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MARKET ANNOUNCEMENT

Drilling Rig Update - Khnaiguiyah Project in Saudi Arabia and Daris Project in Oman

Alara Resources Limited (ASX: AUQ) refers to its market announcement dated 16 June 2011¹ and now provides an update on the drilling status of its Khnaiguiyah Zinc-Copper Project located in the Kingdom of Saudi Arabia and its Daris Copper-Gold Project located in the Sultanate of Oman.

Khnaiguiyah Drilling Programme

The Company is pleased to announce that a total of 5 drilling rigs are now operating at the project, comprising 4 diamond drill rigs and 1 reverse circulation percussion (RC) rig.

A sixth RC rig is likely to commence work in July.

Daris Drilling Programme

The Company confirms that a total of 3 diamond drill rigs are currently operating within the Daris Project area conducting follow up drilling on previously outlined high grade copper mineralisation and commencing drilling on high priority drill targets outlined as a result of the recently completed VTEM helicopter survey conducted within the project area.

Commenting on the foregoing, Managing Director Shanker Madan said: "It is very pleasing to have a total of 8 drilling rigs operating in Saudi Arabia and Oman. Given the Company have high priority areas to drill in both Saudi Arabia and Oman, the current drilling programme to be undertaken by these rigs leads to an exciting potential for the Company."

For Further Information:

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¹ Refer ASX market announcement dated 16 June 2011 and entitled "[Operations Update – Khnaiguiyah Project](#)"

