



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
Email | info@alararesources.com

Tuesday, 10 January 2012

MARKET ANNOUNCEMENT

Drilling Update - Khnaiguiyah Zinc-Copper Project

Alara Resources Limited (ASX: AUQ) refers to its announcement dated [29 November 2011](#) providing an update of assay results from 15 recently completed drill-holes in Mineralised Zone 3 of the Khnaiguiyah Zinc-Copper Project in Saudi Arabia.

Alara is now pleased to provide assay results from a further 35 recently completed drill-holes, 29 in the northern extension of Zone 2 and 6 in the northern end of Zone 3.

Of the 29 holes drilled in Zone 2, 15 were diamond drill holes and 14 were RC holes. These holes were primarily drilled as step out holes at a 50m grid interval with the objective of testing the extension and orientation of mineralisation in the north of Zone 2.

The results from these holes in Zone 2 are exciting in that they confirm an extension of Zinc and Copper mineralisation in a north easterly direction.

The mineralisation remains open to the north east and down dip and further drilling will test the extension of mineralisation continuity in these directions.

DRILLING HIGHLIGHTS

ZONE 2 - Zinc Rich Zone:

- Hole K2DD11_115 from 62-75m: 13m at 4.62% Zn
including 66-69m: 3m at 10.6% Zn
- Hole K2DD11_122 from 116.85-132m: 15.15m at 6.79% Zn
including 119-127m: 8m at 10.16% Zn
- Hole K2DD11_124 from 61-74m: 13m at 5.69% Zn
including 67-73m: 6m at 8.15% Zn
- Hole K2DD11_126 from 108-126m: 18m at 4.16% Zn
including 114-119m: 5m at 7.06% Zn
- Hole K2DD11_127 from 126-137m: 11m at 7.54% Zn
including 128-134.1m: 6.1m at 11.12% Zn
- Hole K2DD11_137 from 109-126m: 17m at 5.49% Zn
including 118-124m: 6m at 9.30% Zn
- Hole K2RC11_057 from 144-149m: 5m at 5.98% Zn
including 144-148m: 4m at 6.61% Zn
- Hole K2RC11_058 from 170-176m: 6m at 13.94% Zn

ASX Code | AUQ



ZONE 2 - Copper Rich Zone:

- **Hole K2DD11_116** **from 45-51m:** **6m at 0.83% Cu**
 including 46-49m: **3m at 1.15% Cu**
- **Hole K2DD11_124** **from 73-82m:** **9m at 1.14% Cu**
 including 74-78m: **4m at 1.98% Cu**
- **Hole K2DD11_125** **from 57-65m:** **8m at .56% Cu**
 including 59-62m: **3m at 0.94% Cu**
- **Hole K2DD11_126** **from 114-134m:** **20m at .85% Cu**
 including 119-121m: **2m at 5.17% Cu**
- **Hole K2DD11_127** **from 133-156m:** **23m at .91% Cu**
 including 150-153.3m: **3.2m at 3.77% Cu**
- **Hole K2RC11_029** **from 26-32m:** **6m at .89% Cu**
 including 28-32m: **4m at 1.25% Cu**
- **Hole K2RC11_051** **from 89-96m:** **7m at 1.26% Cu**

6 drill holes were completed at the northern end of Zone 3 to confirm the geometry and extent of mineralisation in the north of Zone 3. The results indicate that the mineralisation to the north of Zone 3 appears to be of low grade and generally thin.

Zone 3 remains open on the flanks and to the south with intersections of 14m at 4.2% Zn from 21m in KDD11_056 and 60m at 2.83% Zn from 50m in KDD11_046, including 5m at 5.44% Zn from 67m (as detailed in Alara's market announcement entitled "Drilling Update – Khnaiguiyah Zinc Copper Project" dated [20 October 2011](#)).

A complete tabulation of intersection results along with maps indicating the location of these holes in Zones 2 and 3 are presented below.

It is noted that drill intercepts are reported as drilled; true thicknesses will be calculated at the interpretation and resource modelling stage. The drill intersections are almost perpendicular to mineralisation and no significant difference is expected in true and intersection thickness.

DRILLING STATUS

A total of 216 holes for approximately 28,047m have been completed to date. Contracts for a total 35,000m of drilling have been awarded.

Drill core samples are being submitted to the ALS Laboratory in Jeddah, Saudi Arabia for sample preparation and Alara's quality control sample inserts. After quality control inserts, pulp samples are dispatched to an Al-Amri lab in Jeddah for assaying.

