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Wednesday, 6 October 2010

MARKET ANNOUNCEMENT

Investor Presentation – Moving From Junior Explorer to Base Metals Developer

Alara Resources Limited is pleased to attach a copy of an Investor Presentation dated 6 October 2010 and entitled “Moving From Junior Explorer to Base Metals Developer”.

Further information:

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ASX Code | **AUQ**





Alara Resources Limited

**Moving from
Junior Explorer
to
Base Metals Developer
6th October 2010**



Alara Resources - Base Metal Developer

Executive Summary

- Alara has recently secured three base metal projects at varying stages of development, of which the most advanced is **Khnaiguiyah (Saudi Arabia)**:
 - Advanced zinc-copper project with historical “In place minable reserves” of 10.3Mt @ 7.46% Zn and 0.8% Cu, within an envelope of 24.8 Mt @ 4.11% Zn and 0.56% Cu¹
 - Prefeasibility completed by BRGM (French Office of Geological and Mining Research)
 - Held by the Saudi Arabian Government until recently
 - Further studies completed between 2006 to 2009 contemplate a target production of 55,000 TPA Zinc + Copper
 - **Alara proposes to complete Khnaiguiyah BFS within 12 months**

¹. Refer: Alara ASX market announcement dated 5 October 2010 and entitled “Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia” and BRGM Geosciences, 1993, Khnaiguiyah zinc-copper deposit – prefeasibility study - 1, 2, and 3: Saudi Arabian Directorate General of Mineral Resources Technical BRGM –TR-13-4, 651 pages., 209 figs., 171 tables, 78 appendices, 23 photo plates.

Executive Summary (continued)

- **Daris (Oman):** Cyprus Type VMS copper-gold target; 25 drill-holes completed in 2 out of 12 mapped copper occurrences. In 3 diamond core holes, intersections include:
 - 17.20m at **8.05% copper**, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between **10% -14.7% copper** (D3DC003).
 - 11.90m at **5.74% copper** from 34.35m and 3.45m at **10.28% copper** (including 1m at **16.0% copper**) from 50.60m, as copper sulphides, together with 17.85m at 2.61 g/t gold from 28.40m and 3.45m at 3.10 g/t gold from 50.60m (D3DC002).
 - 6.10m at **5.81% copper**, as copper sulphides from 31.55m, together with 18.65m at 3.80 g/t gold from 19.0m (D3DC001).
- **El Quillay (Chile):** Widespread alteration. Mapping, old workings (up to 80m depth) and extensive sampling indicates +20m wide copper mineralisation extending over 1km strike within a 6km long prospective zone. Two copper bearing breccia pipes mined intermittently underlain by a porphyry system with two drill holes intersecting greater than 130m of mineralisation, one of which intersected **180m at 0.7% copper and 200ppm molybdenum (copper equivalent 0.83%)**.

Company Profile

Directors

Shanker Madan (MD)

BHP, Rio Tinto, Hamersley Iron.
35+ years' industry experience.

Farooq Khan

20+ years capital markets experience.
Management of ASX-Listed companies,
corporate law background.

William Johnson

20+ years' experience in senior management
and executive roles in public companies in
Australia, New Zealand and S.E. Asia.

Company Secretary

Victor Ho

10+ years' experience as company
secretary/director of ASX listed companies.

ASX Code:	AUQ
Market Cap (5 Oct 2010):	\$18M
Issued Capital:	
- Shares:	80.5M
- Options:	41M
Cash*	\$5.4M

Top Shareholders

Strike Resources Limited	15.8%
Orion Equities Limited	11.6%

**Includes liquid securities*

Alara has recently secured an exciting portfolio of early to advanced stage base metal exploration and development projects

