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## 30 SEPTEMBER 2009 QUARTERLY REPORT

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**Dated: 30 October 2009**

#### Further information:

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### SUMMARY

- **Cash position:** Cash (and investments in listed securities) position remains strong at \$8 million (30 September 2009) compared with Alara's (undiluted) market capitalisation of \$8.05 million (based on the closing price of 10 cents as at 30 September 2009). Alara's cash (and investments in listed securities) position as at 30 June 2009 was ~\$6.8 million, compared with its market capitalisation of \$4.3 million (based on the closing price of 5.4 cents as at 30 June 2009).
- **Strategic Decision:** Whilst Alara is in a relatively sound cash position, it has adopted a strategic decision to conserve cash for high priority/value exploration and development investment opportunities in the resource sector.
- **New Roper Uranium Project (Northern Territory):** During the quarter, Alara submitted a tenement application for EL 27620 in the Northern Territory. The Roper Project covers a surface area of 46.5km<sup>2</sup> and is located approximately 200km east of Katherine. The tenement area is considered prospective due to the occurrence of a uranium anomaly in airborne radiometric data.
- **Other Projects:** No field work was conducted during the quarter ending 30 September and none is planned in the Mt James, Canning Well, Crucero, Santa Rosa, Pampacolca and Coasa Project areas for the current quarter ending 31 December 2009.
- **New Projects:** Alara has reviewed and discounted a number of exploration opportunities and is currently in negotiations with vendors in relation to the acquisition of one or more overseas resource projects. Alara will consider applying for mineral concessions, entering into joint ventures and taking options over and acquiring concessions or tenements.

ASX Code | **AUQ**





# COMPANY PROFILE

Alara Resources Limited (ASX Code: AUQ) is an Australian-based mineral exploration and development company undertaking an on-going investigation of a number of prospective opportunities in the resources sector throughout the world. Alara has a current portfolio of early-stage exploration projects in Peru and Australia (Northern Territory and Western Australia) as follows:

PROJECTS	LOCATION
(1) Bigrlyi South Uranium	Northern Territory, Australia
(2) Mt James Uranium	Gascoyne, Western Australia
(3) Canning Well Base Metals/Uranium	Pilbara, Western Australia
(4) Crucero Uranium	Peru
(5) Kimberley Phosphate	Kimberley, Western Australia
(6) Roper Uranium	Northern Territory, Australia
(7) Santa Rosa Uranium	Peru
(8) Pampacolca Uranium	Peru
(9) Coasa Uranium	Peru

Whilst Alara is in a relatively sound position holding cash (and investments in listed securities) of \$8 million as at 30 September 2009 it has adopted a strategic decision to conserve cash for high priority/value opportunities within the resource sector. Alara has therefore reduced exploration expenditure on its existing early-stage exploration projects.

Alara has reviewed and discounted a number of exploration opportunities and is currently in negotiations with vendors in relation to the acquisition of one or more overseas resource projects.

Alara recognises that with its relatively-limited, although sound, cash reserves, the significant expenditure required to evaluate and develop resource projects to a stage where positive cashflows can be generated and/or a return on investment realised, and with the state of the financial markets making capital raisings to replenish company funds difficult, an opportunity exists where Alara can invest in "undervalued" listed resource companies and share in the upside from the exploration and project development success of the investee companies. This investment strategy would provide Alara with the ability to convert liquid investments into cash to meet its own exploration and evaluation aspirations from time to time.

As at 30 September 2009, Alara's investment in listed securities has a total value of \$3.04 million (30 June 2009: \$1.5 million). Due to an improvement in market conditions since 1 July 2009, Alara is also pleased to report a \$1.54 million unrealised net gain on its share investments for the financial period ended 30 September 2009.

The Alara Board comprises members with extensive experience in the resources sector, being **Chairman, Dr John Stephenson**, previously Exploration Director for Rio Tinto Australasia with more than 35 years experience in mineral exploration and **Managing Director, Mr H. Shanker Madan**, an experienced senior geologist with more than 30 years of world-wide experience in the exploration and evaluation of mineral deposits for various commodities, **Executive Director, Mr Farooq Khan** who has extensive experience in corporate law, the securities industry, capital markets and the executive management of ASX listed companies and recently-appointed **Executive Director, Mr William Johnson**, who brings a considerable depth of experience in business strategy, corporate finance and management.

