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31 DECEMBER 2008 QUARTERLY REPORT

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Dated: 31 January 2009

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SUMMARY

- **Cash position:** remains strong at \$7.80 million
- **Strategic Decision:** The global financial crisis continues with significant adverse effects on capital markets and the aspirations of resource exploration companies such as Alara. Whilst Alara is in a relatively sound cash position, it has undertaken a strategic decision to conserve cash for high priority/value opportunities within Alara's existing portfolio and new opportunities arising in the resource sector.
- **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 and taking options over and acquiring concessions or tenements.
- **Mt James Uranium:** Alara proposes to conduct an RC drilling programme to test for uranium mineralisation in carnotite targets, subject to receipt of heritage and regulatory approvals.
- **Bigrlyi Uranium:** Alara proposes to commence a soil sampling programme, subject to receipt of heritage and regulatory approvals.
- **Other Projects:** No field work is planned at this stage in the Crucero, Canning Well, Santa Rosa, Pampacolca and Coasa Project areas, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.





COMPANY PROFILE

Alara Resources Limited (ASX Code: AUQ) is an Australian based mineral exploration and development company with a portfolio of uranium, gold and mineral sands exploration projects in Peru and Australia (Northern Territory and Western Australia):

PROJECTS	LOCATION	AREA (HECTARES)
(1) Mt James Uranium	Gascoyne, Western Australia	99,861
(2) Crucero Uranium	Peru	4,100
(3) Bigrlyi South Uranium	Northern Territory	166,565
(4) Canning Well Base Metals/Uranium	Pilbara, Western Australia	26,400
(5) Kimberley Phosphate	Kimberley, Western Australia	132,701
(6) King Sound Mineral Sands	Kimberley, Western Australia	65,200
(7) Santa Rosa Uranium	Peru	4,400
(8) Pampacolca Uranium	Peru	4,400
(9) Coasa Uranium	Peru	9,600

The global financial crisis continues with significant adverse effects on capital markets and the aspirations of resource exploration companies such as Alara. Whilst Alara is in a relatively sound cash position (\$7.75 million), it has undertaken a strategic decision to conserve cash for high priority/value opportunities within Alara's existing portfolio and new opportunities arising in the resource sector. Alara has therefore reduced exploration expenditure on existing projects deemed to be of lower priority "grass roots" value – being the Crucero, Canning Well, Santa Rosa, Pampacolca and Coasa Project areas.

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 and taking options over and acquiring concessions or tenements.

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 and **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.

On 23 September 2008, the Company changed its name from Alara Uranium Limited to Alara Resources Limited.

Alara currently has the following securities on issue:

	Quoted	Not Quoted or Subject to Escrow	Total
Fully paid ordinary shares	56,011,285	24,496,215	80,507,500
\$0.25 (30 June 2009) Listed Options	60,367,500	-	60,367,500
\$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
Total	116,378,785	43,781,215	160,160,000