There are currently 1,415 samples awaiting analysis. As results of these samples are received, collated and analysed, Alara will continue to provide regular updates to the market.

With all planned metallurgical test holes, mineralisation validation holes and the geotechnical holes completed, the focus of drilling is now on the extension of mineralisation in Zones 1 and 2.

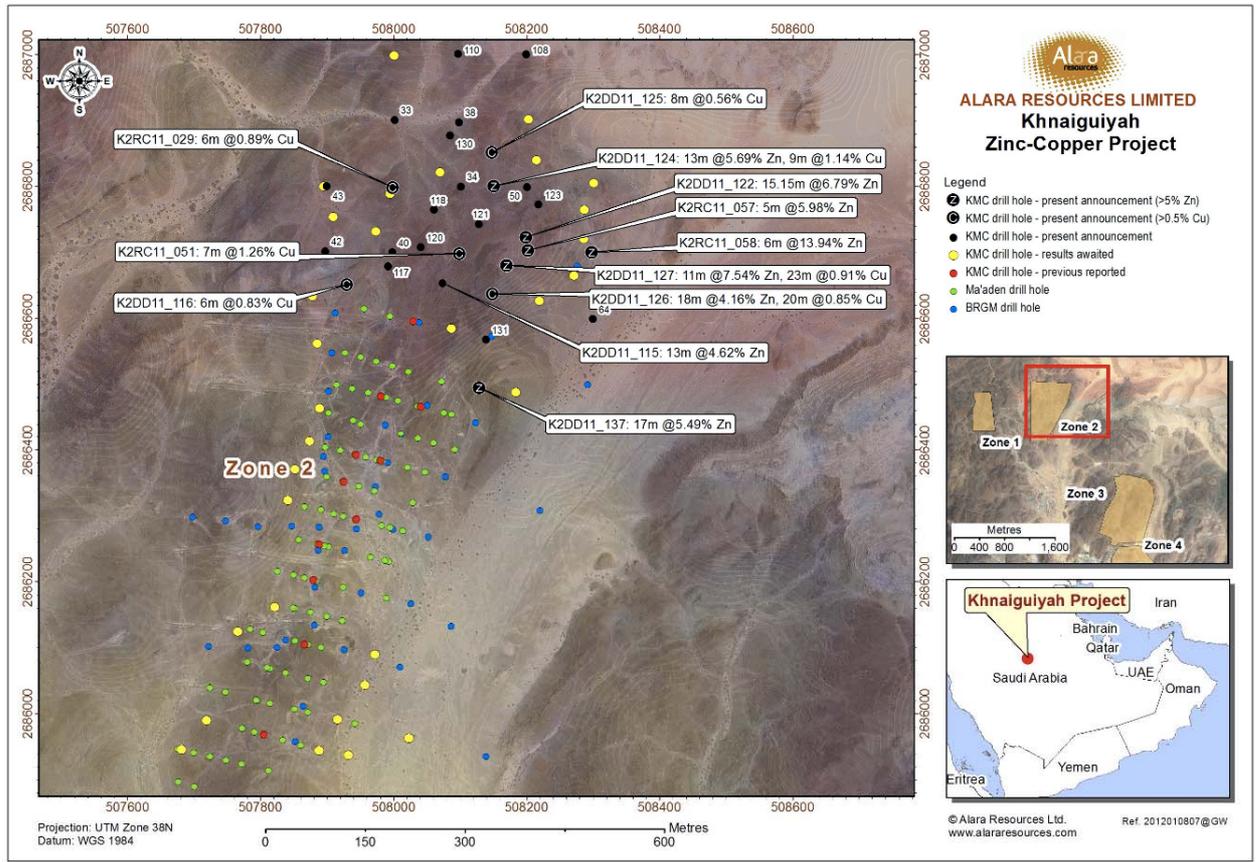


Figure 1: Drill-hole locations in Mineralised Zone 2

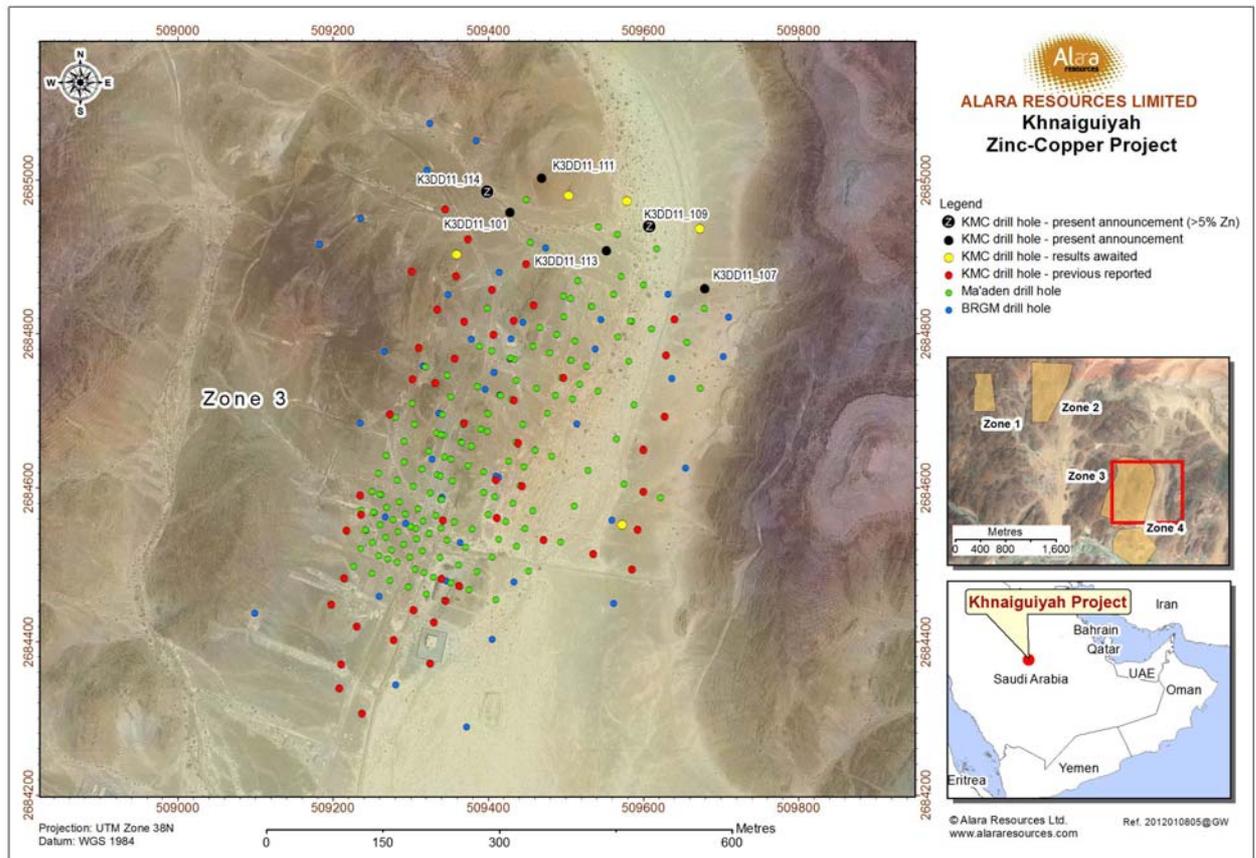


Figure 2: Drill-hole locations in Mineralised Zone 3

ZONE 2 - SIGNIFICANT DRILLHOLE INTERSECTIONS								
Drill Hole	Significant Mineralization				Zinc Rich Zone		Copper Rich Zone	
	Intersections	From (m)	To (m)	Length (m)	Zn%	Included Cu%	Cu%	Included Zn%
K2DD11_115	Primary	62	75	13	4.62	0.04		
	Inclusion	66	69	3	10.60	0.08		
	Primary	75	77	2			0.22	0.21
K2DD11_116	Primary	45	51	6			0.83	0.03
	Inclusion	46	49	3			1.15	0.03
K2DD11_117	Primary	42	48	6			0.55	0.04
	Inclusion	44	46	2			0.75	0.04
	Primary	55.7	56	0.3			1.61	0.02
K2DD11_118	Primary	44	47	3			0.20	0.03
K2DD11_120	Primary	43.2	53	9.8	1.99	0.01		
K2DD11_121	Primary	60	77	17	2.02			
	Inclusion	66	69	3	5.98			
	Primary	80	81	1			0.18	1.22
	Primary	110	112	2			0.38	0.02
	Primary	116	117	1			1.71	0.09
K2DD11_122	Primary	108	109	1	2.24	0.01		
	Primary	116.85	132	15.15	6.79	0.20		
	Inclusion	119	127	8	10.16	0.19		
	Primary	119	136	17			0.26	5.58
	Inclusion	129	130	1			0.86	0.48
K2DD11_123	Primary	97	107	10	2.41			
	Primary	113	118	5			0.49	
