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MARKET ANNOUNCEMENT

Commencement of VTEM Electromagnetic Survey - Daris Copper Project in Oman

Alara Resources Limited is pleased to announce the imminent commencement of a helicopter-borne airborne electromagnetic VTEM survey covering prospective areas within the Daris Copper Project in Oman, including areas with previous high grade copper and copper gold intersections reported earlier from Daris 3A-5 and Daris East prospects.

The VTEM survey is a geophysical technique appropriate for the region for locating volcanogenic massive sulphide (VMS) style of mineralisation. The survey will cost approximately A\$350,000 and take 10 days to complete, after receiving various statutory governmental approvals to fly the area. The survey is expected to start before the end of the month. It will take another 2 - 3 weeks to study and analyse the survey data.

Previous Drilling Results

Previous drilling results at Daris 3A-5 (3 diamond core holes) are summarised below. These results extend the mineralisation within 70m from an existing gossan.

Hole D3DC003:

- 17.20m at 8.05% copper, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between 10% to 14.7% copper

Hole D3DC002:

- 11.90m at 5.74% copper, as copper sulphides from 34.35m
- 3.45m at 10.28% copper (including 1m at 16.0% copper), as copper sulphides from 50.60m
- 17.85m at 2.61 g/t gold from 28.40m
- 3.45m at 3.10 g/t gold from 50.60m

Hole D3DC001:

- 6.10m at 5.81% copper, as copper sulphides from 31.55m
- 18.65m at 3.80 g/t gold from 19.0m

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Previous drilling result of massive sulphide at Daris East 10km, to the east of Daris 3A-5 (Diamond core hole) is as below:

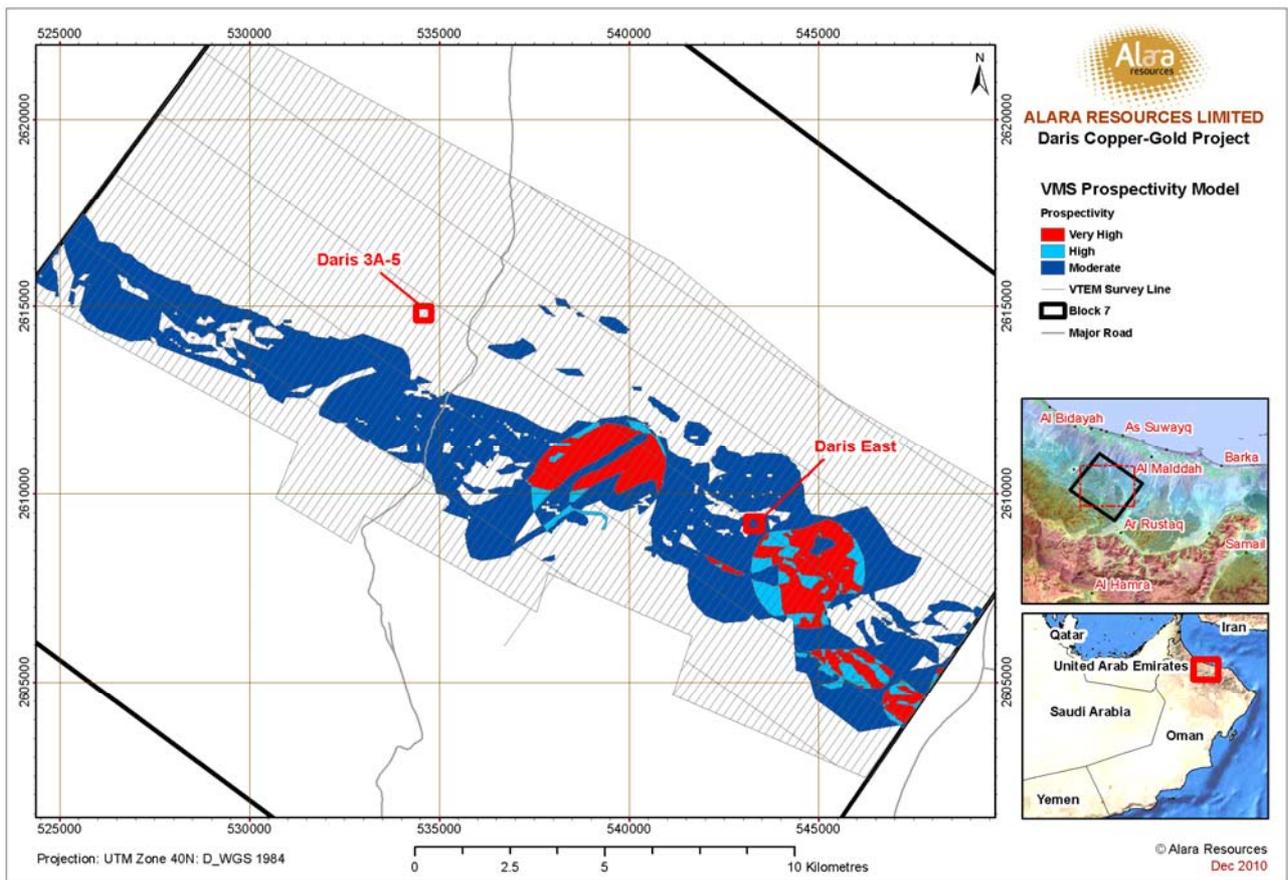
DERO009:

- 4m at 5.33% copper as copper sulphides and 0.41g/t gold from 34m, including 1m at 6.46% copper from 34m.

The above drill hole was drilled approximately 100m from a known high grade intersection drilled in 1970s.

Prospectivity Analysis and VTEM Survey Coverage

The Company has also completed a detailed prospectivity analysis using conceptual geological models of mineralisation, available geochemical, geophysical and geological data to determine the extent of the VTEM survey coverage.



VTEM Survey Specifications

The Company has engaged Geotech Airborne Malta Limited to carry out the helicopter-borne electromagnetic and magnetic geophysical survey of approximately 1274 line kilometres.

Geotech will be deploying their Versatile Time-Domain Electromagnetic (VTEM) geophysical system for the survey which has the latest technology and significant advantages over other commercially available systems. The main instrumentation and measurements for this survey are:

- B-field VTEM system for locating conductive anomalies and mapping earth resistivities.

- High-sensitivity cesium magnetometer for mapping geologic structure and lithology.
- A cesium magnetometer base station for diurnal correction.
- A Radar altimeter with an accuracy of approximately 1m.
- A GPS Navigation System providing an in-flight accuracy up to 3m.

An optimal flight line direction and a spacing of 200m apart with tie lines at 2000m spacing has been designed for this survey. The optimal terrain clearances for the helicopter and instrumentation during the flying are:

- Helicopter - 75 to 80 m
- EM sensor - 35 to 45 m
- Magnetic sensor - 60 to 70 m

The helicopter and the instrumentations are already in Oman. Applications to the local government for statutory permits have been made. The survey is likely to commence before the end of the month.

It is expected that the survey will

- Outline the potential for extension of the drilled mineralisation along strike and depth; and
- Discover additional areas prospective for massive sulphide mineralisation.

In particular the survey will cover 2 known drilled prospects and 3 potential clusters of mineralisation within the Daris Block as determined by the GIS prospectivity analysis (Figure above).

Next Steps

After reviewing the results of VTEM geophysical survey a further drilling programme will be planned, in the first instance to extend the previously drilled mineralisation and secondly to drill additional high priority potential clusters.

For Further Information:

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The information in this announcement 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 Alara Resources Limited. 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 announcement of the matters based on his information in the form and context in which it appears.