PROJECT LOCATION

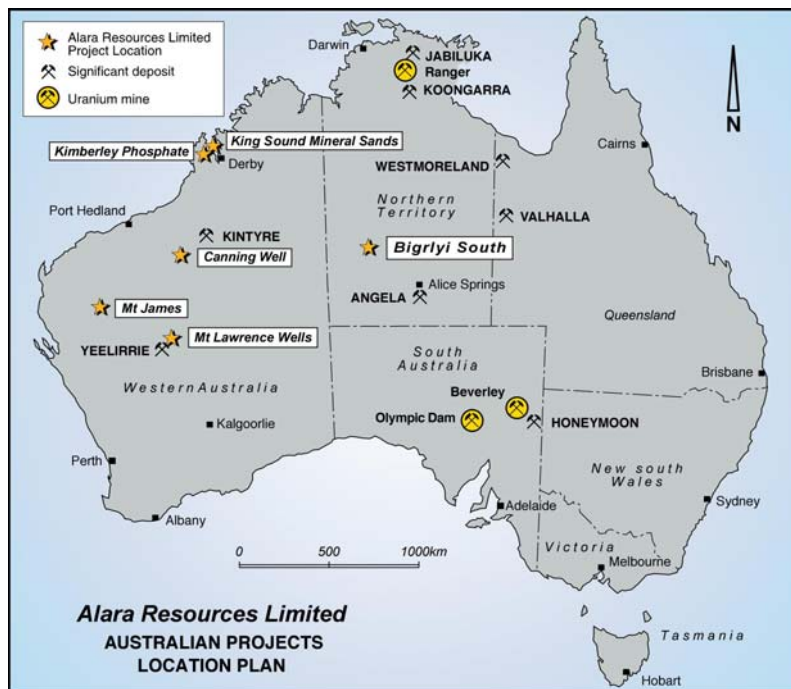
PERUVIAN PROJECTS

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



AUSTRALIAN PROJECTS

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





COMPANY PROJECTS

1. MT JAMES (GASCOYNE, WESTERN AUSTRALIA)

Alara is exploring for uranium using detailed structural analysis coupled with aerial and ground radiometric surveys.

The exploration focus will be on high priority radiometric anomalies selected from an airborne geophysical survey conducted during 2008. In addition, known historical workings (drill holes and costeans) that encountered uranium mineralisation and the untested anomalies identified by AGIP Nucleare (Australia) Pty Ltd (**AGIP**), (a subsidiary of Italian multi-national energy group ENI) will be the target of detailed ground prospecting followed by drilling.

As well as testing for primary mineralisation at depth, Alara will review the potential for mineable deposits of carnotite at shallow depths in the deeply weathered saprolite zone in the duricrust. Subject to heritage and regulatory approval, Alara proposes drilling of the best radiometric anomalies.

Exploration Activities and Programme

During the quarter, Alara:

- (i) completed the collection of base line radiation data with the installation of continuous radon monitors;
- (ii) completed heritage surveys to allow RC drilling to proceed;
- (iii) developed plans for a proposed drilling programme to test for uranium mineralisation in carnotite targets.

Proposed exploration programme for the March 2009 quarter is outlined below:

- (a) Commence the proposed drilling programme, subject to receipt of heritage and regulatory approvals.

2. CRUCERO PROJECT (PERU)

The Crucero Project concessions are located 45 kilometres southeast of the town of Crucero, in the Macusani district in southern Peru.

Alara is targeting uranium mineralisation hosted by rhyolitic ignimbrites and ash flows of the Picotani Formation of Miocene-Pliocene age. This formation hosts several occurrences of uranium in the Macusani district.

Exploration Activities and Programme

Alara has permits for 20 drill holes in the Lituania 3 concession and accordingly, Alara has focused its exploration efforts on this concession by conducting ground radiometric surveys and geological mapping to refine existing anomalies for drill testing.

A detailed radiometric survey has been completed over the highest priority parts of the Lituania 3 concession, comprising 19 lines totaling 20 line-kilometres.

Uranium mineralisation occurs in volcanic tuffs as disseminated autunite in sub-vertical fractures up to several centimetres wide on either side of the fractures. The mineralised fractures are oriented north-south and east-west. Uranium mineralisation is commonly associated with smoky quartz.

During the quarter, Alara Peru:

- (i) continued ground radiometric surveying and associated rock sampling on the Lituania 3 and Rosita Dos 2007 concessions;
- (ii) developed plans for a drilling programme within the Lituania 3 concession to test anomalies identified from ground radiometric surveying and geological mapping; and
- (iii) continued to advance community relations activities.

No further field work is planned at this stage in the area, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.



COMPANY PROJECTS

3. BIGRLYI SOUTH (NORTHERN TERRITORY)

The project tenements are located principally in the northern part of the Ngalia Basin in the Northern Territory (located approximately 390 kilometres north-west of Alice Springs).

Alara has completed an airborne radiometric and magnetic survey in exploration licences EL 24879, EL 24928, EL 24929 and EL24930.

Results indicate that the Southwark Granite Suite has a strong radiometric signature in all channels. These are "hot" granites and are potentially good source rocks for sedimentary-style uranium deposits in the overlying younger sediments – as being the probable source of mineralisation in the Bigrlyi uranium deposits located immediately north of Alara's Bigrlyi South tenements. Field verification of Alara's radiometric anomalies within EL24879, EL24928 and EL24929 identified several uranium anomalies coinciding with the outcropping Mt Eclipse Sandstone unit (host to the Bigrlyi deposits).

The majority of the other anomalies were located within predominantly sand covered terrain.

Exploration Activities and Programme

Alara has submitted a Mine Management Plan to the Central Land Council (CLC) seeking heritage approval for drilling selected anomalous targets. Negotiations with the CLC are on-going.

