - (b) 25% of the options issued to the Chairman will vest at the date being 12 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date);
4. the options will lapse immediately upon the occurrence of any of the circumstances described below:

Where options are vested and therefore able to be exercised	Where options are not vested (and therefore unable to be exercised)
<ol style="list-style-type: none"> (a) Upon their expiry date (b) Upon determination by the Board that the Chairman has acted fraudulently, dishonestly or in breach of his obligations to the Company (c) Upon the Chairman ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) and has not exercised the option within thirty days following that event (unless a longer period is otherwise determined by the Board) (d) 6 months after the death, permanent illness or permanent physical or mental incapacity of the Chairman (unless a longer period is otherwise determined by the Board) 	<ol style="list-style-type: none"> (a) Upon determination by the Board that the Chairman has acted fraudulently, dishonestly or in breach of his obligations to the Company

5. otherwise on the terms and conditions set out in Annexure A to the Explanatory Statement accompanying this Notice.

The reasons why the Company is proposing to grant these options to Non-Executive Chairman, John Stephenson, are as follows:

- The proposed options issue is designed to act as an incentive for the Chairman to strive to achieve the Company's goals with the aim of enhancing shareholder value.
- The options (structured as described above) provide an equity holding opportunity for the Chairman which is linked to the Company's share price performance.
- Based on the option exercise price and the rate at which the options vest, the exercise of these options by the Chairman is only likely to occur if there is sustained upward movement in the Company's share price.
- The number of options to be issued to the Chairman has been determined having regard to the level of Director's fees being received by the Chairman and is a cash-free, effective and efficient way of providing an appropriate level of remuneration as well as providing ongoing equity based incentives for the Chairman to remain with the Company with a view to improving the future growth of the Company.

The current level of annualised Director's fees being received by Non-Executive Chairman, John Stephenson, is as follows:

Director	Office Held	Gross fees per annum ¹
John Stephenson	Non-Executive Chairman	\$40,000

- As a relatively junior exploration company with much of its available funds dedicated or committed to its resource projects (and also in seeking opportunities in relation to the same) and in financing its day-to-day working capital requirements, the Company is not always in a position to maintain competitive cash salary ranges for its Directors within the industry in which it operates.

3.2 A Related Party Transaction under Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- obtain the approval of members in the way set out in Sections 217 to 227; and
- give the benefit within 15 months after the approval.

A "related party" includes a director of a public company.

A "financial benefit" includes a public company issuing securities (including options) to a related party.

The Company is thus seeking shareholder approval for the purposes of Chapter 2E of the Corporations Act to issue options to Non-Executive Chairman, John Stephenson, pursuant to Resolution 3.

¹ Excluding employer statutory superannuation obligations

In accordance with the requirements of Chapter 2E and in particular Section 219 of the Corporations Act, the following information is provided to allow shareholders sufficient information to determine whether they should approve Resolution 3:

(a) The related party to whom Resolution 3 would permit the financial benefit to be given

Non-Executive Chairman, John Francis Stephenson.

(b) The nature of the financial benefit

If Resolution 3 is passed, Non-Executive Chairman, John Stephenson, will be granted 900,000 options. The options will be granted on the terms and conditions set out in this Explanatory Statement including Annexure A accompanying this Notice.

(c) Directors' Recommendation

All of the Directors were available to consider proposed Resolution 3 but Non-Executive Chairman, John Stephenson, declines to make a recommendation because has an interest in the outcome of the resolution. Executive Directors Shanker Madan and Farooq Khan recommend that shareholders vote in favour of Resolution 3, for the reasons set out in this Explanatory Statement.

(d) The Director's interests in the outcome of the proposed resolution.

Non-Executive Chairman, John Stephenson, have an interest in the outcome of this resolution as, if the resolution is passed, he will be issued with 900,000 options on the terms and conditions set out in this Explanatory Statement including Annexure A accompanying this Notice.

(e) Any other information that is reasonably required by a member to make a decision and that is known to the Company and any of its Directors

(i) Effect of Capital Structure

If Resolution 3 is passed, the Company will grant a total 900,000 options to its Non-Executive Chairman, John Stephenson.

As at the date of this Notice of Meeting and Explanatory Statement, the Company has the following securities on issue:

	Listed on ASX	Not Listed on ASX or Subject to Escrow	Total
Fully paid ordinary shares	56,011,285	24,496,215 ²	80,507,500
\$0.25 (30 June 2009) Listed Options ³	60,367,500	-	60,367,500
\$0.55 (26 July 2012) Unlisted Employees' Options ⁴	-	500,000	500,000

If all of the 900,000 options proposed to be granted to Non-Executive Chairman, John Stephenson, pursuant to shareholder approval of Resolution 3 are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 1.1% and raise \$315,000 cash for the Company.

If all of the existing 60,367,500 listed \$0.25 (30 June 2009) and 500,000 unlisted \$0.55 (26 July 2012) Employees' options (**Existing Options**) and all of the 900,000 options proposed to be granted to Non-Executive Chairman, John Stephenson, pursuant to shareholder approval of Resolution 3 are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 43.4% and raise \$15,681,875 cash for the Company.

If all of the Existing Options and all of the 16,400,000 options (and 16,400,000 Free Attaching Options) proposed to be granted to Executive Directors, Shanker Madan and Farooq Khan, pursuant to shareholder approval of Resolution 4, the 1,735,000 options proposed to be granted to employees pursuant to shareholder approval of Resolution 5 and all of the 900,000 options proposed to be granted to Non-Executive Chairman, John Stephenson, pursuant to shareholder approval of Resolution 3 (**New Options**) are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 54.5% and raise \$27,769,125 cash for the Company.

(i) Company's Recent Share Price

The market price of the Company's shares during the exercise period of the options will normally determine whether or not option holders exercise their options. Thus, the options proposed to be granted if Resolution 3 is passed are only likely to be exercised if the Company's shares subsequently trade at a price which is higher than the exercise price.