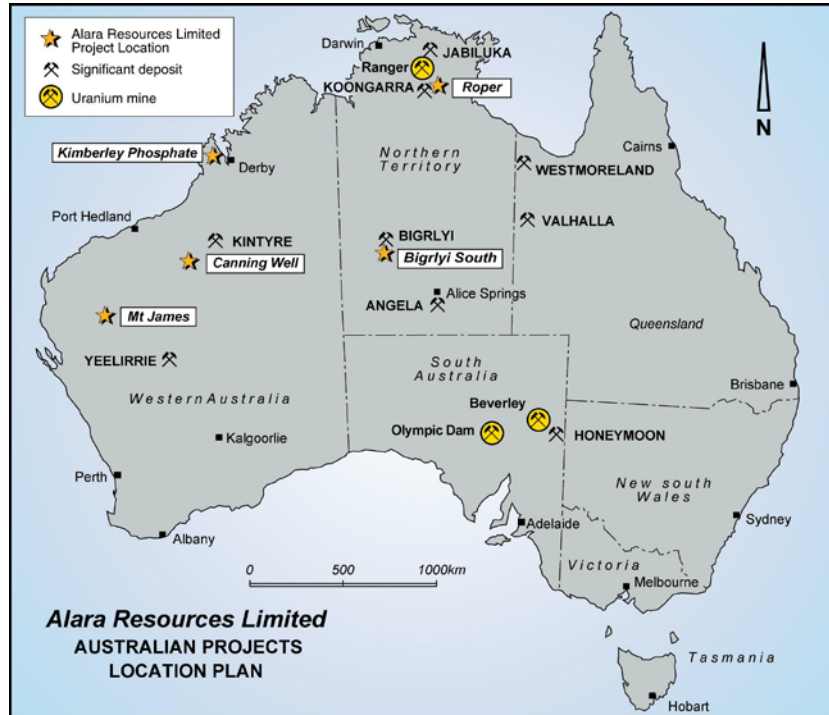
Alara currently has the following securities on issue:

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	80,507,500	-	80,507,500
\$0.55 (26 July 2012) Unlisted Options	-	500,000	500,000
\$0.35 (16 September 2013) Unlisted Options	-	16,400,000	16,400,000
\$0.35 (16 September 2013) Unlisted Options	-	900,000	900,000
\$0.35 (16 September 2013) Unlisted Options	-	1,485,000	1,485,000
\$0.60 (25 October 2014) Unlisted Options	-	1,000,000	1,000,000
\$0.35 (25 October 2014) Unlisted Options	-	1,650,000	1,650,000
<b>Total</b>	<b>80,507,500</b>	<b>21,935,000</b>	<b>102,442,500</b>

# PROJECT LOCATION

## AUSTRALIAN PROJECTS

The location of Alara's Australian projects in the Northern Territory and Western Australia are shown on the map to the right.



## PERUVIAN PROJECTS

The location of Alara's uranium project areas in Peru are shown on the map to the right.



# COMPANY PROJECTS

## 1. Roper Uranium (Northern Territory, Australia)

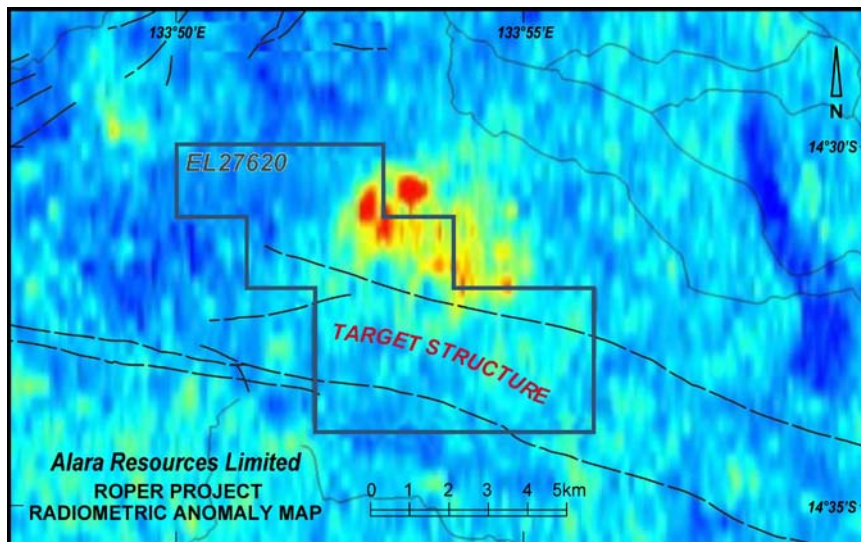
During the quarter ending in 30 September 2009, Alara submitted a tenement application for EL 27620 in the Northern Territory.