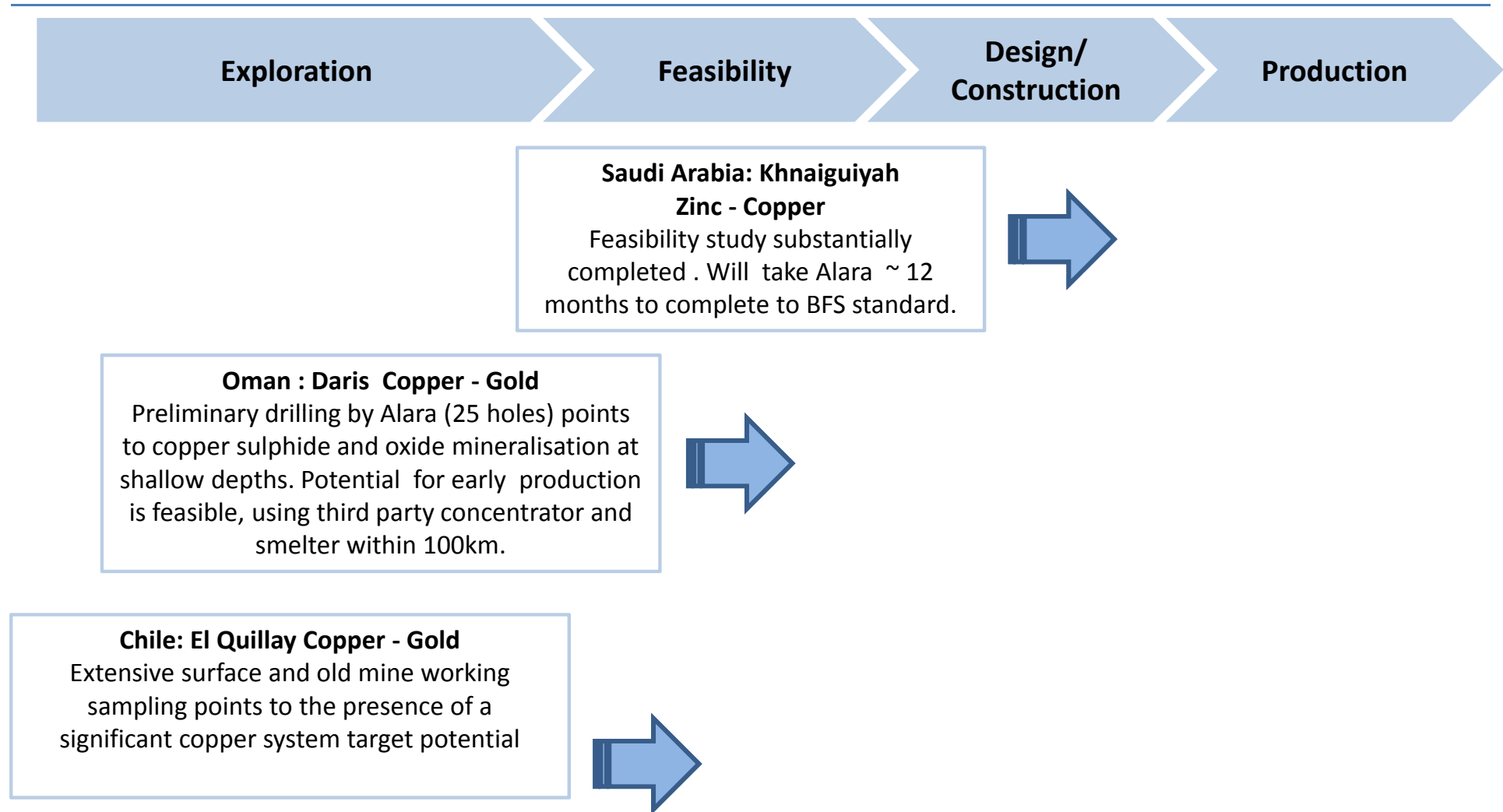
Location	Commodity	Project Description	Alara Interest
Saudi Arabia	Zinc - Copper	<p><u>Khnaiguiyah Project</u> In Place Minal Reserves of 10.3Mt @ 7.46% Zn and 0.8% Cu¹ in 4 mineralised zones within 3 sq km. Surrounding licences and two additional areas within 15km at Umm Hijja (mainly copper-gold and some zinc) and Mutiyah (zinc-copper) offer additional potential.</p> <p><u>Exploration</u> Access to extensive green fields exploration territory.</p>	50%
			60% - 70%
Oman	Copper - gold	<p><u>Daris Project</u> VMS deposit in close proximity to known deposits. Drilling completed by Alara intersected high grade copper oxides and massive sulphides at shallow depths.</p>	50 -70%
Chile	Copper	<p><u>El Quillay Project</u> Target mineralisation range: 25 MT @ 1.5% Cu to 70 MT @ 0.9% copper to a depth of ~200 metres²</p>	70%

¹. Refer: Alara ASX market announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia"