² Escrowed shares comprise:

- (i) 4,488,750 shares held by related parties and promoters (founding shareholders) escrowed until 24 May 2009;
- (ii) 12,750,000 vendor shares issued to Strike Resources Limited pursuant to settlement of the Strike Uranium and Peru Sale Agreements, as defined in the Company's IPO Prospectus (**IPO Prospectus**), escrowed until 24 May 2009;
- (iii) 1,007,465 (formerly vendor shares issued to Strike Resources Limited pursuant to settlement of the Strike Uranium and Peru Sale Agreements, as defined in the IPO Prospectus) distributed in specie under a capital return effected by Strike Resources Limited on 13 December 2007 to various related parties and promoters of Strike Resources Limited and Alara Uranium Limited (and their associates), escrowed until 24 May 2009; and
- (iv) 6,250,000 vendor shares issued to Orion Equities Limited pursuant to settlement of the Hume Sale Agreement, as defined in the IPO Prospectus, escrowed until 24 May 2009.

³ Terms and conditions of \$0.25 (30 June 2009) listed options are set out in a [Rights Issue Options Prospectus dated 3 September 2007](#) and in an [ASX Appendix 3B New Issue Announcement lodged on 3 September 2007](#)

⁴ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 21 June 2007](#) for a General Meeting held on 7 July 2007 and in an [ASX Appendix 3B New Issue Announcement lodged on 3 August 2007](#)

The following table sets out the trading history of the Company's shares on ASX between 1 April and 8 August 2008 (inclusive):

	High (cents)	Low (cents)	Last Sale at month end (cents)	VWAP (cents))
August 2008 (to 8 August)	7.4	7	7.1	7.3292
July 2008	8.4	7.4	7.4	7.6465
June 2008	11	8.1	8.2	9.3688
May 2008	11	9	11	9.5734
April 2008	13	8.6	9.3	10.5263

(ii) Director's Relevant Interest in Securities of the Company

Non-Executive Chairman John Stephenson's relevant interest in securities of the Company as at the date of this Notice of General Meeting and Explanatory Statement are as follows:

Director	Fully paid ordinary shares	Listed \$0.25 (30 June 2009) Options
John Stephenson	217,072 ⁵	135,000 ⁵

The Company notes that on 15 August 2008, the Company entered into a deed with Dr Stephenson to cancel 900,000 unlisted Directors' options held by him (each option having an exercise price of \$0.55 and expiring on 26 July 2012).

(iii) Valuation of Options

The Directors consider, on the basis of the calculation methodology set out below, that the options to be granted pursuant to Resolution 3 (if passed) will have an indicative value of ~\$0.025 per option.

This valuation has been calculated by BDO Kendalls Corporate Finance (WA) Pty Ltd using the binomial option pricing model applying the following assumptions:

- the Company's share price being \$0.074 per share (which was the share price of AUQ shares on 6 August 2008);
- a risk-free rate of return of 5.93% (based on the Australian Government 5 year bond rate as at 6 August 2008); and
- an estimated future volatility of the Company's share price of 75% (based on Bloomberg's volatility data and calculator).

The indicative valuation has assumed that the issue date of the options was 7 August 2008. The valuation may not be a representative valuation of the options at the proposed date of issue (expected to be as soon as practicable after the date of this General Meeting upon Resolution 3 receiving shareholder approval and in any event, no later than one month thereafter or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

The Company will disregard any votes cast on Resolution 3 by Non-Executive Chairman, John Stephenson, or any associate of John Stephenson, who will be prohibited from voting as described in the voting exclusion statement in the Notice of General Meeting.

⁵ Held jointly: John Francis Stephenson & Susan Margaret Franklin <Stephenson Franklin FMY A/C>, as disclosed in John Stephenson's most recent Directors' Interest Notice lodged with ASX on 15 August 2008.

Neither the Directors nor the Company are aware of any other information that would reasonably be required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 3, other than as set out in this Explanatory Statement.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain approval of the shareholders of the company prior to the issue of securities to a related party of the company. As the Directors are each a related party of the Company, shareholder approval under ASX Listing Rule 10.11 is sought for Resolution 3.

The following information is provided to shareholders for the purpose of ASX Listing Rule 10.13:

- (1) the options will be granted to Non-Executive Chairman, John Stephenson;
- (2) 900,000 options will be granted to Non-Executive Chairman, John Stephenson, on the terms and conditions set out in Annexure A to this Explanatory Statement;
- (3) the options which are the subject of Resolution 3 will be granted to Non-Executive Chairman, John Stephenson, on a date no later than one month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that all of the options will be granted on the same date;
- (4) the options will be granted to Non-Executive Chairman John Stephenson for no consideration and otherwise on the terms and conditions set out in Annexure A to the Explanatory Statement;
- (5) no funds will be raised by the grant of options pursuant to Resolution 3; and
- (6) by virtue of Exemption 14 of ASX Listing Rule 7.2, shareholder approval pursuant to Listing Rule 7.1 is not required in order to issue the options the subject of Resolution 3 as shareholder approval is being obtained under ASX Listing Rule 10.11.

4. RESOLUTION 4 – ISSUE OF OPTIONS TO EXECUTIVE DIRECTORS

4.1 Background

Resolution 4 seeks shareholder approval for the Company to grant a total of 16,400,000 options to Managing Director Shanker Madan and Executive Director Farooq Khan. Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, they are exercisable at any time on or before 5 years from the date of issue (**option expiry date**);
3. the options will vest as follows:
 - (a) 75% of the options issued to each Director will vest at the date of issue of the options (which options may therefore be exercised at any time prior to the option expiry date); and
 - (b) 25% of the options issued to each Director will vest at the date being 12 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date);

4. each option will entitle the holder to subscribe for one share in the Company with one free attaching option issued (at the time of subscription) upon the same terms as the options (save that no free attaching options will be issued on exercise of the options and no vesting period applies to the free attaching options) (**Free Attaching Options**);
5. the options (and any applicable Free Attaching Options) will lapse immediately upon the occurrence of any of the circumstances described below:

Where options are vested and therefore able to be exercised	Where options are not vested (and therefore unable to be exercised)
<p>(a) Upon their expiry date</p> <p>(b) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company</p> <p>(c) Upon the Director ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) and has not exercised the option within thirty days following that event (unless a longer period is otherwise determined by the Board)</p> <p>(d) 6 months after the death, permanent illness or permanent physical or mental incapacity of a Director (unless a longer period is otherwise determined by the Board)</p>	<p>(a) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company</p>

6. otherwise on the terms and conditions set out in Annexure B to the Explanatory Statement accompanying this Notice.