No field work was conducted during the quarter.

Proposed exploration programme for the March 2009 quarter is outlined below:

- (a) Commence a soil sampling programme, subject to receipt of heritage and regulatory approvals.

4. CANNING WELL (PILBARA, WESTERN AUSTRALIA)

The project area is located approximately 80 kilometres west of the Kintyre uranium deposit and covers approximately 20 kilometres of the north-south trending Canning Fault and associated splay and intersecting faults. This complex of faults brings together rocks of the Archaean Fortescue Group into direct contact with younger Proterozoic rocks of the Manganese Groups, the Tacunyah Group, the Yeneena Supergroup and the Savory Group.

Alara is exploring for uranium, gold, copper and base metal mineralisation within the project tenements.

A mag/lag sampling programme targeting gold and copper anomalies has been completed and analysis highlights include 52ppb Au, 16ppb Au, 1690ppm Pb, 580ppm Zn, 98ppm Cu and 9.6% Mn.

Exploration Activities and Programme

During the quarter:

- (i) Completed a programme of 8 RC drill holes for a total of 800m over one of the four (4) prominent base metal anomalies outlined during the previous quarter. Drilling was conducted within a surface area 1,600 metres long and 600 metres wide.

The drill holes intersected up to 1.3ppm silver over one metre in carbonaceous and dolomitic siltstones. Average thickness of the anomalous silver zones in each hole was 50 metres. Although not economic, this is an encouraging find and commends further search for a large strata bound base metal deposit in the tenements.

Alara believes further work is warranted around several Geotem geophysical anomalies that have previously been identified by Rio Tinto within the tenements.

However no further field work is planned at this stage in the area, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.



COMPANY PROJECTS

5. KIMBERLEY PHOSPHATE PROJECT (KIMBERLEY, WESTERN AUSTRALIA)

Alara has identified areas of the West Kimberley region of Western Australia as being a favourable geological environment for economic phosphate deposits. Alara recently applied for five exploration licences (E04/1855-59) that now form the Kimberley Phosphate Project. Within Alara's E04/1859 tenement application, the Geological Survey of Western Australia reports on a WAPET Barlee bore that intersected a 10 metre interval of the Jarlemai Siltstone containing an elevated interval of P₂O₅ averaging 5.7% P₂O₅.

A previous explorer in 1967, Mines Exploration Pty Ltd, reported a phosphatic nodule bed at Langey Crossing. Recent dramatic price rises in phosphate have led Alara to revisit this vicinity as being a region of potential economic significance.

Alara intends to conduct a systematic exploration programme consisting of soil sampling followed by drilling, upon the grant of these tenements.

6. KING SOUND MINERAL SANDS PROJECT (KIMBERLEY, WESTERN AUSTRALIA)

Alara has through a joint venture (**JV**) with ASX listed Strike Resources Limited (**Strike**) a 70% interest in the King Sound Mineral Sands Project, currently 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 has identified the King Sound area as being prospective for the accumulation of heavy minerals, such as zircon, rutile and ilmenite.

Alara intends to conduct extensive sampling for test work to produce and characterise the heavy minerals, upon the grant of these tenements. This will determine an effective processing pathway and development of a flow sheet as part of an overall scoping study on the feasibility of the project.

7. SANTA ROSA PROJECT (PERU)

The Santa Rosa Project comprises six concessions covering an area of 4,400 hectares. The concessions are located between 2 and 5 kilometres northwest of the town of Santa Rosa, in the Macusani district of southern Peru.

Rhyolitic lava flows of the Permian Mitu Group lie adjacent to an unconformity with Lower Paleozoic schist. The lavas are the main targets for uranium mineralisation. Large geochemical anomalies of over 1500ppm uranium have been reported by IPEN from chip samples adjacent to the unconformity in the region.

Exploration Activities and Programme

Alara has completed a reconnaissance survey and commenced negotiations with local communities to secure approvals to conduct further exploration on the concessions.

No further field work is planned at this stage in the area, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.

8. PAMPACOLCA PROJECT (PERU)

The Pampacolca Project comprises seven concessions covering an area of approximately 4,400 hectares. The concessions are situated approximately 4 to 12 kilometres south of the town of Pampacolca, which is located approximately 136 kilometres northwest of the city of Arequipa in southern Peru.

