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MARKET ANNOUNCEMENT

Project Acquisition – Daris Copper Project in Oman

Alara Resources Limited is pleased to confirm that it has secured rights to acquire up to a 70% interest in the Daris Copper Project (the **Project**) located in Oman.

This project is the second (after the El Quillay Copper/Gold Project in Chile announced on 25 August 2010) of a number of base metals project opportunities Alara is currently pursuing in several countries.

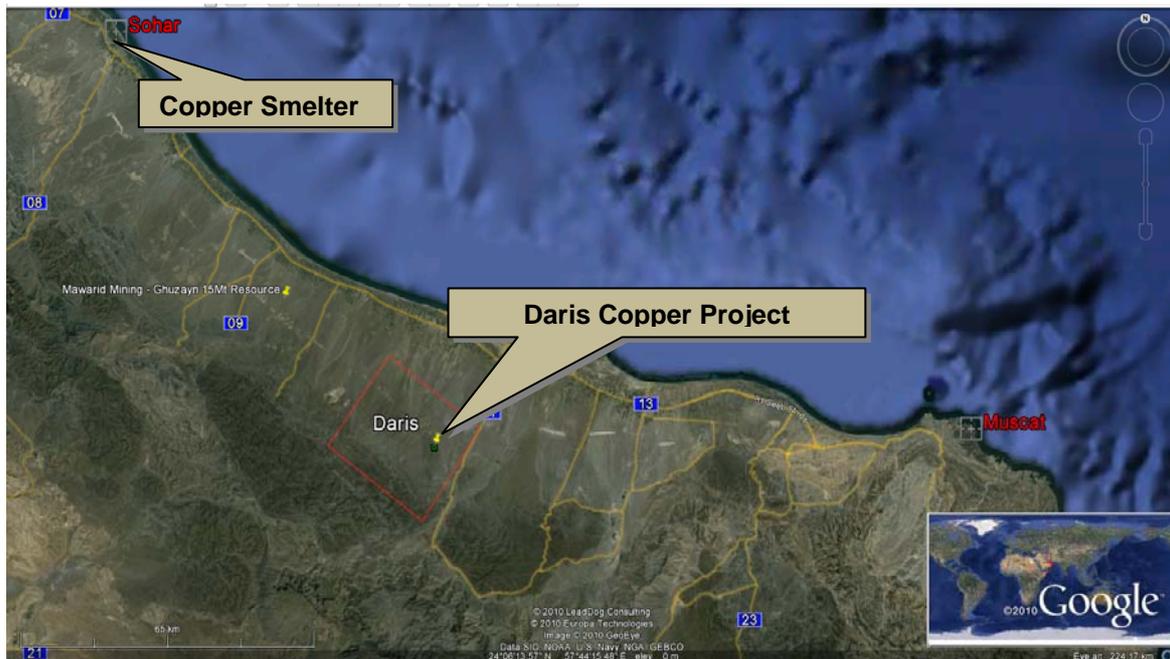
Summary

- The Project contains known high grade copper mineralisation based upon previous drilling.
- A 25 hole diamond and percussion drilling campaign has commenced on walk-up drilling targets to test existence of shallow high grade mineralisation.
- The Company is targeting a Cyprus type VMS deposit in close proximity to known deposits.
- The Project area is within 100km by paved highway of an operating copper concentrator and smelter.
- Alara has also entered into an additional joint venture on a 70:30 basis to explore for copper/gold mineralisation in Oman.

The Project

The Project is located ~150 km west of Muscat, the capital of Oman and currently comprises a mineral excavation license for copper ores of ~58,728 hectares (**Concession**). The Concession owner is seeking to renew the license with mineral rights expanded from copper to include gold, silver and other base metals.





The Project is located in the Semail Ophiolite belt in Northern Oman that extends over 800km. This belt provides a prospective setting for Cyprus-type VMS copper gold deposits. In the past, the Government-owned Oman Mining Company has produced, mined and treated 14 million tonnes of copper resource at between 1-2% copper from open cut mines at their Lasail, Arja and Baida mines.

More recently, a privately owned Omani Company has located a large resource of copper nearby within 50km from the Project area.

Alara believes that the Project area has the potential to host substantial copper mineralisation. During the course of its due diligence, the Company has identified a number of potential targets in addition to those previously drilled in the project area on a reconnaissance basis by the Government or consultants on its behalf.

Drilling to date has identified the possibility of high grade oxide and sulphide mineralisation at shallow depths. The latest drilling was done in the 1990's and the record keeping has been inadequate.

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

- (1) To develop high grade oxide resources that may be amenable to heap leaching; and
- (2) To explore shallow and deeper sulphide mineralisation using modern geophysical 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.

Drilling Programme

An initial ~25 hole diamond and percussion drilling programme using two drill rigs has commenced on targets identified by Alara.

The drilling campaign is focused on 2 prospects within the Concession to define a shallow oxide resource as well as a shallow high grade sulphide mineralisation, with a view to development as well as understanding and building an exploration model for the area.

Joint Venture Terms

- (1) Under a Shareholders' Agreement entered into between Alara and the Concession holder, Al Tamman Trading Establishment LLC (**ATTE**), Alara will invest up to a total of US\$7 million into a new joint venture company ("Daris Resources LLC" (**JVCo**)) to gain up to a 70% shareholding. Alara will have 50% of JVCo on incorporation (with the Concession owner holding 50%) and will advance US\$3 million as equity during a 3 year period. Thereafter, Alara will advance a further US\$4 million to JVCo as a loan (on commercial terms and repayable as a priority before distribution of dividends) - convertible into equity in JVCo to take Alara's interest to 70%.
- (2) JVCo will have exclusive rights under a management agreement with the Concession owner to manage, operate and commercially exploit the Concession. There are no vendor payments to the Concession owner.
- (3) The Shareholders Agreement is subject to conditions precedent to be satisfied or waived by Alara within 6 months, including the incorporation of JVCo, the execution of the management agreement and ancillary and loan agreement and the Concession being renewed with mineral rights expanded from copper to include gold, silver and other base metals.

Other Project Opportunities in Oman

Alara is also forming a new joint venture company ("Alara Resources LLC" (**AlaraCo**)) with Sur United International Co. LLC (**SUR**), to identify, secure and commercially exploit other resource projects in Oman.

Under the terms of a shareholders' agreement between Alara and SUR:

- (1) Alara will contribute 100% of the initial capital of 150,000 RO (equivalent to ~US\$400,000) for a 70% shareholding interest in AlaraCo with SUR holding the balance of 30%. Thereafter, Alara will advance funds to AlaraCo as a loan (on commercial terms and repayable as a priority before distribution of dividends);
- (2) SUR is entitled to receive a priority payment out of net profits equivalent to 2% NSR (Net Smelter Return) – which amount is deducted from the dividend entitlement of SUR;
- (3) There is a mechanism for the dilution of SUR's profit interest (ie. 30%) if SUR fails to meet capital calls after a 'Decision to Mine' has been made by Alara in respect of a proposed 'Mine' (supported by the results of any feasibility study confirming the commercial viability of the exploitation of a 'Mine'). If SUR's entitlement to dividends is diluted below 10% as above, SUR has an option to assign its dividend rights to Alara in return for a 2% NSR payment from AlaraCo, subject to AlaraCo making a net profit.

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.