The reasons why the Company is proposing to grant these options to Shanker Madan and Farooq Khan are as follows:

- The proposed options issue is designed to act as an incentive for these Executive Directors to strive to achieve the Company's goals with the aim of enhancing shareholder value.
- The options (structured as described above) provide an equity holding opportunity for each Executive Director which is linked to the Company's share price performance.
- Based on the option exercise price and the rate at which the options vest, the exercise of these options by the Executive Directors is only likely to occur if there is sustained upward movement in the Company's share price.
- The number of options to be issued to the Executive Directors has been determined having regard to the level of Executive Directors' salaries being received by the Executive Directors and is a cash-free, effective and efficient way of providing an appropriate level of Executive Directors' remuneration as well as providing ongoing equity based incentives for the Executive Directors to remain with the Company with a view to improving the future growth of the Company.
- The issue of Free Attaching Options will ensure that the Company complies with ASX Listing Rule 7.16, which prohibits the Company from having more options than shares on issue.

- The current level of annualised Directors' salaries being received by the Executive Directors is as follows:

Director	Office Held	Gross salary per annum ⁶
H. Shanker Madan	Managing Director	\$150,000
Farooq Khan	Executive Director	\$150,000

- As a relatively junior exploration company with much of its available funds dedicated or committed to its resource projects (and also in seeking opportunities in relation to the same) and in financing its day to day working capital requirements, the Company is not always in a position to maintain competitive cash salary ranges for its Directors within the industry in which it operates.

4.2 A Related Party Transaction under Chapter 2E Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company.

Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- obtain the approval of members in the way set out in Sections 217 to 227; and
- give the benefit within 15 months after the approval.

A "related party" includes a director of a public company.

A "financial benefit" includes a public company issuing securities (including options) to a related party.

The Company is thus seeking shareholder approval for the purposes of Chapter 2E of the Corporations Act to issue options to Directors pursuant to Resolution 4.

In accordance with the requirements of Chapter 2E and in particular Section 219 of the Corporations Act, the following information is provided to allow shareholders sufficient information to determine whether they should approve Resolution 4:

(a) The related parties to whom Resolution 4 would permit the financial benefit to be given

- Managing Director, Shanker Madan; and
- Executive Director, Farooq Khan.

(b) The nature of the financial benefit

If Resolution 4 is passed, the Directors noted above will be granted a total of 16,400,000 options and potentially a further 16,400,000 Free Attaching Options as follows:

- Shanker Madan – 8,200,000 options and potentially a further 8,200,000 Free Attaching Options; and
- Farooq Khan – 8,200,000 options and potentially a further 8,200,000 Free Attaching Options.

The options will be granted on the terms and conditions set out in this Explanatory Statement including Annexure B accompanying this Notice.

6 Excluding employer statutory superannuation obligations

(c) Directors' Recommendation

All of the Directors were available to consider proposed Resolution 4 but Shanker Madan and Farooq Khan declined to make a recommendation because each has an interest in the outcome of the resolution. Chairman John Stephenson recommends that shareholders vote in favour of Resolution 4, for the reasons set out in this Explanatory Statement.

(d) The Directors' interests in the outcome of the proposed resolution.

Shanker Madan and Farooq Khan have an interest in the outcome of this resolution as, if the resolution is passed, each of them will be issued with that number of options as is set out opposite their name in paragraph (b) above.

(e) Any other information that is reasonably required by a member to make a decision and that is known to the Company and any of its Directors**(i) Effect of Capital Structure**

If Resolution 4 is passed, the Company will grant a total 16,400,000 options and potentially a further 16,400,000 Free Attaching Options to Executive Directors Shanker Madan and Farooq Khan.

As at the date of this Notice of Meeting and Explanatory Statement, the Company has the following securities on issue:

	Listed on ASX	Not Listed on ASX or Subject to Escrow	Total
Fully paid ordinary shares	56,011,285	24,496,215 ⁷	80,507,500
\$0.25 (30 June 2009) Listed Options ⁸	60,367,500	-	60,367,500
\$0.55 (26 July 2012) Unlisted Employees' Options ⁹	-	500,000	500,000

⁷ Escrowed shares comprise:

- (v) 4,488,750 shares held by related parties and promoters (founding shareholders) escrowed until 24 May 2009;
- (vi) 12,750,000 vendor shares issued to Strike Resources Limited pursuant to settlement of the Strike Uranium and Peru Sale Agreements, as defined in the IPO Prospectus, escrowed until 24 May 2009;
- (vii) 1,007,465 (formerly vendor shares issued to Strike Resources Limited pursuant to settlement of the Strike Uranium and Peru Sale Agreements, as defined in the IPO Prospectus) distributed in specie under a capital return effected by Strike Resources Limited on 13 December 2007 to various related parties and promoters of Strike Resources Limited and Alara Uranium Limited (and their associates), escrowed until 24 May 2009; and
- (viii) 6,250,000 vendor shares issued to Orion Equities Limited pursuant to settlement of the Hume Sale Agreement, as defined in the IPO Prospectus, escrowed until 24 May 2009.

⁸ Terms and conditions of \$0.25 (30 June 2009) listed options are set out in a [Rights Issue Options Prospectus dated 3 September 2007](#) and in an [ASX Appendix 3B New Issue Announcement lodged on 3 September 2007](#)

⁹ Terms and conditions of issue are set out in a [Notice of Meeting and Explanatory Statement dated 21 June 2007](#) for a General Meeting held on 7 July 2007 and in an [ASX Appendix 3B New Issue Announcement lodged on 3 August 2007](#)

If all of the 16,400,000 options (and 16,400,000 Free Attaching Options) proposed to be granted to Directors pursuant to shareholder approval of Resolution 4 are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 28.9% and raise \$11,480,000 cash for the Company. Any acquisition of shares following the exercise of options will be subject to the Corporations Act, including the restrictions against acquiring a relevant interest in more than 20% of the voting power of the Company.

If all of the Existing Options and all of the 16,400,000 options (and 16,400,000 Free Attaching Options) proposed to be granted to Directors pursuant to shareholder approval of Resolution 4 are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 53.8% and raise \$26,846,875 cash for the Company.

If all of the Existing Options and all of the New Options are exercised, the resulting issue of shares would dilute the shareholding of existing shareholders by 54.5% and raise \$27,769,125 cash for the Company.