The Roper Project covers a portion of a strong airborne radiometric anomaly. The tenement surface area is 46.5km<sup>2</sup> and it is located approximately 200km east of Katherine.

The tenement area is considered prospective due to the occurrence of:

- strong airborne radiometric anomalies within and just outside the tenement; and
- favourable rock types and structures within the tenement.

Alara will not only investigate the near-surface anomalies, some of which are held by other companies, but will mainly focus on the structural corridor within the tenement where it believes larger bodies of uranium may lie buried under cover.



The tenement covers an area of Quaternary age undifferentiated alluvium and colluvium in a probable drainage channel. The outcropping rocks are mostly fine to medium grained sediments of the Mesoproterozoic to Palaeoproterozoic (1430 – 1800 Ma.) Roper Group. Large faults/shear zones are likely to provide pathways for oxidising uranium-rich fluids to reach nearer the surface. Upon the grant of the exploration licence, Alara intends to investigate the probable source of the radiometric responses and, in particular, whether there is any association with the main structure. If there is a structural association, then the next step would be to drill at several positions through and parallel to the structures.

## 2. Bigrlyi South (Northern Territory)

During the quarter Alara's JV partner Thundelarra Exploration recovered digital seismic data from Magellan Petroleum's vaults in Brisbane. This data is currently being transcribed onto modern media with data recovery specialists in Perth. At least 15 seismic lines have been surveyed over the JV area, and to-date only one of these has been available in digital format. Field observations by the structural geologist have indicated the deformation to be associated with the Yuendumu Thrust, which further refines the interpretation of gravity data.

A confidentiality agreement has been signed in relation to tenement ELA24927 (under application) with the Central Land Council which now allows for negotiations relating to a Tripartite Deed for Exploration to commence.



# COMPANY PROJECTS

## 3. King Sound Mineral Sands Project (Kimberley, Western Australia)

Alara had a 70% joint venture (JV) interest in the King Sound Mineral Sands Project, comprising three tenement applications covering a total area of 652 square kilometres, located approximately 10 kilometres west of the port town of Derby in the West Kimberley region of Western Australia. The JV had identified the King Sound area as being prospective for the accumulation of heavy minerals, such as zircon, rutile and ilmenite. In July 2009, the traditional owners informed the JV that they were not prepared to consent to any exploration on the tenements due to the cultural significance of the area and respectfully requested that the tenement applications be withdrawn. In light of the significant cultural importance of this area and the prospect for significant opposition to future works, the JV parties have agreed to withdraw the tenement applications and terminate the JV in respect of these tenements.

## 4. Termination of Farm-In Agreements

Subsequent to the end of the quarter ending 30 September 2009, Alara served notice of withdrawal from two farm-in agreements within its Mt James Project in Western Australia as follows:

Project	Status	Previous Status	Tenement	Area (Blocks)	Area (km <sup>2</sup> )	Area (hectares)	Location / Property Name	State	Previous Company's Interest
Mt James	Alara terminated the farm-in agreement with Epsilon Energy Limited	Granted	EL 09/1195	70	TBD	21,784.43	Mt James	WA	Right to earn up to a 60% interest (from Epsilon Energy Limited)
		Granted	EL 09/1196	70	TBD	21,757.06	Mt James	WA	
	Alara terminated the farm-in agreement with United Orogen Limited (formerly Uranium Oil & Gas Limited)/Helen Mary Ansell	Granted	E 09/1245	35	105	10,500	Rubberoid Well	WA	70% held by Alara Operations Pty Ltd (30% retained by United Orogen Limited (formerly Uranium Oil & Gas Limited)/Helen Mary Ansell)

Alara had determined that, based on exploration activities undertaken to date, that continuing with the exploration activities and expenditure on the tenements was not economically, commercially or otherwise feasible. Alara has maintained the tenements in good standing up to the date of withdrawal and has no further liability to the vendors under their respective farm-in agreements.

