



Alara Resources Limited
A.B.N. 27 122 892 719
Level 14, The Forrest Centre
221 St Georges Terrace
Perth Western Australia 6000

Telephone | +61 8 9214 9787
Facsimile | +61 8 9322 1515
Web | www.alararesources.com.au
Email | info@alararesources.com.au

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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 dated 26 October 2010 reporting completion of a 21 rotary drill hole programme at its Daris East prospect within the Daris Copper Project (the **Project**) located in Oman. The Daris East prospect is located 10km SE of the Daris 3A-5 prospect. These are two of the twelve known copper occurrences within the Project area.

The Company has previously reported that analysis of 21 rotary holes, which were testing for shallow oxide mineralisation at the Daris East prospect, encountered significant copper mineralisation.

As previously announced, whilst the drilling rigs were still on site, the Company drilled a further 3 deeper diamond core holes to test the extension of mineralisation underneath the oxide cap intersected in hole DERO009.

Assay results of those 3 diamond holes have now been received.

Highlights

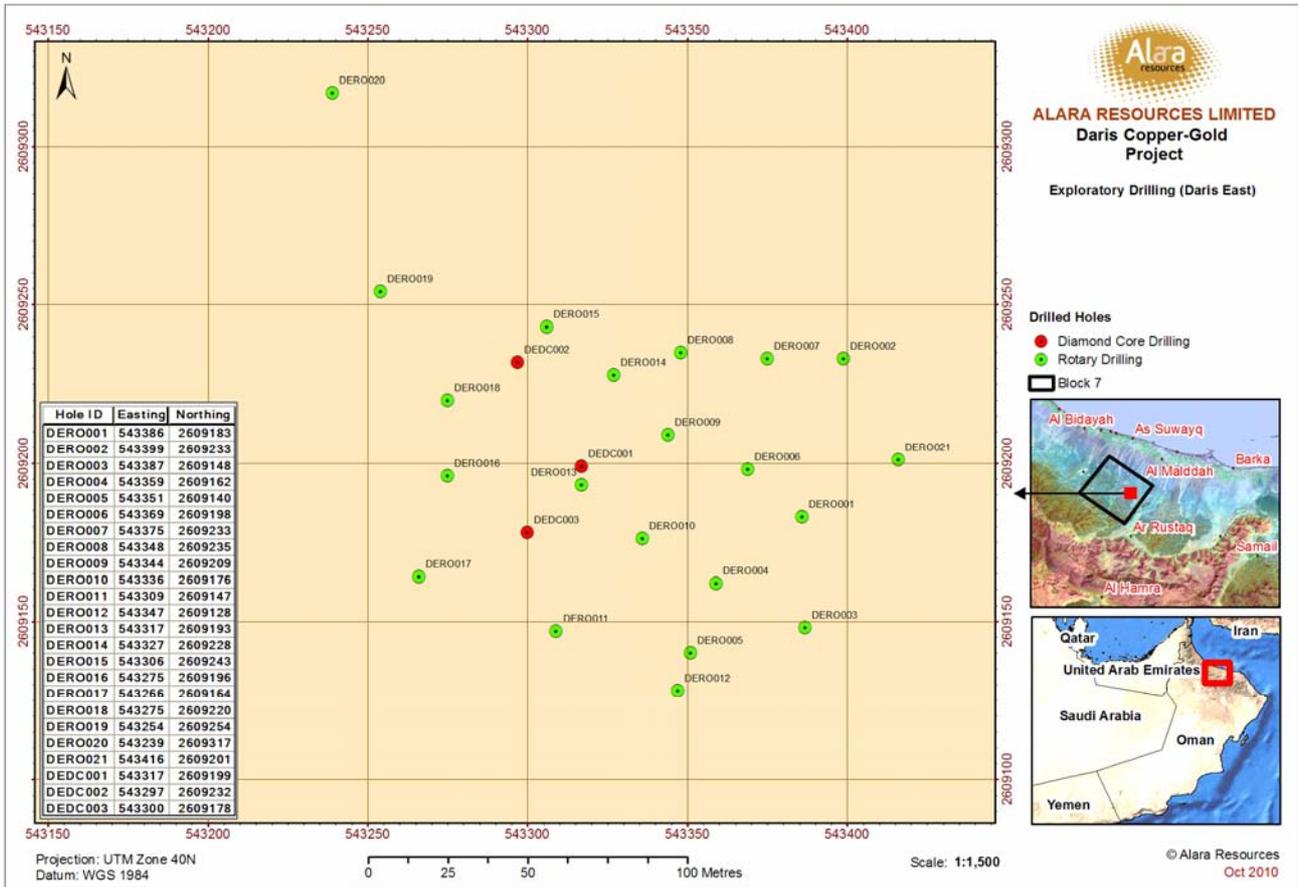
- Copper mineralisation encountered in all 3 holes together with gold mineralisation
- 6.6m at 8.96% copper as copper sulphides from 36.65m including 3.25m at 11.45% copper from 40m and additionally, 3.15m at 2.36% copper as copper sulphides from 45.85m. (DEDC002)
- 10m at 1.12% copper as copper oxide from 25m including 5.15m at 1.89% copper as copper oxide from 27.85m, together with 13.85m at 1.25g/t gold from 7m (DEDC001)
- 20m at 0.87% copper as copper oxide from 1m and additionally, 9.5m at 0.67% copper as copper oxide from 23.5m (DEDC003)
- Drilling indicates the presence of sulphide mineralisation underneath existing copper oxide cap
- Mineralisation is open to the northwest of previously the drilled DERO009 hole

¹ Refer market announcement dated 26 October 2010 and entitled "Further High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman"



Drilling Details

The Company confirms that subsequent to an initial 21 rotary drill hole programme within the Daris East prospect, a further 3 deeper diamond core holes (shown in red below) were drilled to test the extension of sulphide mineralisation intersected in previously drilled hole DERO009.



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

Historical drilling, previously conducted within the concession had also encountered massive sulphide mineralisation approximately 20-40m to the south west south of DERO019.

The results of the 3 diamond core holes have confirmed the presence of sulphide mineralisation over a strike distance of over 100 -120m open to the west and 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 Drill Hole Intersections

DEDC002:

- 6.6m at 8.96% copper as copper sulphides from 36.65m including 3.25m at 11.45% copper from 40m
- 3.15m at 2.36% copper as disseminated sulphides from 45.85m.

DEDC001:

- 10m at 1.12% copper as copper oxide from 25m including 5.15m at 1.89% copper as copper oxide from 27.85m
- 13.85m at 1.25g/t gold from 7m

DEDC003:

- 20m at 0.87% copper as copper oxide from 1m
- 9.5m at 0.67% copper as copper oxide from 23.5m

Next Steps

As announced on 6 December 2010, the Company will shortly commence 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.

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:

Shanker Madan
 Managing Director
 T | (08) 9214 9787
 E | smadan@alararesources.com.au



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