

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available.
Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

ALARA URANIUM LIMITED (AUQ)

ABN

27 122 892 719

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | (a) \$0.35 (16 SEPTEMBER 2013) EMPLOYEES' OPTIONS
(b) \$0.35 (16 SEPTEMBER 2013) NON-EXECUTIVE DIRECTOR'S OPTIONS
(c) \$0.35 (16 SEPTEMBER 2013) EXECUTIVE DIRECTORS' OPTIONS |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) 1,485,000
(b) 900,000
(c) 16,400,000 |

+ See chapter 19 for defined terms.

- 3 Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)
- (a) \$0.35 (16 September 2013) Employees' Options:**
- (1) \$0.35 exercise price;
 - (2) After they have vested, exercisable at any time on or before 16 September 2013;
 - (3) The options will vest as follows:
 - (i) 50% of the options issued will vest on 16 March 2009;
 - (ii) 25% of the options issued will vest on 16 September 2009; and
 - (iii) 25% of the options issued will vest on 16 March 2010.
 - (4) The full terms and conditions of issue are contained in Annexure A
- (b) \$0.35 (16 September 2013) Non-Executive Director's Options:**
- (1) \$0.35 exercise price;
 - (2) After they have vested, exercisable at any time on or before 16 September 2013;
 - (3) The options will vest as follows:
 - (i) 75% will vest on date of issue;
 - (ii) 25% will vest on 16 September 2009.
 - (4) The full terms and conditions of issue are contained in Annexure B
- (c) \$0.35 (16 September 2013) Executive Directors' Options:¹**
- (1) \$0.35 exercise price;
 - (2) After they have vested, exercisable at any time on or before 16 September 2013;
 - (3) The options will vest as follows:
 - (i) 75% will vest on date of issue;
 - (ii) 25% will vest on 16 September 2009.
 - (4) The full terms and conditions of issue are contained in Annexure C

¹ 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)

+ See chapter 19 for defined terms.

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>New class of options.</p> <p>Shares issued upon exercise of options has same rights as other fully paid ordinary shares on issue.</p>				
<p>5 Issue price or consideration</p>	<p>Nil</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(a) Grant of options to an Employees</p> <p>(b) Grant of options to a Non-Executive Director pursuant to shareholder approval on 17 September 2008</p> <p>(c) Grant of options to Executive Directors pursuant to shareholder approval on 17 September 2008</p>				
<p>7 Dates of entering +securities into uncertificated holdings or despatch of certificates</p>	<p>17 September 2008</p>				
<p>8 Number and +class of all +securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="783 1335 1118 1368">Number</th> <th data-bbox="1118 1335 1386 1368">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="783 1368 1118 1489">56,011,285 (also refer Table A)</td> <td data-bbox="1118 1368 1386 1489">ORDINARY (ASX Code: AUQ)</td> </tr> </tbody> </table>	Number	+Class	56,011,285 (also refer Table A)	ORDINARY (ASX Code: AUQ)
	Number	+Class			
56,011,285 (also refer Table A)	ORDINARY (ASX Code: AUQ)				
<p>9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="783 1529 1161 1563">Number</th> <th data-bbox="1161 1529 1386 1563">+Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="783 1563 1161 1713">Refer Table A</td> <td data-bbox="1161 1563 1386 1713"></td> </tr> </tbody> </table>	Number	+Class	Refer Table A	
	Number	+Class			
Refer Table A					

+ See chapter 19 for defined terms.