## 5. New Projects

Alara has reviewed and discounted a number of exploration opportunities and is undertaking an on-going investigation of a number of prospective opportunities in the resources sector throughout the world. This includes applying for mineral concessions, entering into joint ventures, taking options over and acquiring concessions or tenements and investing in listed securities in the resources sector.

On 28 September 2009, Alara terminated a "Pre IPO Agreement" dated 15 February 2007 between Alara, Strike Resources Limited (SRK) and Orion Equities Limited (OEQ) pursuant to which, amongst other matters, Alara reserved world-wide uranium rights and SRK reserved world-wide iron ore rights, as between these two companies, for a 3 year period. Alara and SRK are now free to pursue any activity without reference to the other.

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*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of the Company. Mr Madan has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code)." Mr Madan consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*



# CORPORATE

## Appointment of New Executive Director

On 26 October 2009, the Board appointed Mr William Matthew Johnson as Executive Director.

Mr Johnson's qualifications and experience are detailed below:

<b>William M. Johnson</b>	<b>Executive Director</b>
<i>Appointed</i>	26 October 2009
<i>Qualifications</i>	MA (Oxon), MBA
<i>Experience</i>	Mr Johnson commenced his career in resource exploration and has most recently held senior management and executive roles in a number of public companies in Australia, New Zealand and Asia. Mr Johnson brings a considerable depth of experience in business strategy, investment analysis, finance and execution.
<i>Relevant interest in securities</i>	27,000 shares
<i>Other current directorships in listed entities</i>	Current Director of: (1) Bentley Capital Limited (BEL) (since 13 March 2009) (2) Strike Resources Limited (SRK) (14 July 2006) (3) Orion Equities Limited (OEQ) (since 28 February 2003)
<i>Former directorships in other listed entities in past 3 years</i>	(1) Scarborough Equities Limited (SCB) (29 November 2004 until it merged with BEL on 13 March 2009 and was delisted) (2) Drillsearch Energy Limited (DLS) (24 October 2006 to 11 August 2008) (3) Sofcom Limited (SOF) (18 October 2005 to 19 March 2008)

## Cash Position and Listed Securities

The Alara group's cash (and investments in listed securities) position as at 30 September 2009 was \$8 million (~\$8 million as at 30 October 2009).

This compares with Alara's (undiluted) market capitalisation of \$8.05 million based on the closing price of 10 cents as at 30 September 2009 (~\$16.9 million based on the closing price of 21 cents as at 30 October 2009).

The Alara group has a relatively small exposure to the United States Dollar and Peruvian Nuevo Soles currencies.

These foreign currencies are applicable to and facilitate the Alara group's operations and activities in Peru.

As at 30 September 2009, Alara's investment in listed securities had a total value of \$3.04 million (30 June 2009: \$1.5 million). Due to an improvement in market conditions since 1 July 2009, Alara is also pleased to report a \$1.54 million unrealised net gain on its share investments for the financial period ended 30 September 2009.

## Issue of Options

On 26 October 2009, the Company issued the following unlisted options to an employee, as part of a review of his remuneration package:

No. of Options Issued	Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria
1,000,000	26 October 2009	\$0.60 (25 October 2014) Options	\$0.60	25 October 2014	100% on date of issue
1,650,000	26 October 2009	\$0.35 (25 October 2014) Options	\$0.35	25 October 2014	100% on date of issue