(ii) Company's Recent Share Price

The market price of the Company's shares during the exercise period of the options will normally determine whether or not option holders exercise their options. Thus, the options proposed to be granted if Resolution 4 is passed are only likely to be exercised if the Company's shares subsequently trade at a price which is higher than the exercise price.

The following table sets out the trading history of the Company's shares on ASX between 1 April and 8 August 2008 (inclusive):

	High (cents)	Low (cents)	Last Sale at month end (cents)	VWAP (cents)
August 2008 (to 8 August)	7.4	7	7.1	7.3292
July 2008	8.4	7.4	7.4	7.6465
June 2008	11	8.1	8.2	9.3688
May 2008	11	9	11	9.5734
April 2008	13	8.6	9.3	10.5263

(iii) Directors' Relevant Interest in Securities of the Company

The Executive Directors' relevant interest in securities of the Company as at the date of this Notice of General Meeting and Explanatory Statement are as follows:

Executive Director	Fully paid ordinary shares	Listed \$0.25 (30 June 2009) Options
H. Shanker Madan	278,375 ¹⁰	138,736 ¹⁰
Farooq Khan	9,610,986 ¹¹	9,266,205 ¹²

10 Held jointly: Mr Hem Shanker Madan & Mrs Anupam Shobha Madan <The AS and HS Madan S/F A/C>, as disclosed in Mr Madan's most recent Directors' Interest Notice lodged with ASX on 15 August 2008.

11 Held 98,242 shares directly and indirectly (Mr Khan is deemed under the Corporations Act to have a relevant interest in 9,332,744 shares held by Orion Equities Limited (OEQ) as Mr Khan has a greater than 20% interest in Queste Communications Ltd (QUE), which is deemed to be in control of OEQ, and 180,000 shares held by Interstaff Recruitment Limited (IRL), as Mr Khan has a greater than 20% interest in IRL), as disclosed in Mr Khan's most recent Directors' Interest Notice lodged with ASX on 15 August 2008.

12 Held indirectly: Mr Khan is deemed under the Corporations Act to have a relevant interest in 9,131,205 options held by OEQ as Mr Khan has a greater than 20% interest in QUE, which is deemed to be in control of OEQ, and 135,000 options held by IRL, as Mr Khan has a greater than 20% interest in IRL, as disclosed in Mr Khan's most recent Directors' Interest Notice lodged with ASX on 15 August 2008.

The Company notes that on 15 August 2008, the Company entered into a deed with Shanker Madan and Farooq Khan to cancel 8,800,000 and 8,775,000 unlisted Directors' options held by each of them respectively (each option having an exercise price of \$0.55 and expiring on 26 July 2012).

(iv) Valuation of Options

The Directors consider, on the basis of the calculation methodology set out below, that the options to be granted pursuant to Resolution 4 (if passed) will have an indicative value of ~\$0.0393 per option.

This valuation has been calculated by BDO Kendalls Corporate Finance (WA) Pty Ltd using the binomial option pricing model applying the following assumptions:

- (a) the Company's underlying security value being \$0.099 per share (which comprises \$0.074, being the price of AUQ shares on ASX on 6 August 2008 and \$0.025, being the value of a Free Attaching Option as determined by BDO Kendalls Corporate Finance);
- (b) a risk-free rate of return of 5.93% (based on the Australian Government 5 year bond rate as at 6 August 2008); and
- (c) an estimated future volatility of the Company's share price of 75% (based on Bloomberg's volatility data and calculator).

The indicative valuation has assumed that the issue date of the options was 7 August 2008. The valuation may not be a representative valuation of the options at the proposed date of issue (expected to be as soon as practicable after the date of this General Meeting upon Resolution 4 receiving shareholder approval and in any event, no later than one month thereafter or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).

The Company will disregard any votes cast on Resolution 4 by the Executive Directors Shanker Madan and Farooq Khan, or any of their associates, who will be prohibited from voting as described in the voting exclusion statement in the Notice of General Meeting.

Neither the Directors nor the Company are aware of any other information that would reasonably be required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 4, other than as set out in this Explanatory Statement.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain approval of the shareholders of the company prior to the issue of securities to a related party of the company. As the Directors are each a related party of the Company, shareholder approval under ASX Listing Rule 10.11 is sought for Resolution 4.

The following information is provided to shareholders for the purpose of ASX Listing Rule 10.13:

- (1) the options will be granted to Executive Directors Hem Shanker Madan and Farooq Khan;
- (2) 8,200,000 options will be granted to each of the Executive Directors Hem Shanker Madan and Farooq Khan (being a total of 16,400,000 options) with a Free Attaching Option being issued upon the exercise of each option (being a total of 16,400,000 Free Attaching Options), and in each case on the terms and conditions set out in Annexure B to the Explanatory Statement;

-
- (3) the options which are the subject of Resolution 4 will be granted to the Executive Directors Hem Shanker Madan and Farooq Khan, on a date no later than one month after the date of this General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that all of the options will be granted on the same date;
 - (4) the options will be granted to the Executive Directors Hem Shanker Madan and Farooq Khan for no consideration – and otherwise on the terms and conditions set out in Annexure B to this Explanatory Statement;
 - (5) no funds will be raised by the grant of options pursuant to Resolution 4; and
 - (6) By virtue of Exemption 14 of ASX Listing Rule 7.2, shareholder approval pursuant to Listing Rule 7.1 is not required in order to issue the options the subject of Resolution 4 as shareholder approval is being obtained under ASX Listing Rule 10.11.

