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MARKET ANNOUNCEMENT

Discovery of Uranium Mineralisation in Crucero & Pampacolca Projects, Peru

Alara Uranium Limited (ASX Code: AUQ) is pleased to announce the discovery of uranium mineralisation at two of its four uranium Projects in southern Peru.

Crucero Project (Macusani district):

- Discovery of scattered visible uranium in bedrock fractures accompanied by strong radiometric response (ranging in excess of 10 to 100 times background) over a cumulative strike length of 400 metres in two areas in Lituania 3 concession.
- Radiometric anomalous zone extends over a strike length of ~3000 metres.
- 13 additional uranium anomalies within the ~3000 metres anomalous zone.
- Acquisition in December 2007 of 100% uranium mineral rights in an additional concession at Rosita Dos 2007 ("Rosita Dos") immediately adjoining Lituania 3.
- Discovery at Rosita Dos, since December 2007 of outcropping uranium mineralisation accompanied with strong ground radiometric response extending over a strike length of 800 metres.
- Drilling programme planned as soon as possible to test extent of mineralisation.

Pampacolca Project (Arequipa district):

- The Company has extended its stream sampling programme to locate the source of high grade uranium samples (0.38% U) previously reported from this Project.

CRUCERO PROJECT

Alara's Crucero Project in Peru consists of 3 concessions covering 2,600 hectares. These concessions are located 45 kilometres south-east of the town of Crucero. The Company owns 100% of these concessions and by an agreement is carrying the original Peruvian promoter to a 15% free carried interest up to the completion of a final feasibility study on any commercial uranium deposits discovered within these concessions.

Systematic reconnaissance mapping and radiometric surveying within parts of the Crucero Project area have uncovered the occurrence of uranium-bearing autunite mineralisation. This mineralisation occurs in fractures and joint planes in rhyolite ignimbrites. Ground radiometric surveys have outlined 15 anomalies that extend over a cumulative strike length of ~3000 metres as shown by the red and white colourations in Figure 1 below.