². The potential quantity and grade of the target mineralisation of copper equivalent is conceptual in nature. There has been insufficient exploration to define a mineral resource in relation to that target mineralisation of copper equivalent. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target mineralisation of copper equivalent



These three projects provide Alara with a strong pipeline of base metal development projects



PROJECTS

- Khnaiguiyah Zinc - Copper : Saudi Arabia
- Daris Copper - Gold : Oman
- El Quillay Copper : Chile

Saudi Arabia: Khnaiguiyah Zinc – Copper

Project Summary

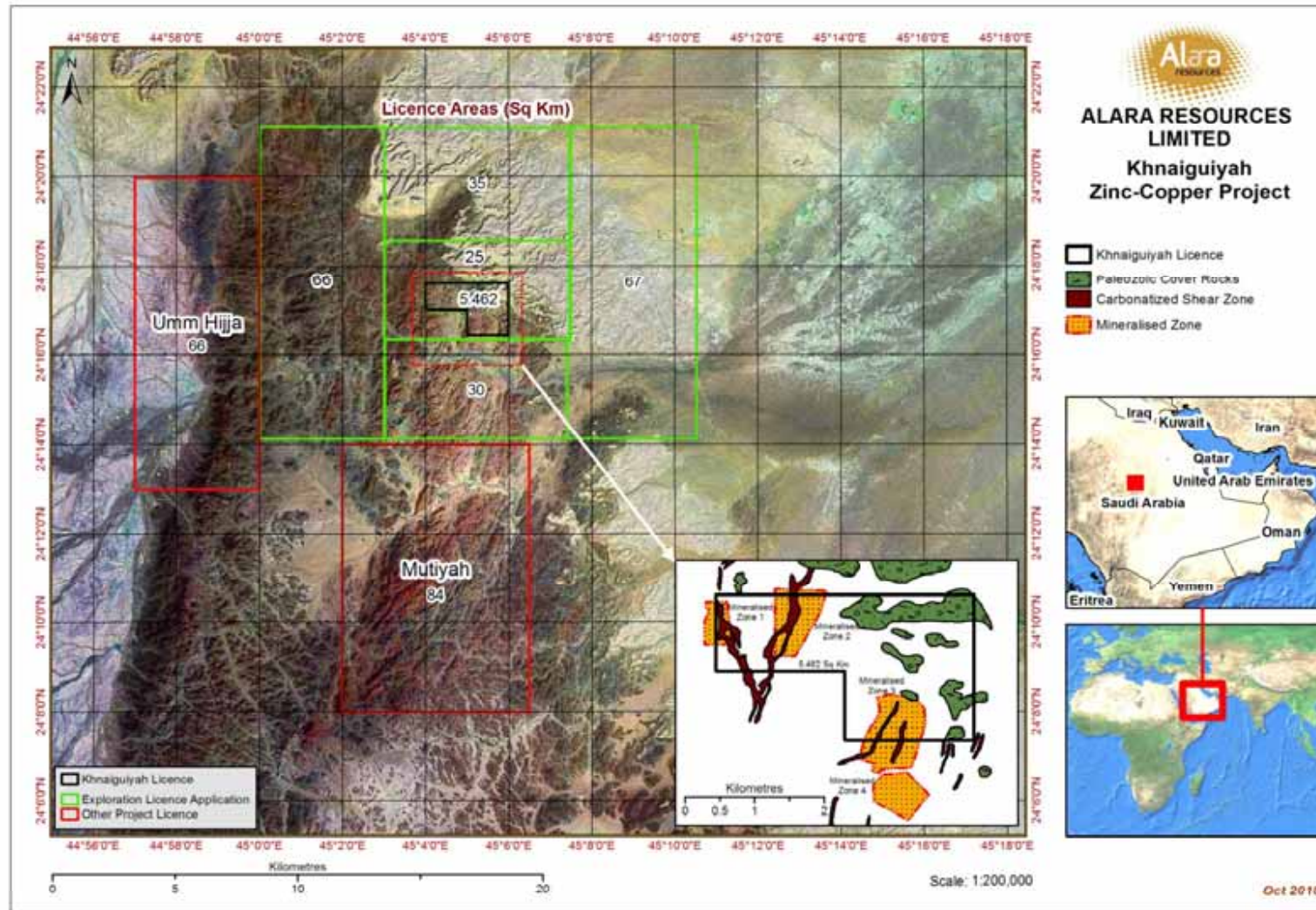
Previous Work	Feasibility study in advanced stages of completion. “Historical in place Movable Reserves” of 10.3Mt @ 7.46% Zn and 0.8% Cu ¹
Production Target	55,000 Tpa zinc production within 18 months of BFS completion.
Further Potential	Further potential at depth, along strike and in other bodies in the vicinity where drilling and old workings show possible expansion of resources.
Comparative Assessment	This Project compares very well in grades and tonnes with Kagara Zinc’s flagship project at Mt Garnet (Mkt. Cap – \$460M). On commencement of production Khnaiguiyah Project will match the production profile of Kagara Zinc.
Project Location	2 hours by road from capital city of Riyadh on highway.
Key Terms of Alara Deal	\$8.5M in vendor payments for 50%.
12 month work programme	Validation of key inputs into the feasibility data. Commence design and construction.