The Pampacolca Project comprises structurally controlled occurrences of uranium, tantalum and rare earths in pegmatite veins and dykes hosted by quartz-muscovite-feldspar schist. These occurrences lie within Pre-Cambrian gneissic terrain with known tantalum mineralisation.



COMPANY PROJECTS

Exploration Activities and Programme

Alara has completed a sampling and ground radiometric survey of anomalous areas identified as being prospective for uranium mineralisation.

No further field work is planned at this stage in the area, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.

9. COASA PROJECT (PERU)

The Coasa Project comprises 11 concessions covering an area of 9,600 hectares. The concessions are centred on the town of Coasa, located in the Macusani district in southern Peru.

The target is pegmatite veins and dykes. Historic IPEN data indicate anomalies up to 1900ppm uranium within the project area.

Reconnaissance mapping and sampling has identified pegmatitic zones of several metres width with two rock chip samples returning 500ppm and 470ppm uranium.

Exploration Activities and Programme

Alara has completed an Aster interpretation over the project area.

No further field work is planned at this stage in the area, to conserve cash for other more advanced opportunities within Alara's existing portfolio and new opportunities.

10. MT LAWRENCE WELLS (EAST MURCHISON, WESTERN AUSTRALIA)

After a review of exploration conducted to date which concluded that they are of low potential, Alara has surrendered Exploration Licences EL 53/1259 and EL 53/1203 comprising the Mt Lawrence Wells Project.

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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



Cash Position

The Alara group's cash (and investments in listed securities) position as at 31 December 2008 was \$7.81 million.

The Alara group's cash (and investments in listed securities) position as at 29 January 2009 was \$7.80 million.

The Alara group have a relatively small exposure to the United States dollar and Peruvian Nuevo Soles foreign currencies.

These foreign currencies are applicable to and facilitates Alara group operations and activities in Peru.

Conversion of Listed Options (ASX Code: AUQO)

During the quarter ending 31 December 2008, no listed \$0.25 (30 June 2009) options were exercised and converted into shares.



AUSTRALIAN TENEMENTS

Project	Status	Tenement	Grant / Application Date	Expiry Date	Area (Blocks)	Area (km ²)	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)
	Application	EL 24927	12/09/05	N/A	338	998.7	99,870	Haasts Bluff	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
	Granted	EL 24928	24/08/06	23/08/12	15	34.95	3,495	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
	Granted	EL 24929	24/08/06	23/08/12	26	56.8	5,680	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
	Granted	EL 24930	24/08/06	23/08/12	99	314.7	31,470	Mount Doreen	NT	100% (75% held by Alara Operations Pty Ltd and 25% held by Hume Mining NL)
Mt James	Granted	EL 09/1195	28/03/06	27/03/11	70	TBD	21,784.43	Mt James	WA	Right to earn up to a 60% interest (from Epsilon Energy Limited)
	Granted	EL 09/1196	28/03/06	27/03/11	70	TBD	21,757.06	Mt James	WA	Right to earn up to a 60% interest (from Epsilon Energy Limited)
	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 09/1245	23/03/07	22/03/11	35	105	10,500	Rubberoid Well	WA	70% held by Alara Operations Pty Ltd (30% retained by Uranium Oil & Gas Limited/Helen Mary Ansell)
	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)
King Sound Mineral Sands	Application	E 04/1657	26/02/07	N/A	43	141	14,100	King Sound	WA	Right to earn 70% (100% held by Strike Resources Limited)
	Application	E 04/1658	26/02/07	N/A	58	190	19,000	King Sound	WA	Right to earn 70% (100% held by Strike Resources Limited)
	Application	E 04/1659	26/02/07	N/A	98	321	32,100	King Sound	WA	Right to earn 70% (100% held by Strike 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	100% held by Alara Operations Pty Ltd
	Application	E 04/1857	14/08/08	N/A	95	309	30,922	Kimberley	WA	100% held by Alara Operations Pty Ltd
	Application	E 04/1858	14/08/08	N/A	75	245	24,456	Kimberley	WA	100% held by Alara Operations Pty Ltd
	Application	E 04/1859	14/08/08	N/A	42	137	13,682	Kimberley	WA	100% held by Alara Operations Pty Ltd
Tenements surrendered during the December 2008 quarter:										
Mt Lawrence Wells	Granted	E 53/1259	02/03/07	01/03/12	8	24	2,400	Millgool Camp	WA	Formerly held 100% held by Alara Operations Pty Ltd
	Granted	E 53/1203	02/08/06	01/08/11	17	52	5,200	Mt Wilkinson	WA	Formerly 100% held by Alara Operations Pty Ltd