# AUSTRALIAN TENEMENTS

Project	Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km <sup>2</sup> )	Area (hectares)	Location / Property Name	State	Company's Interest
Bigrlyi South	Granted	EL 24879	15/08/06	14/08/12	82	260.5	26,050	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); Thundelarra Exploration Ltd has a right under a joint venture with Alara to earn a 70% interest
	Application	EL 24927	12/09/05	N/A	338	998.7	99,870	Haasts Bluff	NT	
	Granted	EL 24928	24/08/06	23/08/12	15	34.95	3,495	Mount Doreen	NT	
	Granted	EL 24929	24/08/06	23/08/12	26	56.8	5,680	Mount Doreen	NT	
Mt James	Application	E09/1527	28/04/08	N/A	49	152	15,220	Mt James	WA	100% held by Alara Operations Pty Ltd
	Granted	E 09/1253	29/06/06	28/06/11	49	147	14,700	Mt James	WA	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
	Granted	E 09/1257	28/06/06	27/06/11	27	81	8,100	Injinu Hills	WA	100% held by Alara Operations Pty Ltd
	Granted	E 09/1258	29/09/06	28/09/11	26	78	7,800	Mortimer Hills	WA	100% held by Alara Operations Pty Ltd
Canning Well	Granted	E 46/629	02/08/05	01/08/10	19	57	5,700	Canning Well	WA	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
	Application	E 46/585	17/10/03	N/A	69	207	20,700	Canning Well	WA	Right to earn 85% (excluding all manganese mineral rights) (63.75% held by Alara Operations Pty Ltd and 21.25% held by Hume Mining NL)
	Application	E46/801	01/10/2008	N/A	19	60	60,000	Canning Well	WA	100% (Alara Resources Limited)
Kimberley Phosphate	Application	E 04/1855	14/08/08	N/A	150	490	48,992	Kimberley	WA	100% held by Alara Operations Pty Ltd
	Application	E 04/1856	14/08/08	N/A	45	146	14,649	Kimberley	WA	
	Application	E 04/1857	14/08/08	N/A	95	309	30,922	Kimberley	WA	
	Application	E 04/1858	14/08/08	N/A	75	245	24,456	Kimberley	WA	
	Application	E 04/1859	14/08/08	N/A	42	137	13,682	Kimberley	WA	
Roper Project	Application	EL 27620	02/09/09	N/A	14	46.58	4,650		NT	100% (Alara Resources Limited)

## Surrendered/Withdrawn Tenements During or Since the End of the Quarter

Project	Status	Previous Status	Tenement	Area (Blocks)	Area (km <sup>2</sup> )	Area (hectares)	Location / Property Name	State	Previous Company's Interest
Bigrlyi South	Surrendered	Granted	EL 24930	99	314.7	31,470	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL); to be forfeited during September 2009 quarter
King Sound Mineral Sands	Withdrawn	Application	EL 04/1657	43	141	14,100	King Sound	WA	Right to earn 70% (100% held by Strike Resources Limited)
	Withdrawn	Application	EL 04/1658	58	190	19,000	King Sound	WA	
	Withdrawn	Application	EL 04/1659	98	321	32,100	King Sound	WA	
	Withdrawn	Application	EL 04/1799	43	141	14,100	King Sound	WA	
	Withdrawn	Application	EL 04/1800	58	190	19,000	King Sound	WA	
	Withdrawn	Application	EL 04/1801	98	321	32,100	King Sound	WA	
Mt James	Alara terminated the farm-in agreement with Epsilon Energy Limited	Granted	EL 09/1195	70	TBD	21,784.43	Mt James	WA	Right to earn up to a 60% interest (from Epsilon Energy Limited)
		Granted	EL 09/1196	70	TBD	21,757.06	Mt James	WA	
	Alara terminated the farm-in agreement with United Orogen Limited (formerly Uranium Oil & Gas Limited)/Helen Mary Ansell	Granted	E 09/1245	35	105	10,500	Rubberoid Well	WA	70% held by Alara Operations Pty Ltd (30% retained by United Orogen Limited (formerly Uranium Oil & Gas Limited)/Helen Mary Ansell)



# PERUVIAN CONCESSIONS

## Crucero Project (4,100 hectares):

Concession	Code	Application/Grant Date	Area (Hectares)	National Map	LOCATION		
					District	Province	Department
Lituania 1	01-02481-07	31 July 2007	600	29-X	Crucero	Carabaya	Puno
Lituania 2	01-02482-07	10 September 2007	1000	29-X	Crucero	Carabaya	Puno
Lituania 3	01-02483-07	25 September 2007	1000	29-X	Crucero	Carabaya	Puno
Lituania 8	10029708	27 June 2008	500	29-X	Putina	Sn. Antonio de Putina	Puno
Rosita Dos 2007*	01-00306-07		1000	29-X	Crucero	Carabaya	Puno

\* 100% of uranium rights and vanadium, phosphates, and other radioactive mineral rights associated with uranium production

## Santa Rosa Project (4,400 hectares):

Concession	Code	Application/Grant Date	Area (Hectares)	National Map	LOCATION		
					District	Province	Department
Sayana 1	01-02465-07	5 September 2007	400	30-U	Santa Rosa	Melgar	Puno
Quimsa 1	01-02480-07	7 September 2007	1000	30-U	Santa Rosa	Melgar	Puno
Quimsa 2	01-02460-07	9 August 2007	1000	30-U	Santa Rosa	Melgar	Puno
Cunurana 1	01-02451-07	7 September 2007	300	30-U	Santa Rosa	Melgar	Puno
Panca 1	01-02479-07	5 September 2007	700	30-U	Santa Rosa	Melgar	Puno
Santa Rosa Sur	01-03647-07	2 July 2007	1,000	30-U	Santa Rosa, Macarí	Melgar	Puno