¹ Refer: Alara ASX market announcement dated 5 October 2010 and entitled “Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia”

The Khnaiguiyah Zinc Copper Prospect is located 2 hours drive from the capital, Riyadh



Khnaiguiyah Project comprises a Mining Lease Application, 2 Exploration Licences and 5 Exploration Licence Applications Covering 380 sq km



Khnaiguiyah is an advanced development project, with completed Pre-Feasibility and well-advanced Feasibility Studies

- Exploration and Pre-feasibility Study conducted by BRGM and further studies conducted by Manajem (Vendor) include the following works:
 - Total drilling in excess of 45,000m in 345 core and percussion holes, across 4 mineralised zones within 3 sq km.
 - BRGM completed 25,193m of percussion and core drilling in 192 drill holes on profiles 100m x 25m / 50m.
 - Additional infill drilling on 50m profiles x 25m /12.5m grid spacing confirms the structure and the mineralisation (Manajem in-house feasibility study).
 - Other works done include two deep shafts for bulk sample, test work on a 15t bulk sample, pit design and financial modelling.
- Mining Licence application has been submitted and awaiting grant.
- **Alara believes that the BRGM and Manajem studies can be taken to Bankable Feasibility Study (BFS) standard within 12 months.**

Previous Khnaiguiyah studies have confirmed the potential for commercial development of the project

- “In Place Movable Reserves” of **10.23Mt @7.46% zinc and 0.80% copper** at 4% Zn Cut-off and 0.50m dilution at true grade and density within an envelope of “drill measured resource” 24.8Mt @4.11% zinc and 0.56% copper ¹
- The PFS (1990’s) indicates the project was commercially viable at a price assumption for zinc of US\$1,200 per tonne – considerably lower than today’s price of ~US\$2,175 per tonne ².
- Mineralised Zones 1, 2 and 4 may be mined by open cut method and Zone 3 may be mined partly by open cut and the rest by underground methods.
- Fresh water is available in a large aquifer at Kuff 25km away.
- 33KVA power line is available on site.

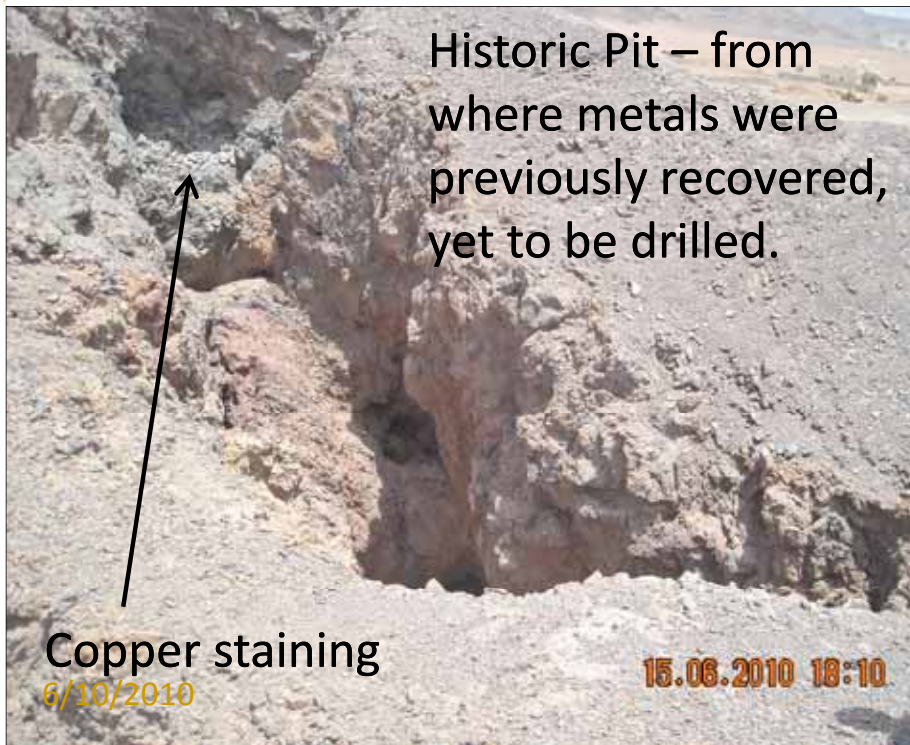
¹ Refer: Alara ASX market announcement dated 5 October 2010 and entitled “Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia”

