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MARKET ANNOUNCEMENT

High Grade Copper-Gold Mineralisation - Daris Copper Project in Oman

Alara Resources Limited refers to its previous announcement¹ confirming completion of a 3 hole diamond core drilling programme to test shallow sulphide mineralisation and a 22 hole percussion drilling programme to test shallow oxide mineralisation in a nearby deposit, in the Daris Copper Project (the **Project**) located in Oman².

The Company is pleased to report that analysis of the 3 core holes shows promising high grade copper and gold mineralisation at shallow depths, with copper and gold occurring within a massive sulphide zone.

Highlights

- Significant intersections of exceptionally high grade massive copper sulphide mineralisation generally within a wider halo of gold mineralisation were encountered in all three diamond core holes drilled:

Hole D3DC003:

- 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

Hole D3DC002:

- 11.90m at 5.74% copper, as copper sulphides from 34.35m
- 3.45m at 10.28% copper (including 1m at 16.0% copper), as copper sulphides from 50.60m
- 17.85m at 2.61 g/t gold from 28.40m
- 3.45m at 3.10 g/t gold from 50.60m

Hole D3DC001:

- 6.10m at 5.81% copper, as copper sulphides from 31.55m
- 18.65m at 3.80 g/t gold from 19.0m

- 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

¹ Refer market announcement dated 14 September 2010 and entitled "[Daris Copper Project Drilling Update](#)"

² Refer market announcement dated 30 August 2010 and entitled "[Project Acquisition – Daris Copper Project in Oman](#)"



Drilling Results

The Company has recently completed a 25 hole drilling campaign on 2 out of 12 known occurrences of copper mineralisation, in the Daris Copper Project located in Oman.

As part of this drilling programme, a 3 hole diamond core drilling programme was conducted to test shallow sulphide mineralisation around a known gossan, based upon previously conducted reconnaissance work by Oman Copper. All holes were drilled to a maximum depth of 90m.

The copper gold mineralisation occurs in a typical Cyprus type VMS environment within a relatively unexplored ophiolite sequence, where recent discoveries have highlighted the need for modern and systematic exploration.

Whilst exploration is still at an early stage at the Daris Copper Project, the Company is encouraged by these results given the intervals and grades of mineralisation at relatively shallow depths. Furthermore, there are numerous other known gossanous copper occurrences in the concession, including old workings dating back over a century with no record of recent exploration.

Copper mineralisation throughout the district generally occurs at a particular stratigraphic level as exhalative deposits at or near the contact between two submarine volcanic units and also as breccia pipes that feed mineral rich fluids into such deposits. Individual deposits vary considerably in size and grade.

The Company therefore notes that much more work needs to be done to build an economically minable quantity of mineralisation and that such high grades in sulphide zones are unusual for the district and may not be sustainable. To date the Company has only tested a strike distance within 70m from an outcropping gossan and therefore the extent of mineralisation along strike may well be limited.

A 22 hole percussion drilling programme was also conducted to test shallow oxide mineralisation approximately 10km from the sulphide zone, for a potential heap leach operation and to locate massive sulphide zones beneath the oxide cap. Assay results from this programme are still pending.

Next Steps

The Company proposes to map all known occurrences and conduct an airborne or ground based EM survey over the Project area within the next six months. After reviewing the results of this survey and receiving outstanding assay results from the remaining drill holes, a further drilling programme will be planned for the Project.

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

- (1) To develop high grade oxide / sulphide mineralisation that may be amenable to heap leaching or at custom treatment facilities nearby; and
- (2) To explore shallow and deeper sulphide mineralisation using modern geophysical and geochemical 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.



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.