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MARKET ANNOUNCEMENT

Commencement of Drilling – Khnaiguiyah Zinc Copper Project, Saudi Arabia

Alara Resources Limited is pleased to announce the commencement of a drilling programme at the Khnaiguiyah Zinc Copper project (the **Project**), located in the Kingdom of Saudi Arabia.

The drilling programme builds upon the extensive historical drilling comprising over 45,000 metres in 345 RC and diamond drill holes conducted within the Project area over the last 40 years.¹

The purpose of the current drilling campaign is to procure samples for metallurgical testwork for the final flow sheet design, selectively validate historical drilling and complete geotechnical holes for the purposes of completion of the Bankable Feasibility Study (BFS) currently underway with respect to the Project.

This programme consists of approximately 6,500 metres of diamond PQ and HQ drill holes located in Mineralised Zones 2 and 3 of the Project (refer Figure 1).

This drilling programme will shortly be expanded by the addition of 2 to 3 further drilling rigs mobilised to site to commence a detailed programme of works to expand the current mineralisation.

Details of that drilling programme will be announced once rigs have been mobilised to site.

Alara's Managing Director, Shanker Madan said,

"The commencement of drilling in the Khnaiguiyah Project represents a tangible step in advancing the BFS of the Project.

The Company is also excited about the prospect of increasing the size of the Project resource and is actively advancing the mobilisation of further drilling rigs to the Project area.

With the addition of a further 2 to 3 rigs, we believe that a picture can be readily developed of any resource expansion, which will feed into a second stage ramping up of the proposed project".

FOR FURTHER INFORMATION:

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¹ As reported in Alara's ASX market announcement dated 5 October 2010 and entitled "[Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia](#)" (a copy of which is reproduced at pages 10 to 23 of Alara's 2010 Annual Report)



Figure 1: Khnaiguiyah Project Location, Licence Areas and Mineralised Zones