² LME Special High Grade Zinc cash price as at 30 September 2010 (<http://www.lme.com/zinc.asp>)

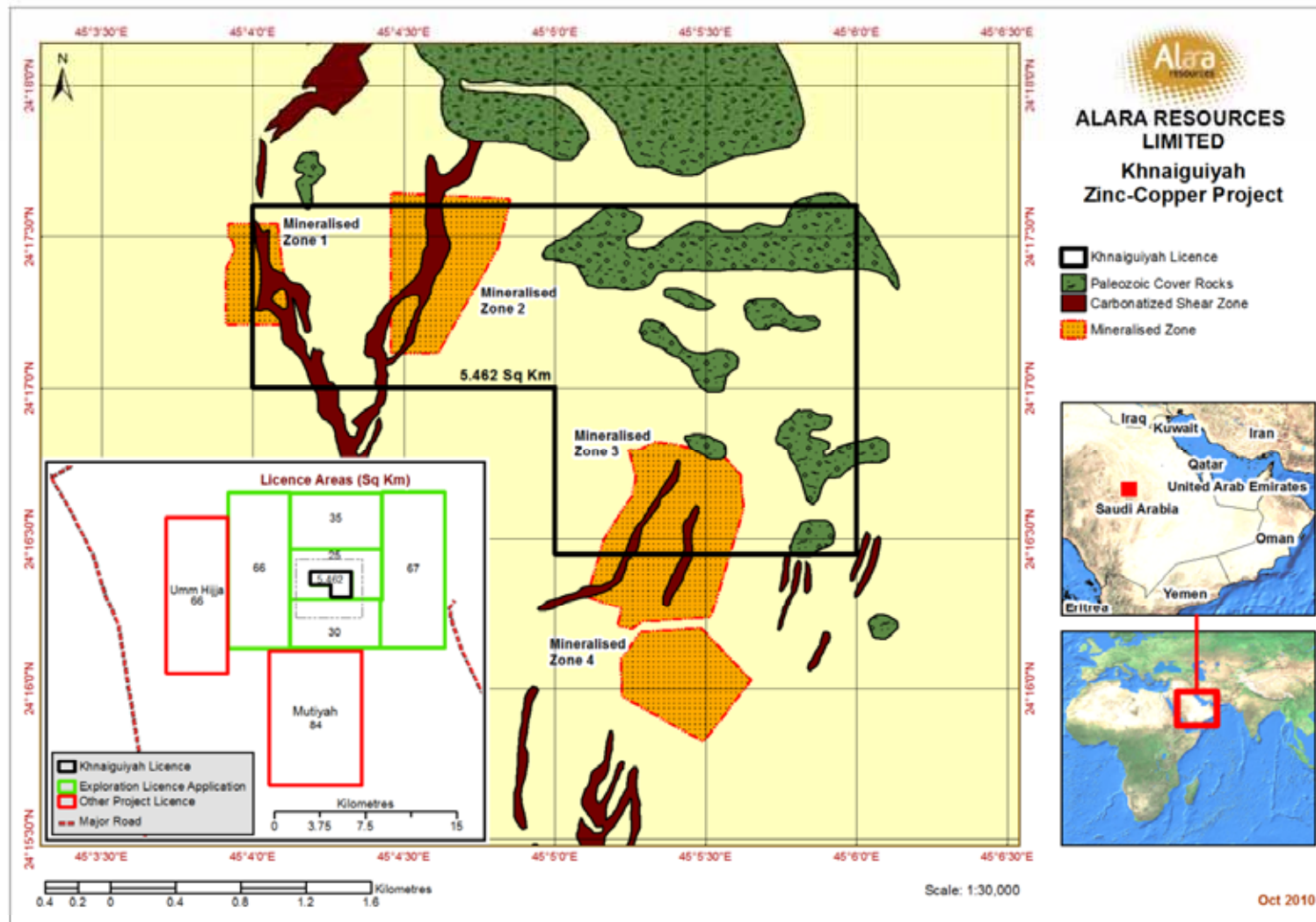
Khnaiguiyah mineralisation is structurally continuous, partly stratiform and consists of thick zones, so mining is likely to be relatively straightforward