## Pampacolca Project (4,400 hectares):

Concession	Code	Application/Grant Date	Area (Hectares)	National Map	LOCATION		
					District	Province	Department
Pampacolca 1	01-01084-07	21 October 2008	900	32Q	Pampacolca / Tipan Aplao	Castilla	Arequipa
Pampacolca 2	01-01085-07	29 May 2008	600	32Q	Aplao / Iray	Castilla / Condesuyos	Arequipa
Pampacolca 3	01-01852-07	18 July 2008	700	32Q	Pampacolca	Castilla	Arequipa
Pampacolca 4	01-01851-07	9 August 2007	500	32Q	Pampacolca	Castilla	Arequipa
Pampacolca 5	01-03649-07	12 May 2008	200	32Q	Pampacolca	Castilla	Arequipa
Pampacolca 7	01-04637-07	29 August 2007 (application)	600	32Q	Aplao	Castilla	Arequipa
Pampacolca 10	01-06361-07	19 November 2008	900	32Q	Aplao	Castilla	Arequipa

## Coasa Project (9,600 hectares):

Concession	Code	Application/Grant Date	Area (Hectares)	National Map	LOCATION		
					District	Province	Department
Cochacucho 1	01-02461-07	5 September 2007	800	28-V	Ituata/Coasa	Carabaya	Puno
Cochacucho 2	01-02463-07	31 July 2007	800	28-V	Coasa/Ituata	Carabaya	Puno
Cochacucho 3	01-02463-07	31 July 2007	800	28-V	Ituata/Coasa	Carabaya	Puno
Umachullo 1	01-02449-07	31 July 2007	1000	29-V	Coasa	Carabaya	Puno
Umachullo 2	01-02450-07	14 August 2007	1000	29-V	Coasa	Carabaya	Puno
Uchumallo 3	01-02445-07	14 August 2007	1000	29-V	Coasa	Carabaya	Puno
Uchumallo 4	01-02447-07	31 July 2007	1000	29-V	Coasa	Carabaya	Puno
Uchumallo 5	01-02446-07	6 September 2007	1000	29-V	Coasa / Usicayos	Carabaya	Puno
Coasa 1	01-02464-07	31 July 2007	400	28-X	Coasa	Carabaya	Puno
Lituania 4	01-02484-07	5 September 2007	800	29-X	Coasa	Carabaya	Puno
Hualahuani 1	01-02448-07	10 September 2007	1000	29-X	Usicayos / Coasa	Carabaya	Puno



# SECURITIES INFORMATION

as at 30 September 2009



## ISSUED SECURITIES

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	80,507,500	-	80,507,500
\$0.55 (26 July 2012) Unlisted Employees' Options	-	500,000	500,000
\$0.35 (16 September 2013) Unlisted Executive Directors' Options	-	16,400,000	16,400,000
\$0.35 (16 September 2013) Unlisted Non-Executive Director's Options	-	900,000	900,000
\$0.35 (16 September 2013) Unlisted Employees' Options	-	1,485,000	1,485,000
<b>Total</b>	<b>80,507,500</b>	<b>19,285,000</b>	<b>99,792,500</b>

## SUMMARY OF UNLISTED DIRECTORS' AND EMPLOYEE OPTIONS

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria <sup>1</sup>	No. of Options
27 July 2007	\$0.55 (27 July 2012) Employees' Options	\$0.55	26 July 2012	1/3 <sup>rd</sup> on 27 January 2008, 1/3 <sup>rd</sup> on 27 July 2008 and 1/3 <sup>rd</sup> on 27 January 2009	500,000
17 September 2008	\$0.35 (16 September 2013) Unlisted Executive Directors' Options	\$0.35	16 September 2013	75% on grant and 25% on 17 September 2009	16,400,000
17 September 2008	\$0.35 (16 September 2013) Unlisted Non-Executive Director's Options	\$0.35	16 September 2013	75% on grant and 25% on 17 September 2009	900,000
17 September 2008	\$0.35 (16 September 2013) Unlisted Employees' Options	\$0.35	16 September 2013	50% on 17 March 2009, 25% on 17 September 2009 and 25% on 17 March 2010	1,485,000