	Inclusion	115	117	2			1.01	
K2DD11_124	Primary	61	74	13	5.69			
	Inclusion	67	73	6	8.15			
	Primary	73	82	9			1.14	
	Inclusion	74	78	4			1.98	
K2DD11_125	Primary	46.75	53	6.25	1.51	0.03		
	Primary	57	65	8			0.56	0.08
	Inclusion	59	62	3			0.94	0.05
K2DD11_126	Primary	108	126	18	4.16	0.75		
	Inclusion	114	119	5	7.06	0.23		
	Primary	114	134	20			0.85	2.91
	Inclusion	119	121	2			5.17	1.80
K2DD11_127	Primary	126	137	11	7.54	0.11		
	Inclusion	128	134.1	6.1	11.12	0.10		
	Primary	133	156	23			0.91	0.87
	Inclusion	150	153.25	3.25			3.77	0.03
K2DD11_130	Primary	31	32	1	2.23	0.03		
K2DD11_131	Primary	110	116	6	2.41	0.04		
	Primary	115	124	9			0.35	0.33
	Inclusion	118	119	1			0.72	0.03
K2DD11_137	Primary	109	126	17	5.49	0.18		
	Inclusion	118	124	6	9.30	0.21		
	Primary	117	126	9			0.33	7.96
	Inclusion	125	126	1			0.99	5.64
K2RC11_029	Primary	12	13	1			0.20	0.21
	Primary	26	32	6			0.89	0.03
	Inclusion	28	32	4			1.25	0.02
K2RC11_033	Primary	8	14	6	0.92	0.01		
K2RC11_034	Primary	34	45	11	1.67	0.01		
	Inclusion	35	36	1	6.13	0.02		
	Primary	53	56	3			1.08	0.02
K2RC11_038	Primary	24	26	2	1.64	0.01		
K2RC11_042	Primary	30	34	4	2.81	0.02		
	Inclusion	31	32	1	6.41	0.03		

ZONE 2 - SIGNIFICANT DRILLHOLE INTERSECTIONS								
K2RC11_043	Primary	35	39	4	1.85	0.01		
K2RC11_050	Primary	93	98	5	2.08	0.02		
	Primary	103	112	9	2.17	0.01		
K2RC11_051	Primary	84	90	6	2.48	0.09		
	Primary	89	96	7			1.26	0.33
	Primary	100	107	7			0.56	0.02
K2RC11_057	Primary	136	137	1	4.50	0.06		
	Primary	144	149	5	5.98	0.05		
	Inclusion	144	148	4	6.61	0.06		