- Mineralisation is controlled in carbonatized shear zones in volcano sedimentary tuffaceous rocks containing carbonate minerals, chlorite, epidote and silica.
- With decreasing carbonatization, mineralisation becomes more abundant and takes a “stratiform” aspect e.g. at depth in Mineralised Zone 3.
- Mineralisation – Pyrite, chalcopyrite, sphalerite with magnetite /hematite.
- Substantial thickening along a central transposed fold at depth.
- Density 3.1 to 3.6 t/cum.

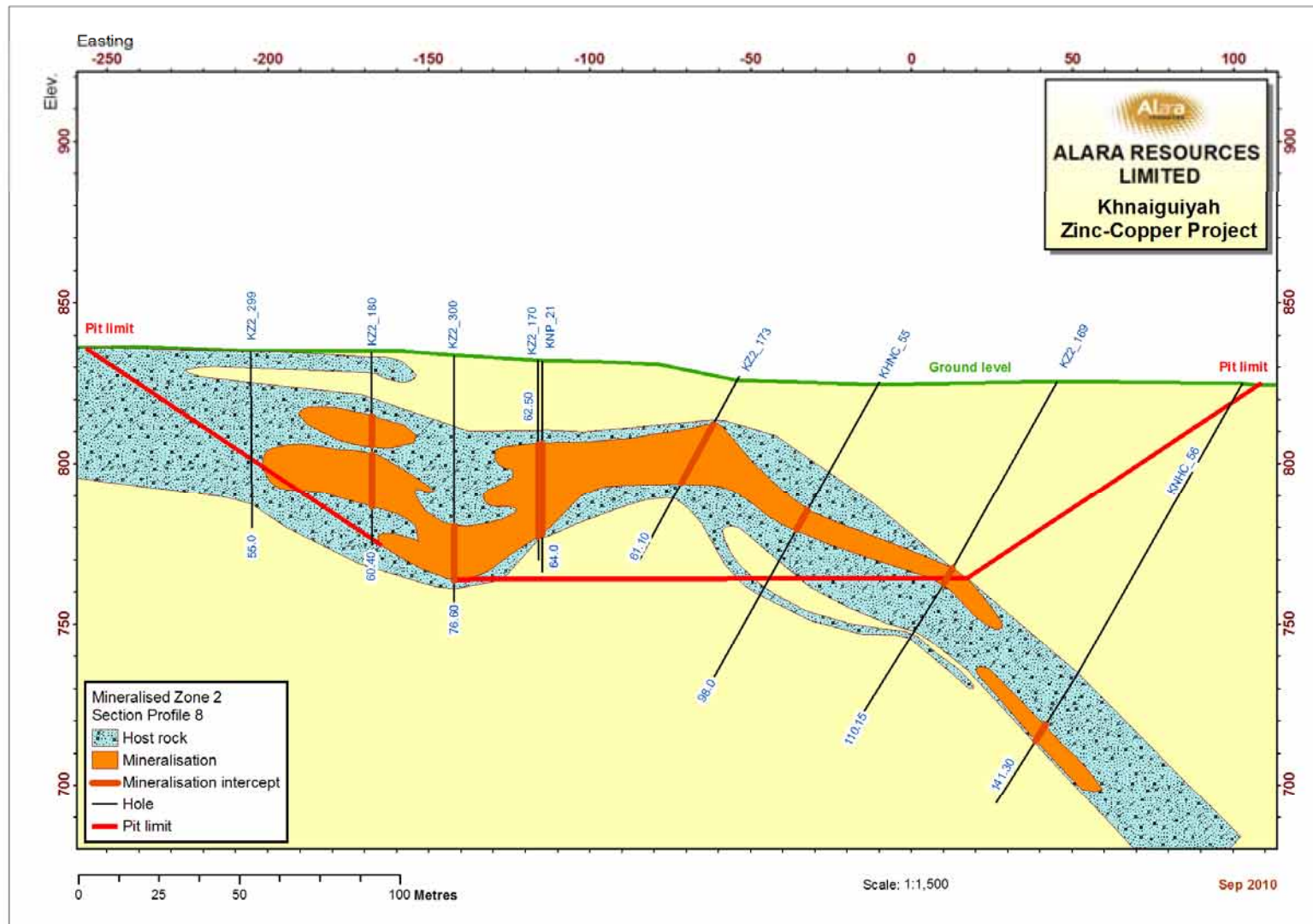
The Khnaiguiyah Project landscape is flat and easily accessible with a history of ancient mining