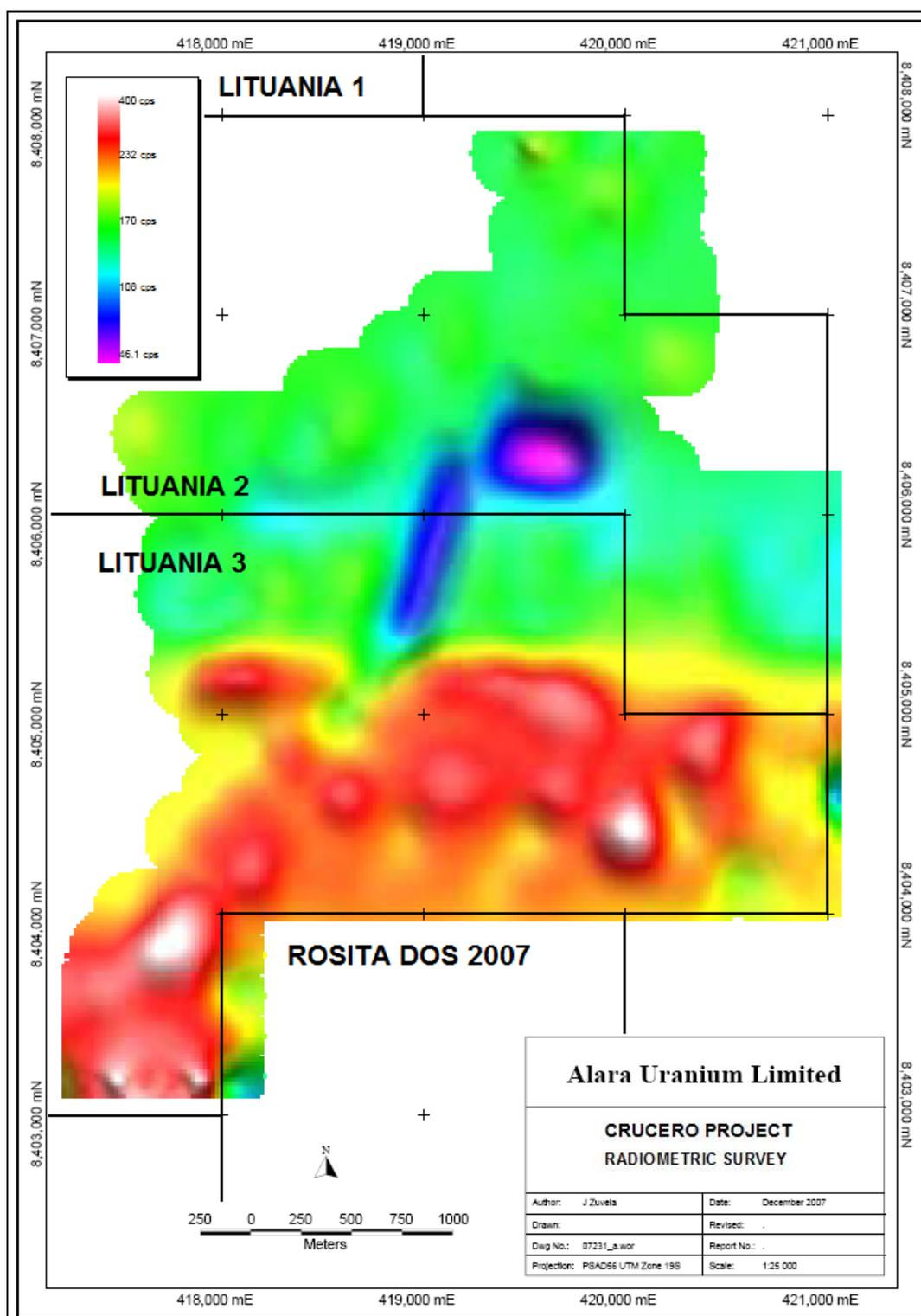


Figure 1. Crucero Project – Ground radiometric profile surveying (measured in total counts per second (cps)).

The fifteen (15) anomalies are generally in excess of 3 times the background within the red and white zone (as outlined above) in the Lituania 3 concession. Two of these anomalies, extending over strike lengths of 250 and 150 metres, show a radiometric response ranging in excess of 10 to 100 times the background. Visible uranium was also noted in bedrock fractures in these two areas.

The occurrence of uranium in bedrock is illustrated in the photograph below (Figure 2).