K2RC11_058	Primary	170	176	6	13.94	0.30		
K2RC11_108	Primary	45	60	15	1.99	0.25		
	Inclusion	48	49	1	6.67	0.05		
	Primary	50	56	6			0.55	1.96
	Primary	65	68	3			0.36	0.21
K2RC11_110	Primary	19	24	5	2.95	0.02		
	Inclusion	22	23	1	5.35	0.04		
	Primary	28	29	1			0.67	0.04

Notes: Hole K2RC11_064 was discontinued for technical reasons before reaching mineralisation; Hole K2RC11_040 has no significant mineralisation

ZONE 3 - SIGNIFICANT DRILLHOLE INTERSECTIONS								
Drill Hole	Intersections	Significant Mineralization			Zinc Rich Zone		Copper Rich Zone	
		From (m)	To (m)	Length (m)	Zn%	Included Cu%	Cu%	Included Zn%
K3DD11_101	Primary	128.4	129.1	0.7	1.74	0.16		
K3DD11_107	Primary	288	292.5	4.5	1.99	0.01		
K3DD11_109	Primary	169.8	180	10.2	1.85	0.01		
	Primary	183	184	1	2.10	0.26		
	Primary	195	201	6	3.23	0.01		
	Inclusion	200	201	1	8.54	0.01		
	Primary	210	210.85	0.85	6.22	0.18		
K3DD11_111	Primary	158	159.1	1.1	4.16	0.04		
K3DD11_113	Primary	103	105	2	2.44	0.01		
	Primary	110	112	2	2.22	0.01		
	Primary	128	137	9	1.50	0.03		
	Primary	145	146	1	4.85	0.11		
K3DD11_114	Primary	79	81	2	3.21	0.19		
	Primary	86.85	89.9	3.05	3.04	0.15		
	Inclusion	86.85	88	1.15	6.71	0.20		
	Primary	39.5	40.2	0.7			0.38	0.31

FURTHER INFORMATION:

Shanker Madan
Managing Director

T | (08) 9214 9787 E | smadan@alaresources.com

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 Australasian 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 Exploration Results, 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.