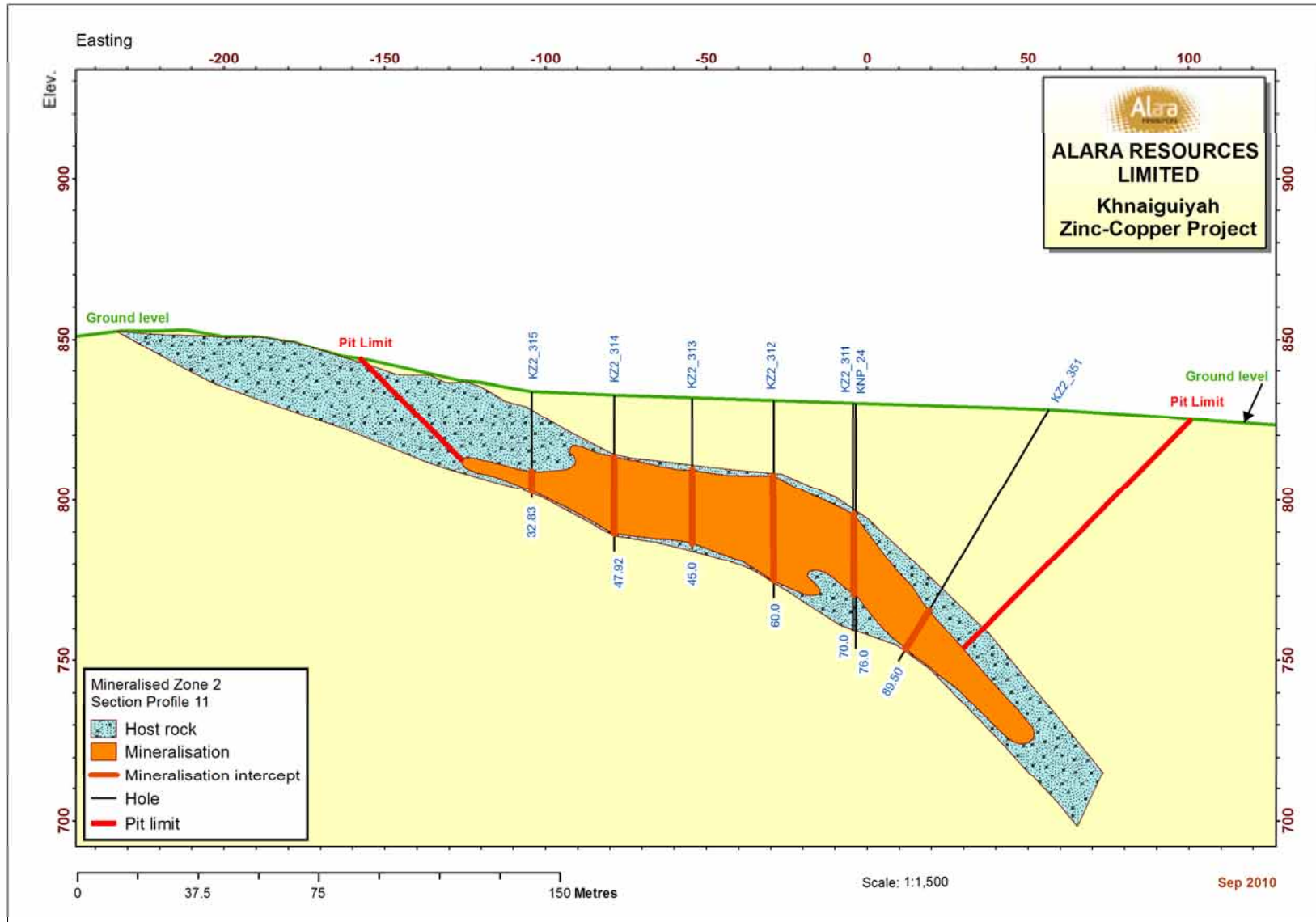
Khnaiguiyah Project – Mineralisation is controlled by carbonatized shears. Potential for further discoveries in unexplored shears and along strike extension of explored shear zones is high



