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# MARKET ANNOUNCEMENT

## Commencement of Phase 2 Drilling - Daris East Copper Project in Oman

Alara Resources Limited is pleased to confirm the commencement of a phase 2 drilling programme at its Daris East Copper Project in Oman.

This drilling programme builds upon the previously completed 21 rotary hole drilling programme and 3 deeper diamond core holes at this project which encountered very high grade copper mineralisation of up to 14.7% copper as copper sulphides and up to 12.4g/t gold.

Full details of the initial drilling programme are contained in Alara's market announcements dated 26 October 2010 ([Further High Grade Copper Gold Mineralisation - Daris Project](#)) and 13 December 2010 ([Further High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman](#)).

Highlights of that drilling programme are as follows:

### ***Diamond Core Programme***

- 17.20m at 8.05% copper, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between 10% to 14.7% copper (D3DC003)
- 11.90m at 5.74% copper, as copper sulphides from 34.35m (D3DC002)
- 3.45m at 10.28% copper (including 1m at 16.0% copper), as copper sulphides from 50.60m (D3DC002)
- 17.85m at 2.61 g/t gold from 28.40m (D3DC002)
- 3.45m at 3.10 g/t gold from 50.60m (D3DC002)
- 6.10m at 5.81% copper, as copper sulphides from 31.55m (D3DC001)
- 18.65m at 3.80 g/t gold from 19.0m(D3DC001)

### ***Rotary Hole Programme***

- 4m at 5.33% copper as copper sulphides and 0.41g/t gold from 34m including 1m at 6.46% copper from 34m; 7m at 2.45% copper as copper sulphides and 0.25g/t Gold from 38m (DERO009).
- 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).

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Based upon those drill results, the Company has now commenced a step out drilling programme to test the presence of sulphide mineralisation to the west of the previously encountered mineralisation.

The initial programme comprises 1000m of diamond HQ drilling which will be expanded once the helicopter borne electromagnetic VTEM survey of the Daris Copper Project is completed.

This VTEM survey commenced recently and comprises an airborne geophysical technique for locating volcanogenic massive sulphide (VMS) style of mineralisation.

Based upon the results of that survey (with analysis of the survey data expected to be completed by April 2011) the Company will expand the current drilling programme to reflect the results of that survey.

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**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.*