<sup>1</sup> Options which have vested may be exercised at any time thereafter, up to their expiry date

# SECURITIES INFORMATION

as at 30 September 2009



## DISTRIBUTION OF ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	1,519	691,653	0.859
1,001	-	5,000	490	1,176,253	1.461
5,001	-	10,000	378	3,223,171	4.004
10,001	-	100,000	516	16,402,362	20.374
100,001	-	and over	107	59,014,061	73.303
<b>Total</b>			<b>3,010</b>	<b>80,507,500</b>	<b>100%</b>

## TOP 20 ORDINARY FULLY PAID SHAREHOLDERS

Rank	Shareholder	Total Shares	% Issued Capital
1 *	STRIKE RESOURCES LIMITED	12,750,000	15.837
2 *	ORION EQUITIES LIMITED	9,332,744	11.592
3 *	BRW CONSULTING SERVICES PTY LTD	219,269	
	KATANA EQUITY PTY LTD <CHARITY A/C>	81,483	
	MRS LISA SHALLARD AND MRS LINDA SALA TENNA	700,000	
	KATANA ASSET MANAGEMENT LTD	287,304	
	KB33 CAPITAL PTY LTD <CHARITY A/C>	100,000	
	KB33 CAPITAL PTY LTD	100,000	
	MRS LISA SHALLARD AND MRS LINDA SALA TENNA	2,124,144	
	KATANA EQUITY PTY LTD <SALA TENNA FAMILY A/C>	999,900	
	KATANA EQUITY PTY LTD <CHARITY A/C>	625,000	
	Sub-total	5,237,100	6.505
4	KATANA ASSET MANAGEMENT LTD	3,044,240	3.781
5	DATABASE SYSTEMS LIMITED	2,712,021	3.369
6	ANZ NOMINEES LIMITED <CASH INCOME A/C>	1,739,315	2.160
7	RAMSA PTY LTD <BAILEY SUPER FUND A/C>	1,471,925	1.828
8	CHARLES FOTI CORPORATION PTY LTD <CHARLES FOTI CORPORATION A/C>	1,205,563	1.497
9	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	890,362	
	M & K KORKIDAS PTY LTD	64,200	
	Sub-total	954,562	1.186
10	BLUE CRYSTAL PTY LTD	829,751	1.031
11	MS ROSANNA DE CAMPO	800,000	0.994
12	TWINLAND HOLDINGS PTY LTD	781,024	0.970
13	RENMUIR HOLDINGS LIMITED	688,402	0.830
14	CASTLE BAILEY PTY LTD	657,056	0.816
15	MR ROBERT SPADANUDA <SUPER FUND A/C>	614,830	0.869
16	MR BRIAN PETER BYASS	518,537	0.644
17	ZHIVAN PTY LTD <SUPER FUND A/C>	302,203	
	ZHIVAN PTY LTD	200,000	
	Sub-total	502,203	0.624
18	MIDAS INVESTMENTS (WA) PTY LTD <MIDAS INVESTMENTS A/C>	500,000	0.621
19	FOTI HOLDING PTY LTD <CHARIOT SUPER FUND A/C>	439,602	0.546
20	S JONES & R JONES & C JONES <THE SCOPA FAMILY ACCOUNT>	417,986	0.519
<b>Total</b>		<b>45,196,861</b>	<b>56.219%</b>

\* Substantial shareholders

## Appendix 5B

### Mining Exploration Entity Quarterly Report

Name of entity

**Alara Resources Limited and controlled entities**

ACN or ARBN

**122 892 719**

Quarter Ended

**30 September 2009**

#### Consolidated statement of cash flows

#### Cash flows related to operating activities

1.1 Receipts from product sales and related debtors

1.2 Payments for

(a) exploration and evaluation

(b) development

(c) production

(d) administration

1.3 Dividends received

1.4 Interest and other items of a similar nature received

1.5 Interest and other costs of finance paid

1.6 Income taxes paid

1.7 Other (provide details if material)

#### Net operating cash flows

Consolidated	
Current Quarter Sep 2009 \$' 000	Year to Date 3 months \$' 000
-	-
<b>(196)</b>	<b>(196)</b>
-	-
-	-
<b>(153)</b>	<b>(153)</b>
-	-
<b>66</b>	<b>66</b>
-	-
-	-
-	-
<b>(283)</b>	<b>(283)</b>