TABLE A - RECONCILIATION OF QUOTED AND UNQUOTED SECURITIES:

The Company currently has the following securities on issue:

Issued Securities	Unquoted / Subject to Escrow		Total
	Quoted		
Fully paid ordinary shares	56,011,285	24,496,215 ²	80,507,500
\$0.25 (30 June 2009) Options	60,367,500	-	60,367,500
\$0.55 (26 July 2012) Unlisted Employee's Options	-	500,000	500,000
\$0.35 (16 September 2013) Unlisted Employees' Options	-	1,485,000	1,485,000
\$0.35 (16 September 2013) Unlisted Director's Options	-	900,000	900,000
\$0.35 (16 September 2013) Unlisted Directors' Options	-	16,400,000	16,400,000
TOTAL	116,378,785	43,781,215	160,160,000

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) N/A

Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	N/A
12	Is the issue renounceable or non-renounceable?	N/A
13	Ratio in which the ⁺ securities will be offered	N/A
14	⁺ Class of ⁺ securities to which the offer relates	N/A

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 Alara's Prospectus dated 3 April 2007 (**the 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.

+ See chapter 19 for defined terms.

15	+Record date to determine entitlements	N/A
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	N/A
18	Names of countries in which the entity has +security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	N/A
19	Closing date for receipt of acceptances or renunciations	N/A
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	N/A
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	N/A
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	N/A
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	+Despatch date	N/A

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

N/A

39 Class of +securities for which quotation is sought

N/A

+ See chapter 19 for defined terms.

<p>40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>N/A</p>
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<p>41 Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another security, clearly identify that other security)</p>	<p>N/A</p>
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	Number	+Class
<p>42 Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38)</p>	<p>N/A</p>	

+ See chapter 19 for defined terms.

Quotation agreement

- 1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those +securities should not be granted +quotation.
 - An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:

Date: **24 September 2008**

(Company Secretary)

Print name: **VICTOR HO**

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+ See chapter 19 for defined terms.

**TERMS AND CONDITIONS OF EMPLOYEES’
5 YEAR, \$0.35 OPTIONS**

(Employees options, each to acquire one fully paid ordinary share in Alara Uranium Limited ACN 122 892 719 (“**Company**”) at an exercise price of \$0.35 with each such option expiring at 5:00pm (Perth time) on 16 SEPTEMBER 2013 (subject to Non-Exercise Periods and Vesting conditions described below).

SUMMARY

Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, each Option is 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)
<ol style="list-style-type: none"> (a) Upon their expiry date (b) Upon determination by the Board that the employee has acted fraudulently, dishonestly or in breach of their obligations to the Company (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) (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) 	<ol style="list-style-type: none"> (a) Upon determination by the Board that the employee has acted fraudulently, dishonestly or in breach of their obligations to the Company; (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)

The Options are issued on the following **TERMS AND CONDITIONS**:

TERMS AND CONDITIONS

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.

(Directors options, each to acquire one fully paid ordinary share in Alara Uranium Limited ACN 122 892 719 (“**Company**”) at an exercise price of \$0.35 with each such option expiring at 5:00pm (Perth time) on 16 SEPTEMBER 2013 (subject to Non-Exercise Periods and Vesting conditions described below).

SUMMARY

Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, each Option is exercisable at any time on or before 5 years from the date of issue (**option expiry date**);
3. the options will vest as follows:
 - (d) 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
 - (e) 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. 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)
(a) Upon their expiry date	(a) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company
(b) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company	
(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)	
(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)	

The Options are issued on the following **TERMS AND CONDITIONS**:

TERMS AND CONDITIONS

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.

TERMS AND CONDITIONS OF EXECUTIVE DIRECTORS'
\$0.35 OPTIONS EXPIRYING 16 SEPTEMBER 2013

SUMMARY

Each option is to be issued on the same terms, including:

1. at an exercise price of \$0.35;
2. after they have vested, each Option is exercisable at any time on or before 5 years from the date of issue (**option expiry date**);
3. the options will vest as follows:
 - (f) 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
 - (g) 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)
(a) Upon their expiry date (b) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company (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) (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)	(a) Upon determination by the Board that the Director has acted fraudulently, dishonestly or in breach of his obligations to the Company

The Options are issued on the following **TERMS AND CONDITIONS**:

TERMS AND CONDITIONS

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.

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