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MARKET ANNOUNCEMENT

Further High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman

Alara Resources Limited refers to its previous announcement¹ reporting completion of a 24 drill hole programme at its Daris 3A-5 (3 diamond core holes) and Daris East (21 rotary holes) prospects within the Daris Copper Project (the **Project**) located in Oman². The Daris East prospect is located 10km SE of Daris 3A-5. These are two of the twelve known copper occurrences within the Project area.

The Company has previously reported that analysis of the 3 diamond core holes drilled in Daris 3A-5 shows promising high grade copper and gold mineralisation at shallow depths, with copper and gold also occurring within a massive sulphide zone.

The Company is pleased to now report that analysis of samples from the remaining 21 rotary holes, which were testing for shallow oxide mineralisation at the Daris East prospect has now been received.

Highlights

- Sulphide mineralisation has been identified over a strike length of over 100m, open to the west and at depth.
- Oxide mineralisation has been identified over an area of approximately 100m x 100m, with significant gold credits.
- 4m at 5.33% copper as copper sulphides and 0.41g/t gold from 34m including 1m at 6.46% copper from 34m (DERO009); 7m at 2.45% copper as copper sulphides and 0.25g/t Gold from 38m.
- 23m at 1.23% copper as copper oxide from 7m, including 1m at 2.7% copper from 17m (DERO006).
- 8m at 1.26% copper as copper oxide from 28m; 8m at 2.88g/t gold from 1m, including 1m at 12.4 g/t from 4m (DERO004).
- 12m at 1.54g/t gold from 7m (DERO013).

¹ Refer market announcement dated 6 October 2010 and entitled "High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman"

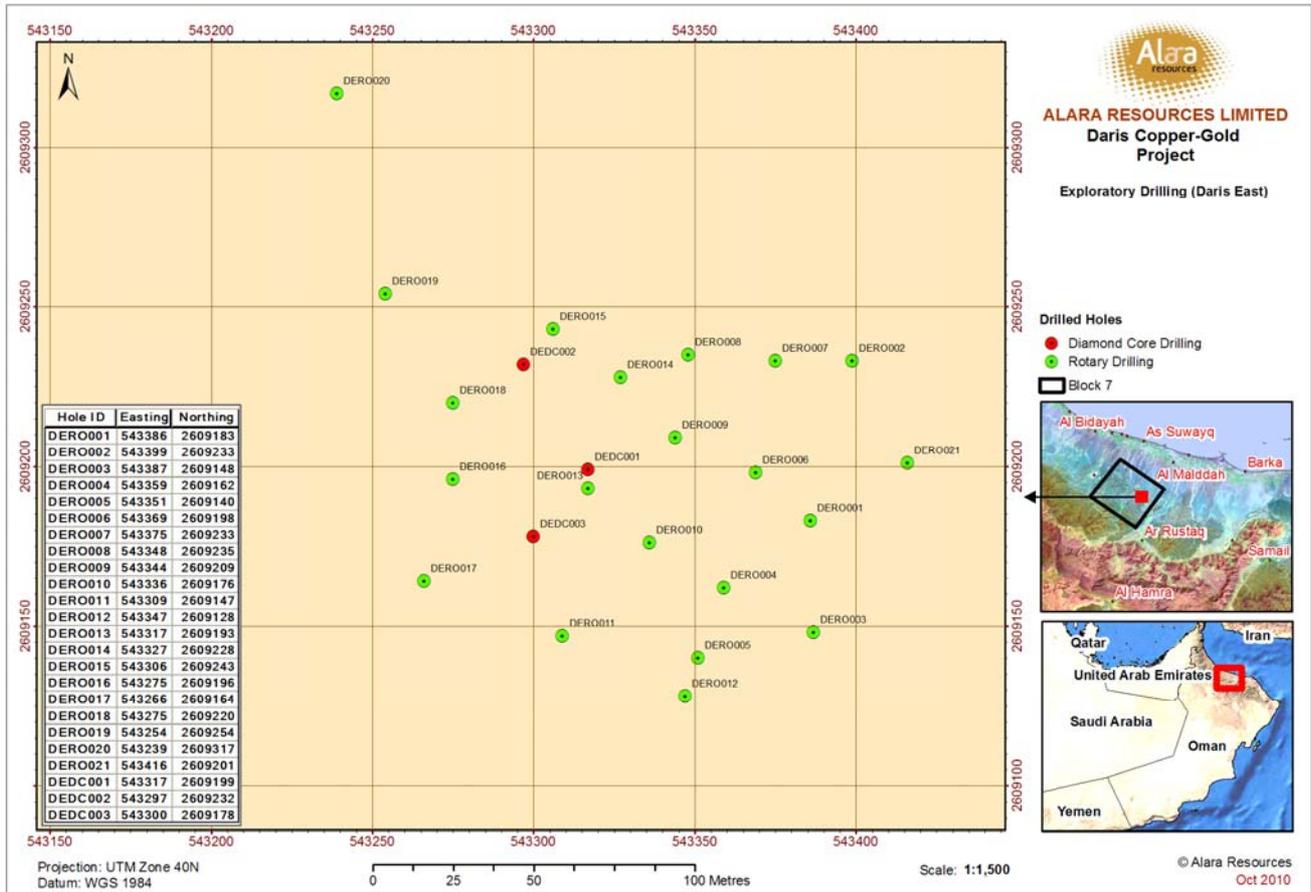
² Refer market announcement dated 30 August 2010 and entitled "Project Acquisition – Daris Copper Project in Oman"