5. RESOLUTION 5 – ISSUE OF OPTIONS TO EMPLOYEES

Resolution 5 seeks shareholder approval for the Company to grant a total of 1,735,000 options to its employees (and employees of the Company's controlled entities) (**Alara Employees**). Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, exercisable at any time on or before 5 years from the date of issue (**option expiry date**).
3. the options will vest as follows:
 - (a) 50% of the options issued to each employee will vest at the date being 6 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date);
 - (b) 25% of the options issued to each employee will vest at the date being 12 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date); and
 - (c) 25% of the options issued to each employee will vest at the date being 18 months after their date of issue (which options may therefore be exercised at any time thereafter and prior to the option expiry date);

4. the options will lapse immediately upon the occurrence of any of the circumstances described below:

Where options are vested and therefore able to be exercised	Where options are not vested (and therefore unable to be exercised)
<p>(a) Upon their expiry date</p> <p>(b) Upon determination by the Board that the employee has acted fraudulently, dishonestly or in breach of their obligations to the Company</p> <p>(c) Upon the employee ceasing to be a employee of the Company (for whatever reason including by retrenchment, redundancy or retirement) and has not exercised the option within thirty days following that event (unless a longer period is otherwise determined by the Board)</p> <p>(d) 6 months after the death, permanent illness or permanent physical or mental incapacity of the employee (unless a longer period is otherwise determined by the Board)</p>	<p>(a) Upon determination by the Board that the employee has acted fraudulently, dishonestly or in breach of their obligations to the Company</p> <p>(b) Upon the employee ceasing to be a employee of the Company (for whatever reason including by retrenchment, redundancy or retirement) (unless the Board has determined otherwise)</p>

5. otherwise on the terms and conditions set out in Annexure C to the Explanatory Statement accompanying this Notice.

The reasons for the grant of these options to Alara Employees are as follows:

- The proposed options issue is designed to act as an incentive for Alara Employees to strive to achieve the Company's goals with the aim of enhancing shareholder value.
- The options (structured as described above) provide an equity holding opportunity for each Alara Employee which is linked to the Company's share price performance.
- Based on the option exercise price and the rate at which the options vest, the exercise of these options by Alara Employees is only likely to occur if there is sustained upward movement in the Company's share price.
- The number of options to be issued to Alara Employees has been determined having regard to the level of salaries being received by the employees and is a cash-free, effective and efficient way of providing an appropriate level of employee remuneration as well as providing ongoing equity based incentives for the employees to remain with the Company with a view to improving the future growth of the Company.
- As a relatively junior exploration company with much of its available funds dedicated or committed to its resource projects (and also in seeking opportunities in relation to the same) and in financing its day to day working capital requirements, the Company is not always in a position to maintain competitive cash salary ranges for its employees within the industry in which it operates.

The Company notes that on 15 August 2008, the Company entered into a deed with victor Ho, Jerko Zuvela, Cherie Leeden and Carole Lee to cancel 500,000, 250,000, 150,000 and 25,000 unlisted Employees' options held by each of them respectively (each option having an exercise price of \$0.55 and expiring on 26 July 2012).

Whilst prior shareholder approval (under ASX Listing Rule 7.1) is not required for the issue of these options to the employees, the effect of their issue is to reduce the Company's capacity to issue additional securities in the future without prior shareholder approval under ASX Listing Rule 7.1.

The Company wishes to seek prior approval for the issue of these options under ASX Listing Rule 7.1 so as not to restrict the Company's capacity to issue up to 15% of the securities of the Company on issue in a 12 month period under ASX Listing Rule 7.1.

In accordance with the requirements of ASX Listing Rule 7.3 the following additional information is provided:

- (a) a maximum number of 1,735,000 options are proposed to be issued in total to the following Alara Employees;
 - (i) Victor Poh Hong Ho - 700,000 options;
 - (ii) Jerko Peter Zuvella – 250,000 options;
 - (iii) Cherie Louise Leeden – 450,000 options;
 - (iv) Ganesh Krishnamurthy – 100,000 options;
 - (v) Stephen James Gethin – 125,000 options;
 - (vi) Carole Chau Yueh Lee – 75,000 options; and
 - (vii) Dong Gia Huynh – 35,000 options,

and in each case on the terms and conditions set out in Annexure C to the Explanatory Statement;

- (b) the exercise price for each option is \$0.35;
- (c) each option is exercisable at any time on or before 5 years from the date of issue (subject to 50% of the options being unable to be exercised until 6 months after their date of issue, 25% of the options being unable to be exercised until 12 months after their date of issue and 25% of the options being unable to be exercised until 18 months after their date of issue);
- (d) the options will be issued for nil consideration and no funds will be raised from the issue;
- (e) The options will be issued no later than three (3) months after the date of this General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (f) the options will not be quoted on ASX; and
- (g) the shares issued upon exercise of the options will be ordinary fully paid shares issued on the same terms and conditions as the shares currently on issue by the Company. The Company will seek quotation of these shares on ASX.

The Company will disregard any votes cast on Resolution 5 by the Alara Employees named in Resolution 5, or any of their associates, who will be prohibited from voting as described in the voting exclusion statement within the Notice of General Meeting.

All Directors recommend that shareholders vote in favour of approving Resolution 5, for the reasons set out in this Explanatory Statement.

ANNEXURE A

TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO NON-EXECUTIVE DIRECTOR THE SUBJECT OF RESOLUTION 3**1. Nil Consideration Payable**

No subscription or application monies will be payable for the issue of each option (“**Option**”).

2. Entitlement

Each Option shall entitle the holder (the “**Option Holder**”) to subscribe (in cash) for one (1) fully paid ordinary share (“**Share**”) in the capital of Alara Uranium Limited ACN 122 892 719 (“**Company**”) at an exercise price of \$0.35 (“**Exercise Price**”).

The Options will not be quoted on the ASX.

3. Option Period

Each Option will expire at 5:00pm (Perth time) on the fifth anniversary of the date of issue of such Option (such date being referred to as the “**Option Expiry Date**”). Subject to Clauses 4, 5 and 9 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

4. Non-Exercise Periods

Options may only be exercised after they have vested. The Options will vest (“**Vested Options**”) as follows:-

- 4.1 75% of the Options issued to each Option Holder will vest at the date of issue of the Options (which Options may therefore be exercised at any time prior to the Option Expiry Date);
- 4.2 subject to clauses 4.3 and 4.4, 25% of the Options issued to each Option Holder will vest at the date being 12 months after their date of issue (which Options may therefore be exercised at any time thereafter and prior to the Option Expiry Date);
- 4.3 in the event of the Director Option Holder ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) before any Option has vested under clause 4.2 the Option will vest at the time of the occurrence; and
- 4.4 in the event of the death, permanent illness or permanent physical or mental incapacity of a Director Option Holder before any Option has vested under clause 4.2 the Option will vest at the time of the occurrence.