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	29 January 2007 (application)	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 31 December 2008



ISSUED SECURITIES

	Quoted	Not Quoted or Subject to Escrow	Total
Fully paid ordinary shares	56,011,285	24,496,215 ¹	80,507,500
\$0.25 (30 June 2009) Listed Options ²	60,367,500	-	60,367,500
\$0.55 (27 July 2012) Unlisted Directors' Options ³	-	18,550,000	18,550,000
\$0.55 (27 July 2012) Unlisted Employees' Options ³	-	1,425,000	1,425,000
Total	116,378,785	44,471,215	160,850,000

SUMMARY OF UNLISTED DIRECTORS' AND EMPLOYEE OPTIONS

Date of Issue	Description of Unlisted Options	Exercise Price	Expiry Date	Vesting Criteria ⁴	No. of Options
27 July 2007	\$0.55 (27 July 2012) Employees' Options	\$0.55	26 July 2012	1/3 rd on 27 January 2008, 1/3 rd on 27 July 2008 and 1/3 rd 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

1 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 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.

2 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](#)

3 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](#)

4 Options which have vested may be exercised at any time thereafter, up to their expiry date

SECURITIES INFORMATION

as at 31 December 2008



DISTRIBUTION OF LISTED AND UNLISTED ORDINARY FULLY PAID SHARES

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	1,573	723,138	0.898
1,001	-	5,000	542	1,303,268	1.619
5,001	-	10,000	404	3,428,914	4.259
10,001	-	100,000	549	17,043,043	21.170
100,001	-	and over	103	58,009,137	72.054
Total			3,171	80,507,500	100.000%

TOP 20 LISTED AND UNLISTED 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	1,681,383	
	LISA SHALLARD AND LINDA SALA TENNA	2,824,144	
	CLASSIC CAPITAL PTY LTD	1,287,304	
	KB33 CAPITAL PTY LTD	200,000	
	Sub-total	6,212,100	7.716
4	DATABASE SYSTEMS LIMITED	2,712,021	3.369
5	KATANA ASSET MANAGEMENT LTD	2,244,240	2.788
6	ANZ NOMINEES LIMITED	1,765,326	2.193
7	RAMSA PTY LTD	1,071,925	1.331
8	CHARLES FOTI CORPORATION PTY LTD	925,000	1.1496
9	BLUE CRYSTAL PTY LTD	829,751	1.031
10	MS ROSANNA DE CAMPO	800,000	0.994
11	MR JOHN CECCON & MS MARIE LYNN MCLEAN	814,026	1.011
12	TWINLAND HOLDINGS PTY LTD	781,024	0.970
13	CITYSIDE INVESTMENTS PTY LTD	727,210	0.903
14	MANNHEIM INVESTMENTS PTY LTD	725,000	0.901
15	RENMUIR HOLDINGS LIMITED	668,402	0.830
16	MR ALAN BRIEN & MRS MELINDA BRIEN	657,002	0.816
17	S JONES & R JONES & C JONES	603,708	0.750
18	ZHIVAN PTY LTD	566,814	0.704
19	MR BRIAN PETER BYASS	518,537	0.644
20	MIDAS INVESTMENTS (WA) PTY LTD	500,000	0.621
Total		45,204,830	56.151

SECURITIES INFORMATION

as at 31 December 2008



DISTRIBUTION OF LISTED \$0.25 (30 JUNE 2009) OPTIONS

Spread	of	Holdings	Number of Holders	Number of Units	% of Total Issue Capital
1	-	1,000	4	2,045	0.003
1,001	-	5,000	51	151,963	0.252
5,001	-	10,000	369	2,319,971	3.843
10,001	-	100,000	281	9,044,803	14.983
100,001	-	and over	53	48,848,718	80.919
Total			758	60,367,500	100.000%