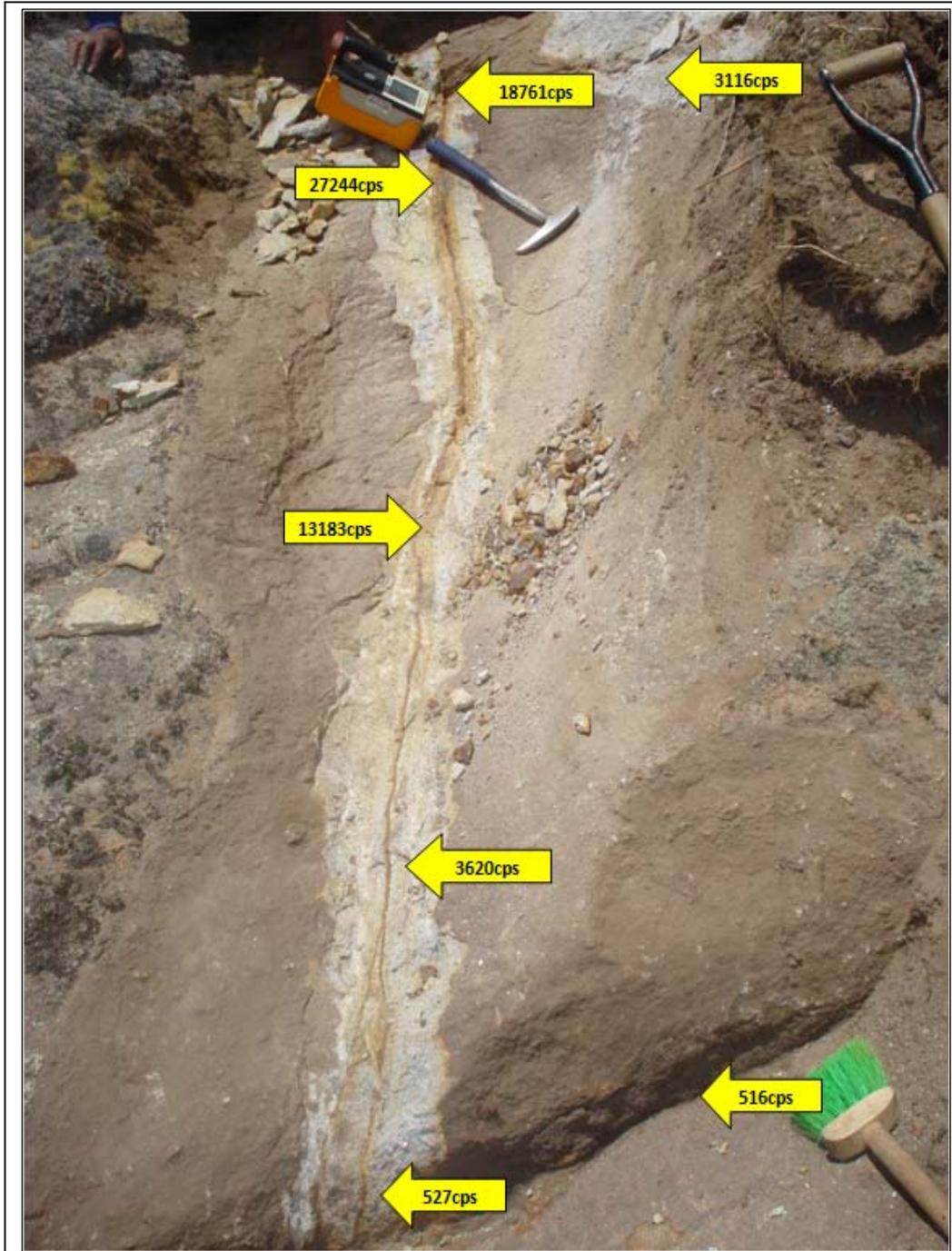


Figure 2. Crucero Project - Autinite-filled fracture in Ignimbrite host rock, as shown by anomalous spectrometer readings (measured in total counts per second (cps)).

Following the discovery of uranium in the Lituania 3 concession the Company successfully negotiated an agreement in December 2007 with Sheridan Resources SAC, for the acquisition of the mineral rights (100% of uranium rights and vanadium, phosphates, and other radioactive mineral rights associated with uranium production) within the adjoining Rosita Dos concession.

Rosita Dos is located immediately adjacent to and south of Lituania 3, as shown in Figure 3 below.

Subsequent ground radiometric survey conducted at Rosita Dos has identified strong radiometric responses extending over a strike length of 800metres, thus bringing the combined total anomalous zones in Lituania 3 and Rosita Dos to ~3800 metres and the number of anomalies in the two concessions to more than twenty (20).

Further details on the Rosita Dos uranium discovery will be provided as soon as the data is compiled.

Given the discovery of uranium mineralisation in these two concessions, a 2000 metre drilling programme in the two areas is planned as soon as possible once ground disturbance permit and a drilling rig are secured.