5. Lapsing of Options Prior to Option Expiry Date

Despite any other provision of these terms, Options will lapse prior to the Option Expiry Date in the circumstances described below:

- 5.1 Where Options are able to be exercised (that is, Options have vested under Clause 4):
 - 5.1.1 upon determination by the Board that the Director Option Holder has acted

fraudulently, dishonestly or in breach of his obligations to the Company;

- 5.1.2 upon the Director Option Holder ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) and not exercising the option within thirty days following that event (unless a longer period is otherwise determined by the Board); or

- 5.1.3 6 months after the death, permanent illness or permanent physical or mental incapacity of a Director Option Holder (unless a longer period is otherwise determined by the Board).

- 5.2 Where Options have not vested in accordance with Clause 4, upon determination by the Board that the Director Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company.

- 5.3 “**Director Option Holder**” means:

- 5.3.1 the Option Holder (being a Director of the Company at the date of issue) if the Option has not been transferred under clause 8 or;

- 5.3.2 the original Option Holder (being a Director of the Company at the date of issue) if the Option has been transferred under clause 8.

6. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares in the capital of the Company on issue at the date of issue.

7. Notification to Option Holders

The 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 an Option Holder, also a member of the Company.

8. Dealings in Options

- 8.1 Save as provided in clause 8.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option, unless agreed in writing by the Board and subject to any applicable law and the ASX Listing Rules.

- 8.2 The Option Holder may at any time transfer all or any of their Vested Options (that is, Options which are able to be exercised under Clause 4) to a spouse of the Option Holder, to a company in which the Option Holder or the spouse of the Option Holder is a shareholder, or to a trustee of a trust in which the Option Holder or the spouse of the Option Holder have a beneficial

interest, subject to any applicable law and the ASX Listing Rules.

9. Method of Exercise of an Option

- 9.1 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 by an Option Holder when exercising the Options the subject of the certificate or holding statement ("**Notice of Exercise of Options**"). Vested 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 Vested Options exercised and the consequent number of ordinary Shares in the capital of the Company to be issued; which number of Vested Options must be a multiple of 1,000 if only part of the Option Holder's total Vested Options are exercised, or if the total number of Vested Options held by an Option Holder is less than 1,000, then the total of all Vested Options held by that Option Holder must be exercised.
- 9.2 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 for, being an amount equal to the Exercise Price multiplied by the total number of Shares being subscribed for.
- 9.3 Subject to Clause 9.1 hereof, the exercise of less than all of an Option Holder's Vested Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options (when vested).
- 9.4 On exercise of Vested Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.
- 9.5 If the Option Holder exercises less than the total number of Vested Options then registered in the Option Holder's name:
- 9.5.1 the Option Holder must surrender the option certificate or holding statement with respect to the Option Holder's Options to the Company; and
- 9.5.2 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 Holder's unexercised Options.
- 9.6 Within 14 days from the date the Option Holder properly exercises Vested Options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- 9.7 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 Vested Options, 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.

10. 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.

11. 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 any Vested Options then held by the Option Holder.

12. Change of Options Exercise Price or Number of Underlying Shares

- 12.1 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 adjusted in accordance with the provisions of the Listing Rules of the ASX. No change will be made to the number of Shares to which the Option Holder is entitled.
- 12.2 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 book's closing date for bonus Shares. No change will be made in such circumstances to the exercise price of each Option.

13. Immediate Vesting

Where:

- 13.1 a takeover bid is made for the Company;
- 13.2 a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- 13.3 some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

any Option that has not become vested in accordance with clause 4 will immediately become vested on, and may be exercised on and from, the date of such vesting until the Option Expiry Date.

ANNEXURE B

TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO EXECUTIVE DIRECTORS THE SUBJECT OF RESOLUTION 4**1. Nil Consideration Payable**

No subscription or application monies will be payable for the issue of each option (“**Option**”).

2. Entitlement

Each Option shall entitle the holder (the “**Option Holder**”) to subscribe (in cash) for one (1) fully paid ordinary share (“**Share**”) in the capital of Alara Uranium Limited ACN 122 892 719 (“**Company**”) at an exercise price of \$0.35 (“**Exercise Price**”) each with one free attaching option (“**Free Attaching Option**”).

Each Free Attaching Option shall be on the same terms as the Options, save as follows:

- 2.1 no Free Attaching Options will be issued on exercise of a Free Attaching Option.
- 2.2 the Free Attaching Options shall have no vesting period and may be exercised at any time after issue.

The Options will not be quoted on the ASX.

3. Option Period

Each Option will expire at 5:00pm (Perth time) on the fifth anniversary of the date of issue of such Option (such date being referred to as the “**Option Expiry Date**”). Subject to Clauses 4, 5 and 9 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

4. Non-Exercise Periods

Options may only be exercised after they have vested. The Options will vest (“**Vested Options**”) as follows:-

- 4.1 75% of the Options issued to each Option Holder will vest at the date of issue of the Options (which Options may therefore be exercised at any time prior to the Option Expiry Date);
- 4.2 subject to clauses 4.3 and 4.4, 25% of the Options issued to each Option Holder will vest at the date being 12 months after their date of issue (which Options may therefore be exercised at any time thereafter and prior to the Option Expiry Date);
- 4.3 in the event of the Director Option Holder ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) before any Option has vested under clause 4.2 the Option will vest at the time of the occurrence; and
- 4.4 in the event of the death, permanent illness or permanent physical or mental incapacity of a Director Option Holder before any Option has vested under clause 4.2 the Option will vest at the time of the occurrence.

5. Lapsing of Options Prior to Option Expiry Date

Despite any other provision of these terms, Options will lapse prior to the Option Expiry Date in the circumstances described below:

- 5.1 where Options are able to be exercised (that is, Options have vested under Clause 4):
 - 5.1.1 upon determination by the Board that the Director Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company;
 - 5.1.2 upon the Director Option Holder ceasing to be a director of the Company (for whatever reason including by retrenchment, redundancy or retirement) and not exercising the option within thirty days following that event (unless a longer period is otherwise determined by the Board); or
 - 5.1.3 6 months after the death, permanent illness or permanent physical or mental incapacity of a Director Option Holder (unless a longer period is otherwise determined by the Board).
- 5.2 where Options have not vested in accordance with Clause 4, upon determination by the Board that the Director Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company.
- 5.3 “**Director Option Holder**” means:
 - 5.3.1 the Option Holder (being a Director of the Company at the date of issue) if the Option has not been transferred under clause 8 or;
 - 5.3.2 the original Option Holder (being a Director of the Company at the date of issue) if the Option has been transferred under clause 8.

6. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares in the capital of the Company on issue at the date of issue.

7. Notification to Option Holders

The 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 an Option Holder, also a member of the Company.

8. Dealings in Options

- 8.1 Save as provided in clause 8.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option, unless agreed in writing by the Board and subject to any applicable law and the ASX Listing Rules.

- 8.2 The Option Holder may at any time transfer all or any of their Vested Options (that is, Options which are able to be exercised under Clause 4) to a spouse of the Option Holder, to a company in which the Option Holder or the spouse of the Option Holder is a shareholder, or to a trustee of a trust in which the Option Holder or the spouse of the Option Holder have a beneficial interest, subject to any applicable law and the ASX Listing Rules.
- 9. Method of Exercise of an Option**
- 9.1 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 by an Option Holder when exercising the Options the subject of the certificate or holding statement ("**Notice of Exercise of Options**"). Vested 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 Vested Options exercised and the consequent number of ordinary Shares in the capital of the Company to be issued; which number of Vested Options must be a multiple of 1,000 if only part of the Option Holder's total Vested Options are exercised, or if the total number of Vested Options held by an Option Holder is less than 1,000, then the total of all Vested Options held by that Option Holder must be exercised.
- 9.2 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 for, being an amount equal to the Exercise Price multiplied by the total number of Shares being subscribed for.
- 9.3 Subject to Clause 9.1 hereof, the exercise of less than all of an Option Holder's Vested Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options (when vested).
- 9.4 On exercise of Vested Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.
- 9.5 If the Option Holder exercises less than the total number of Vested Options then registered in the Option Holder's name:
- 9.5.1 the Option Holder must surrender the option certificate or holding statement with respect to the Option Holder's Options to the Company; and
- 9.5.2 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 Holder's unexercised Options.
- 9.6 Within 14 days from the date the Option Holder properly exercises Vested Options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in the capital of the Company so subscribed for by the Option Holder.
- 9.7 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 Vested Options, 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.
- 10. 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.
- 11. 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 any Vested Options then held by the Option Holder.
- 12. Change of Options Exercise Price or Number of Underlying Shares**
- 12.1 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 adjusted in accordance with the provisions of the Listing Rules of the ASX. No change will be made to the number of Shares to which the Option Holder is entitled.
- 12.2 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.
- 13. Immediate Vesting**
- Where:
- 13.1 a takeover bid is made for the Company;
- 13.2 a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or
- 13.3 some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,
- any Option that has not become vested in accordance with clause 4 will immediately become vested on, and may be exercised on and from, the date of such vesting until the Option Expiry Date.

ANNEXURE C

TERMS AND CONDITIONS OF OPTIONS TO BE ISSUED TO EMPLOYEES THE SUBJECT OF RESOLUTION 5**1. Nil Consideration Payable**

No subscription or application monies will be payable for the issue of each option (“**Option**”).

2. Entitlement

Each Option shall entitle the holder (the “**Option Holder**”) to subscribe (in cash) for one (1) fully paid ordinary share (“**Share**”) in the capital of Alara Uranium Limited ACN 122 892 719 (“**Company**”) at an exercise price of \$0.35 (“**Exercise Price**”). The Options will not be quoted on the ASX.

3. Option Period

Each Option will expire at 5:00pm (Perth time) on the fifth anniversary of the date of issue of such Option (such date being referred to as the “**Option Expiry Date**”). Subject to Clauses 4, 5 and 9 hereof, each Option may be exercised by the Option Holder at any time prior to the Option Expiry Date and any Option not so exercised shall automatically expire on the Option Expiry Date.

4. Non-Exercise Periods

Options may only be exercised after they have vested. The Options will vest (“**Vested Options**”) as follows:-

- 4.1 Subject to clause 4.4, 50% of the Options issued to each Option Holder will vest at the date being 6 months after their date of issue (which Options may therefore be exercised at any time thereafter and prior to the Option Expiry Date);
- 4.2 Subject to clause 4.4, 25% of the Options issued to each Option Holder will vest at the date being 12 months after their date of issue (which Options may therefore be exercised at any time thereafter and prior to the Option Expiry Date);
- 4.3 Subject to clause 4.4, 25% of the Options issued to each Option Holder will vest at the date being 18 months after their date of issue (which Options may therefore be exercised at any time thereafter and prior to the Option Expiry Date); and
- 4.4 in the event of the death, permanent illness or permanent physical or mental incapacity of a Employee Option Holder before any Option has vested under clauses 4.1, 4.2 and 4.3, the Option will vest at the time of the occurrence.

5. Lapsing of Options Prior to Option Expiry Date

Despite any other provision of these terms, Options will lapse prior to the Option Expiry Date in the circumstances described below:

- 5.1 where Options are able to be exercised (that is, Options have vested under Clause 4):
 - 5.1.1 upon determination by the Board that the Employee Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company;

- 5.1.2 upon the Employee Option Holder ceasing to be a Employee of the Company (for whatever reason including by retrenchment, redundancy or retirement) and not exercising the option within thirty days following that event (unless a longer period is otherwise determined by the Board); or

- 5.1.3 6 months after the death, permanent illness or permanent physical or mental incapacity of the Employee Option Holder (unless a longer period is otherwise determined by the Board).

5.2 Where Options have not vested in accordance with Clause 4:

- 5.2.1 upon determination by the Board that the Employee Option Holder has acted fraudulently, dishonestly or in breach of his obligations to the Company; or

- 5.2.2 upon the Employee Option Holder ceasing to be a Employee of the Company (for whatever reason including by retrenchment, redundancy or retirement) (unless the Board has determined otherwise).

5.3 “**Employee Option Holder**” means:

- 5.3.1 the Option Holder (being a Employee of the Company at the date of issue) if the Option has not been transferred under clause 8 or;

- 5.3.2 the original Option Holder (being a Employee of the Company at the date of issue) if the Option has been transferred under clause 8.

6. Ranking of Share Issued on Exercise of Option

Each Share issued as a result of the exercise of an Option will, subject to the Constitution of the Company, rank in all respects equally with all of the existing Shares in the capital of the Company on issue at the date of issue.

7. Notification to Option Holders

The 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 an Option Holder, also a member of the Company.

8. Dealings in Options

8.1 Save as provided in clause 8.2, the Option Holder may not sell, transfer, assign, mortgage or otherwise encumber an Option, unless agreed in writing by the Board and subject to any applicable law and the ASX Listing Rules.