Drilling Details

The Company confirms that an initial 21 rotary holes were drilled over an area of approximately 180m x 130m to test the presence of shallow copper oxide mineralisation and underlying sulphide mineralisation.

Subsequently, whilst the drilling rigs were still on site, the Company drilled a further 3 deeper diamond core holes (shown in red below) to test the extension of sulphide mineralisation intersected in hole DERO 09.



Shallow oxide and sulphide mineralisation was intersected in 14 of the 21 initial rotary holes, with significant intersections of oxide mineralisation and average gold grades ranging upwards from 0.25 g/t to a maximum of 12.4 g/t.

Sulphide copper with an oxide cap was intersected in two drill holes (DERO009 and DERO018) drilled approximately 70m apart and open to the west.

The Company is still awaiting assay results from the three diamond core holes as they were completed only recently, however, visible massive sulphide mineralisation was logged in DEDC002 and oxide mineralisation in all three core holes DEDC001, DEDC002 and DEDC003.

The results of the drilling campaign have confirmed the presence of sulphide mineralisation over a strike distance of over 100m covered by a wider cap of oxide mineralisation with variable thicknesses and grades.

The Company is encouraged by the presence and continuity of sulphide mineralisation at relatively shallow depths and believes this affords the potential for further extension of mineralisation along strike and at depth.

Furthermore, the Company notes that the Daris East and Daris 3A-5 prospects that have been targeted to date comprise only two of a total of twelve known copper occurrences within the Project area and there is therefore significant exploration upside in the Project area.

Summary of Significant Drill Hole Intersections

DERO001:

- 18m at 0.6% copper as copper oxide from 10m, including 3m at 1.1% copper from 21m.

DERO004:

- 8m at 1.26% copper as copper oxide from 28m.
- 8m at 2.88g/t gold from 1m, including 1m at 12.4 g/t from 4m.

DERO005:

- 9m at 1.52g/t gold from 9m.

DERO006:

- 23m at 1.23% copper as copper oxide from 7m, including 1m at 2.7% copper from 17m.

DERO009:

- 7m at 2.45% copper as copper sulphides and 0.25g/t Gold from 38m.
- 4m at 5.33% copper as copper sulphides and 0.41g/t gold from 34m, including 1m at 6.46% copper from 34m.
- 2m at 1.02% copper as copper oxide from 27m.

DERO010:

- 1m at 5.34g/t gold from 13m (hole abandoned at 14m due to groundwater pressure and no sample return).

DERO012:

- 3m at 1.13% copper as copper oxide from 4m, and 5m at 1.54% copper as copper oxide from 21m.

DERO013:

- 12m at 1.54g/t gold from 7m.

DERO014:

- 12m at 1.16% copper as copper oxide from 33m, including 7m at 0.9% native copper from 34m.
- 14m at 0.30% copper as copper oxide from 14m.

DERO015:

- 3m at 1% copper as copper oxide from 22m.

DERO018:

- 14m at 0.54% copper as copper sulphides from 17m.
- 18m at 0.31g/t gold from 12m.

Next Steps

The Company proposes to map all known occurrences and conduct an airborne or ground based EM survey over the Project area within the next six months. After reviewing the results of this survey a further drilling programme will be planned for the Project.

The Company plans to pursue a twofold strategy in the Project area:

- (1) To develop high grade oxide / sulphide mineralisation that may be amenable to heap leaching or at custom treatment facilities nearby; and
- (2) To explore shallow and deeper sulphide mineralisation using modern geophysical and geochemical techniques.

The proximity to the capital city, a paved highway and modern copper extraction facilities nearby (in Sohar) should assist in the development of early cash flow from any discoveries made in the Project area.



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.