		<b>Consolidated</b>	
		Current Quarter Sep 2009 \$' 000	Year to Date 3 months \$' 000
1.8	Net operating cash flows (carried forward)	<b>(283)</b>	<b>(283)</b>
<b>Cash flows related to investing activities</b>			
1.9	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (provide details if material)	-	-
	- Acquisition Cost - Resources Projects	-	-
	<b>Net investing cash flows</b>	-	-
1.14	<b>Total operating and investing cash flows</b>	<b>(283)</b>	<b>(283)</b>
<b>Cash flows related to financing activities</b>			
1.15	Proceeds from issues of shares, options, etc.	-	-
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	-	-
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
<b>Net increase (decrease) in cash held</b>		<b>(283)</b>	<b>(283)</b>
1.21	Cash at beginning of quarter/year to date	<b>5,301</b>	<b>5,301</b>
1.22	Exchange rate adjustments to item 1.20	<b>(4)</b>	<b>(4)</b>
1.23	<b>Cash at end of quarter</b>	<b>5,014</b>	<b>5,014</b>

**Payments to directors of the entity and associates of the directors  
Payments to related entities of the entity and associates of the  
related entities**

	Current Quarter Sep 2009 \$' 000
1.24 Aggregate amount of payments to the parties included in item 1.2	<b>(112)</b>
1.25 Aggregate amount of loans to the parties included in item 1.10	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees, salaries and superannuation for the quarter.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

**Financing facilities available**

	Amount available \$' 000	Amount used \$' 000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

		Next Quarter \$' 000
4.1	Exploration and evaluation	<b>(100)</b>
4.2	Development	-
<b>Total</b>		<b>(100)</b>

## Reconciliation of cash

Reconciliation of cash at the end of the month (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows

		Consolidated	
		Current Quarter \$' 000	Previous Quarter \$' 000
5.1	Cash on hand and at bank	<b>464</b>	<b>751</b>
5.2	Deposits at call	<b>4,550</b>	<b>4,550</b>
5.3	Bank overdraft	-	-
5.4	Other (Bank Bills)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>		<b>5,014</b>	<b>5,301</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (4))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer to Quarterly Activities Report		
6.2	Interests in mining tenements acquired or increased	Refer to Quarterly Activities Report		

## Issued and quoted securities at end of current quarter

	Total number	Number quoted	Issue price per security (see note 5) (cents)	Amount paid up per security (see note 5)
7.1 Preference securities+				
7.2 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 Ordinary securities+	80,507,500	80,507,500	25 cents	25 cents
7.4 Changes during quarter				
(a) Increases through issues				
(b) Decreases through returns of capital, buy-backs				
7.5 Convertible debt securities+				
7.6 Changes during quarter				
(a) Increases through issues				
(b) Decreases through securities matured, converted				
7.7 Options			<i>Exercise price</i>	<i>Expiry date</i>
Unlisted \$0.55 (26 July 2012)				
Employees' Options	500,000	-	55 cents	26 July 2012
Unlisted \$0.35 (16	16,400,000	-	35 cents	16 September 2013
Unlisted \$0.35 (16	900,000	-	35 cents	16 September 2013
Unlisted \$0.35 (26 July 2012)	1,485,000	-	35 cents	16 September 2013
7.8 Issued during quarter				
7.9 Exercised during quarter		-	-	-
7.10 Cancelled during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes				

## Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- This statement **does** give a true and fair view of the matters disclosed.

30 October 2009

**Victor Ho**  
Company Secretary

### Notes:

The **Company** currently holds the following listed share investments:

	<b>30-Sep-09</b>
	Market Value
Shares (Other)	\$3,037,806
	<u>\$3,037,806</u>

Share investments are regarded as liquid assets to supplement the Company's cash reserves.

+ See Chapter 19 for defined terms

## NOTES

- 1) The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note
- 2) The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent
- 3) Issued and quoted securities The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4) The definitions in, and provisions of, AASB 1022: Accounting for Extractive Industries and AASB 1026: Statement of Cash Flows apply to this report.
- 5) Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.
- 6) The Company holds foreign currencies denominated in US dollars and Peruvian Nuevo Soles. Fluctuations in foreign exchange rates have been accounted for in this cashflow report using the exchange rate as at 30 September 2009.