8.2 The Option Holder may at any time transfer all or any of their Vested Options (that is, Options which are able to be exercised under Clause 4) to a spouse of the Option Holder, to a company in which the Option Holder or the spouse of the Option Holder is a shareholder, or to a trustee of a trust in which the Option Holder or the spouse of the Option Holder have a beneficial interest, subject to any applicable law and the ASX Listing Rules.

9. Method of Exercise of an Option

9.1 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 by an Option Holder when exercising the Options the subject of the certificate or holding statement ("**Notice of Exercise of Options**"). Vested 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 Vested Options exercised and the consequent number of ordinary Shares in the capital of the Company to be issued; which number of Vested Options must be a multiple of 1,000 if only part of the Option Holder's total Vested Options are exercised, or if the total number of Vested Options held by an Option Holder is less than 1,000, then the total of all Vested Options held by that Option Holder must be exercised.

9.2 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 for, being an amount equal to the Exercise Price multiplied by the total number of Shares being subscribed for.

9.3 Subject to Clause 9.1 hereof, the exercise of less than all of an Option Holder's Vested Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options (when vested).

9.4 On exercise of Vested Options, the Option Holder must surrender to the Company the Option Holder's option certificate or holding statement with respect to those Options being exercised.

9.5 If the Option Holder exercises less than the total number of Vested Options then registered in the Option Holder's name:

9.5.1 the Option Holder must surrender the option certificate or holding statement with respect to the Option Holder's Options to the Company; and

9.5.2 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 Holder's unexercised Options.

9.6 Within 14 days from the date the Option Holder properly exercises Vested Options held by the Option Holder, the Company shall issue to the Option Holder that number of Shares in

the capital of the Company so subscribed for by the Option Holder.

9.7 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 Vested Options, 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.

10. 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.

11. 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 any Vested Options then held by the Option Holder.

12. Change of Options Exercise Price or Number of Underlying Shares

12.1 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 adjusted in accordance with the provisions of the Listing Rules of the ASX. No change will be made to the number of Shares to which the Option Holder is entitled.

12.2 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.

13. Immediate Vesting

Where:

13.1 a takeover bid is made for the Company;

13.2 a Court orders that a meeting of shareholders of the Company be held to consider a scheme of arrangement between the Company and its shareholders; or

13.3 some other transaction has occurred, or is likely to occur, which involves a change of control of the Company,

any Option that has not become vested in accordance with clause 4 will immediately become vested on, and may be exercised on and from, the date of such vesting until the Option Expiry Date.

www.alauranium.com

ALARA URANIUM LIMITED

A.B.N. 27 122 892 719

REGISTERED OFFICE:

Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000
T | (08) 9214 9787
F | (08) 9322 1515
E | info@alauranium.com

ASX CODE: AUQ



ADVANCED SHARE REGISTRY SERVICES:

Suite 2, 150 Stirling Highway
Nedlands Western Australia 6009
T | (08) 9389 8033
F | (08) 9389 7871
E | admin@advancedshare.com.au
W | www.advancedshare.com.au

PROXY FORM

ALARA URANIUM LIMITED
A.B.N. 27 122 892 719

COMPLETE AND RETURN TO:

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

Facsimile: (08) 9322 1515

Mark this box with an 'X' if you want to make any changes to your address details (see reverse) [Issuer Sponsored Holders Only]

Name1
Name2
Name3
Name4
Name5
Name6

Holder ID: {}
Shares held as at 13 August 2008: {}

Appointment of Proxy

I/We being a member/s of Alara Uranium Limited and entitled to attend and vote hereby appoint

The Chairman of the Meeting (mark with an "X") *(If you have appointed the Chairman of the Meeting to exercise your proxy, by marking this box, you acknowledge that the Chairman of the Meeting may exercise your proxy even if he has an interest in the outcome of a particular resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote all Chairman's Open Proxies in favour of all resolutions.)*

OR

Write here the name of the person you are appointing if this person is **someone other than** the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Alara Uranium Limited to be held at The Forrest Centre Conference Suites, Level 14, The Forrest Centre, 221 St Georges Terrace, Perth, Western Australia at **11:00 am (Perth time) on Wednesday, 17 September 2008** and at any adjournment of such General Meeting

Voting directions to your proxy – please mark to indicate your directions

RESOLUTIONS	For	Against	Abstain*
(1) Change of Company Name and Modification to Constitution			
(2) Updated Directors' Deeds			
(3) Issue of Options to Non-Executive Director			
(4) Issue of Options to Executive Directors			
(5) Issue of Options to Employees			

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

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

This section *must* be signed in accordance with the instructions overleaf

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>	<div style="border: 1px solid black; height: 40px;"></div>
Sole Director and Sole Company Secretary	Director	Director / Company Secretary

_____	_____	_____
Contact Name	Contact Daytime Telephone	Date
_____	_____	_____
Email		

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Your pre-printed name and address is as it appears on the Company's share register. If this information is incorrect, please mark the box at the top of the proxy form and make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes.
2. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
3. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment do not specify this proportion, each proxy may exercise half of the votes.
4. A proxy need not be a shareholder of the Company.
5. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.
6. If a representative of a company shareholder is to attend the meeting, a properly executed original (or certified copy) of the appropriate 'Appointment of Corporate Representative' should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.
7. If a representative of a shareholder under a Power of Attorney is to attend the meeting, a properly executed original (or certified copy) of an appropriate Power of Attorney should be produced for admission to the meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

8. Signing Instructions

You must sign this form as follows in the spaces provided:

- | | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Individual: | Where the holding is in one name, the holder must sign. |
| Joint Holding: | Where the holding is in more than one name, all of the shareholders must sign. |
| Power of Attorney: | If you are signing under a Power of Attorney, you must lodge an original or certified photocopy of the appropriate Power of Attorney with your completed Proxy Form. |
| Companies: | Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person.

If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone.

Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. |

9. Lodgement of a Proxy

This Proxy Form (and the original or certified copy of any Power of Attorney under which it is signed) must be received at the address below not later than **11:00 am (Perth time) on 15 September 2008** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the meeting.

Proxy Forms may be lodged by post, delivery or facsimile to the address below:

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

By Facsimile: (08) 9322 1515