TOP 20 LISTED \$0.25 (30 JUNE 2009) OPTIONS

Rank	Optionholder	Total Options	% Total Options On Issue
1	STRIKE RESOURCES LIMITED	21,562,500	35.719
2	ORION EQUITIES LIMITED	9,131,205	15.126
3	RENMUIR HOLDINGS LIMITED	3,200,475	5.302
4	BRW CONSULTING SERVICES PTY LTD	157,500	
	KATANA EQUITY PTD LTD	423,600	
	LISA SHALLARD AND LINDA SALA TENNA	1,626,000	
	CLASSIC CAPITAL PTY LTD	750,000	
	KB33 CAPITAL PTY LTD	105,000	
	Sub-total	3,062,100	5.073
5	KATANA ASSET MANAGEMENT LTD	802,200	1.329
6	M & K KORKIDAS PTY LTD	1200400	1.988
7	DATABASE SYSTEMS LIMITED	730,430	1.210
8	MS ROSANNA DE CAMPO	600,000	0.994
9	CITYSIDE INVESTMENTS PTY LTD	506,250	0.839
10	MS SUE LYNN WONG	426,000	0.497
11	ANZ NOMINEES LIMITED	416,400	0.690
12	CHARLES FOTI CORPORATION PTY	393,750	0.652
13	BLUE CRYSTAL PTY LTD	375,000	0.621
14	MR BRIAN PETER BYASS	375,000	0.621
15	MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI	363,500	0.602
16	TWINLAND HOLDINGS PTY LTD	360,767	0.598
17	MR KIERAN ARNOLD	300,000	0.497
18	EZR SYSTEMS PTY LTD	270,625	0.448
19	MRS JOANNE JOHNSON	267,500	0.443
20	MIDAS INVESTMENTS (WA) PTY LTD	265,960	0.441
Total		44,610,062	73.690

Appendix 5B

Mining Exploration Entity Quarterly Report

Name of entity

Alara Resources Limited and controlled entities

ACN or ARBN

122 892 719

Quarter Ended

31 December 2008

Consolidated statement of cash flows

	Consolidated	
	Current Quarter Dec 2008 \$' 000	Year to Date 6 months \$' 000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(581)	(979)
(b) development	-	-
(c) production	-	-
(d) administration	(246)	(414)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	137	295
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	25	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(665)	(1,098)

	Consolidated	
	Current Quarter Dec 2008 \$' 000	Year to Date 6 months \$' 000
1.8 Net operating cash flows (carried forward)	(665)	(1,098)
Cash flows related to investing activities		
1.9 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	(447)
(c) other fixed assets	-	(18)
	-	-
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	(151)	(151)
Net investing cash flows	(151)	(616)
1.14 Total operating and investing cash flows	(816)	(1,714)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	151	151
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (provide details if material)	-	-
Net financing cash flows	151	151
Net increase (decrease) in cash held	(665)	(1,563)
1.21 Cash at beginning of quarter/year to date	8,341	9,239
1.22 Exchange rate adjustments to item 1.20	(7)	(7)
1.23 Cash at end of quarter	7,669	7,669

**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 Dec 2008 \$' 000
1.24	Aggregate amount of payments to the parties included in item 1.2	(107)
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
4.2 Development	-	
Total	(200)	

Reconciliation of cash	Consolidated	
	Current Quarter \$' 000	Previous Quarter \$' 000
5.1 Cash on hand and at bank	520	741
5.2 Deposits at call	7,149	7,600
5.3 Bank overdraft	-	-
5.4 Other (Bank Bills)	-	-
Total: cash at end of quarter (item 1.22)	7,669	8,341

Changes in interests in mining tenements

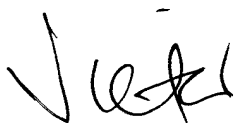
	Tenement reference	Nature of interest (note (4))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Refer to Quarterly Activities Report			
6.2 Interests in mining tenements acquired or increased	Refer to Quarterly Activities 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	56,011,285	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>
Listed AUQO \$0.25 (30 June 2009) Options	60,367,500	60,367,500	25 cents	30 June 2009
Unlisted \$0.55 (26 July 2012) Employees' Options	500,000	-	55 cents	26 July 2012
Unlisted \$0.35 (16 September 2013) Options	16,400,000	-	35 cents	16 September 2013
Unlisted \$0.35 (16 September 2013) Options	900,000	-	35 cents	16 September 2013
Unlisted \$0.35 (26 July 2012) Options	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.



31 January 2009

Victor Ho
Company Secretary

Notes:

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

31-Dec-08

	No Shares	% Interest	Last Closing Price	Market Value
Shares (Other)				\$145,000
				\$145,000

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 31 December 2008.