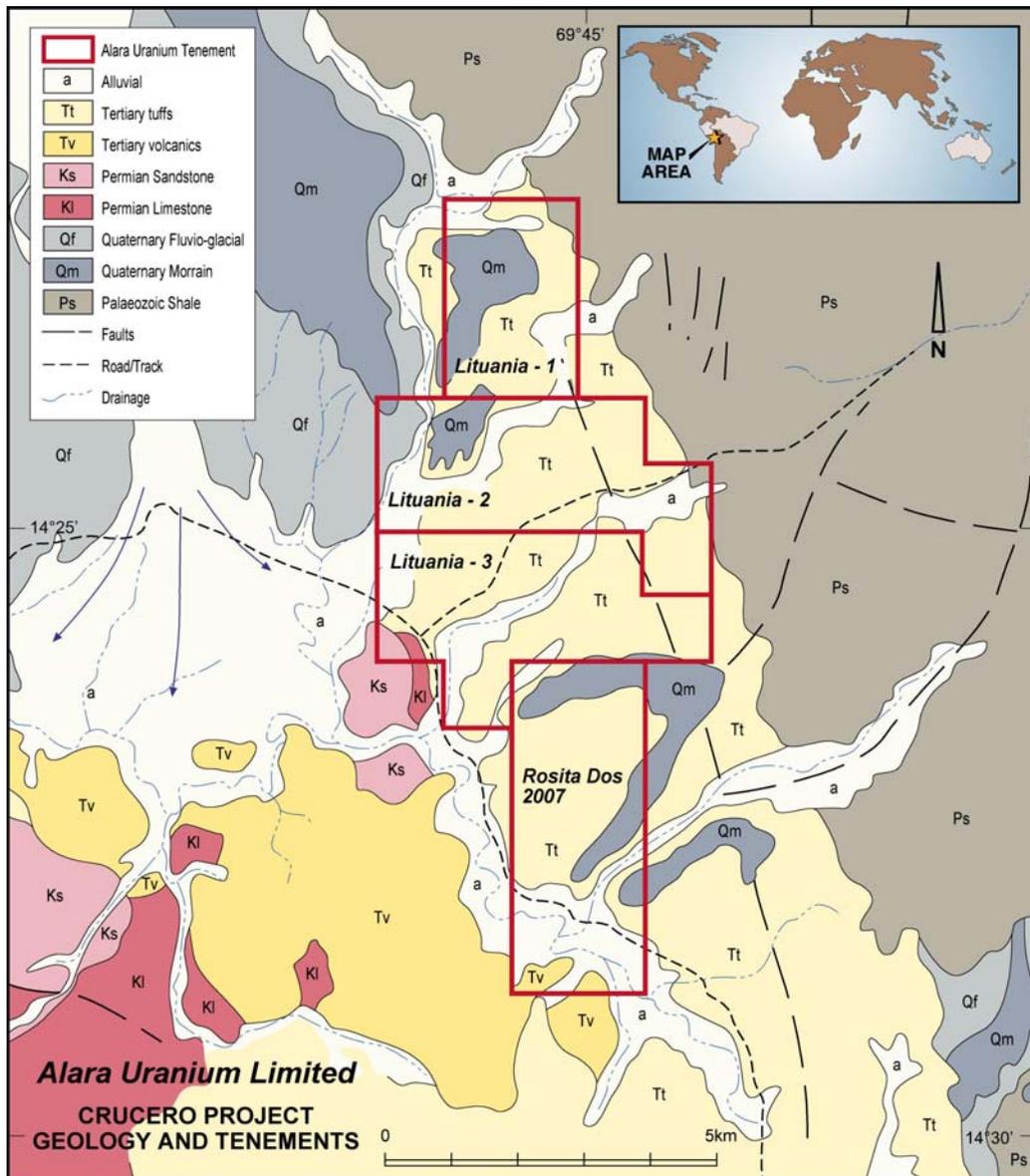


Figure 3. Crucero Project – Concession location and geology, showing Rosita Dos 2007.

PAMPACOLCA PROJECT

The Pampacolca Project consists of 8 concessions covering 5,300 hectares. These concessions are located within 20 kilometres of the town of Pampacolca. The Company owns 100% of these concessions.

Systematic reconnaissance mapping and sampling within a number of the Pampacolca Project concessions has identified several anomalous pegmatite zones containing uranium mineralisation. One anomalous sample returned 0.38% uranium. Other anomalous pegmatite zones extend up to 500 metres in strike length.

Table 1. Pampacolca Project – Reconnaissance Sample Results.

SAMPLE DESCRIPTION	U ppm	Th ppm	Ta ppm	Ce ppm	Dy ppm	La ppm	Nb ppm	Nd ppm
MD-5	199	>1000		>10000		>10000		>10000
MD-25	128	>1000		>10000		6550		4750
MD-38	3800	>1000	665	4910	>1000	2160	7970	1880

The Company is continuing with an extensive stream sampling programme upstream from sample MD-38. A total of 66 samples have been collected for analysis to date with results pending.

Systematic ground radiometric surveying, mapping and trenching of anomalous areas will be carried out during the next stage.

SUMMARY

The Company is pleased that the work conducted to date in Peru is beginning to delineate uranium mineralisation which has the potential to host economic deposits of uranium. Given there are currently no restrictions on mining of uranium in Peru, the Company believes that any discovery of economic deposits of uranium will allow the Company to quickly advance its prospects as a potential uranium producer.

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