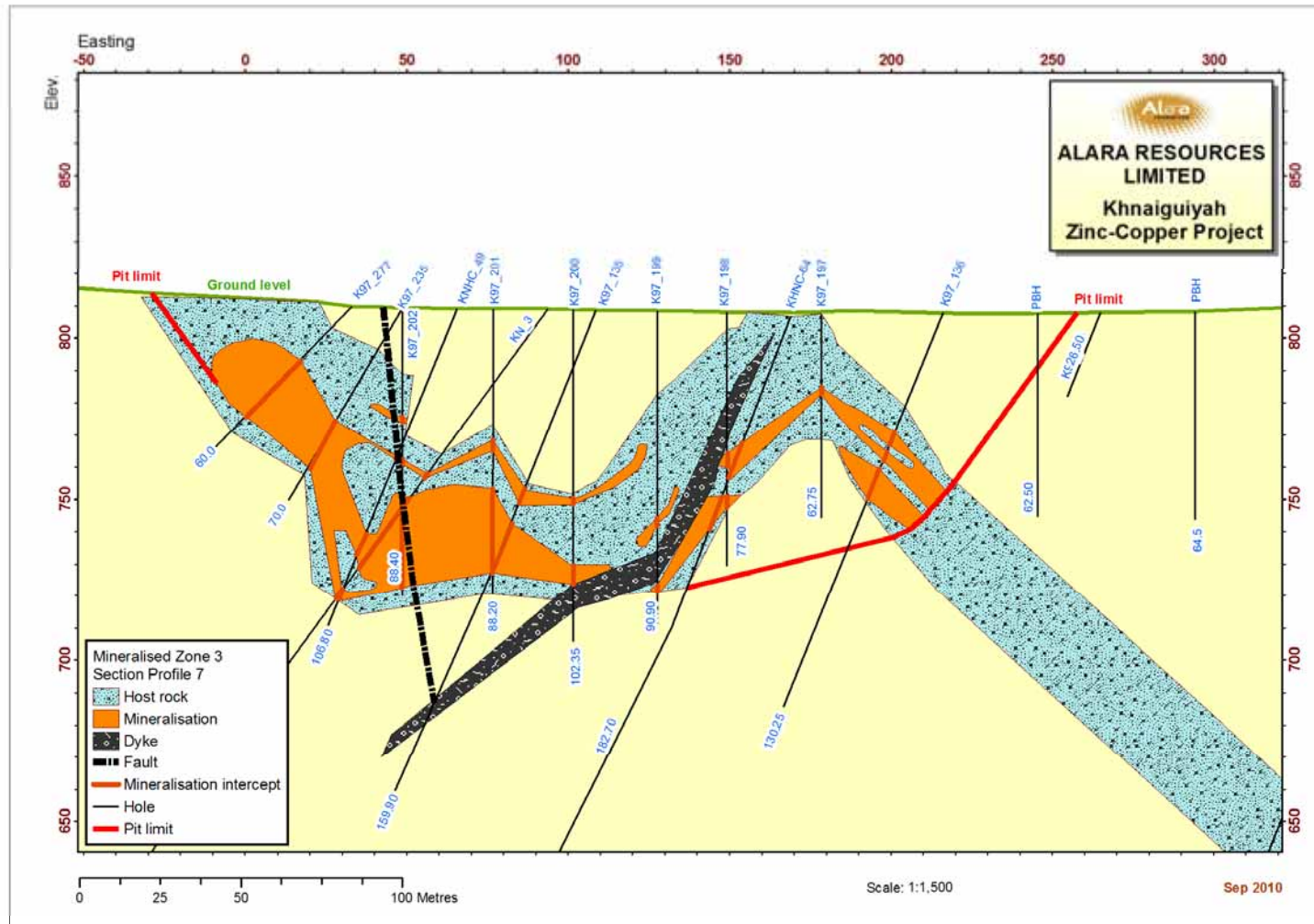
There are 4 mineralised zones. Mineralised Zone 2 is generally copper rich and open to the east



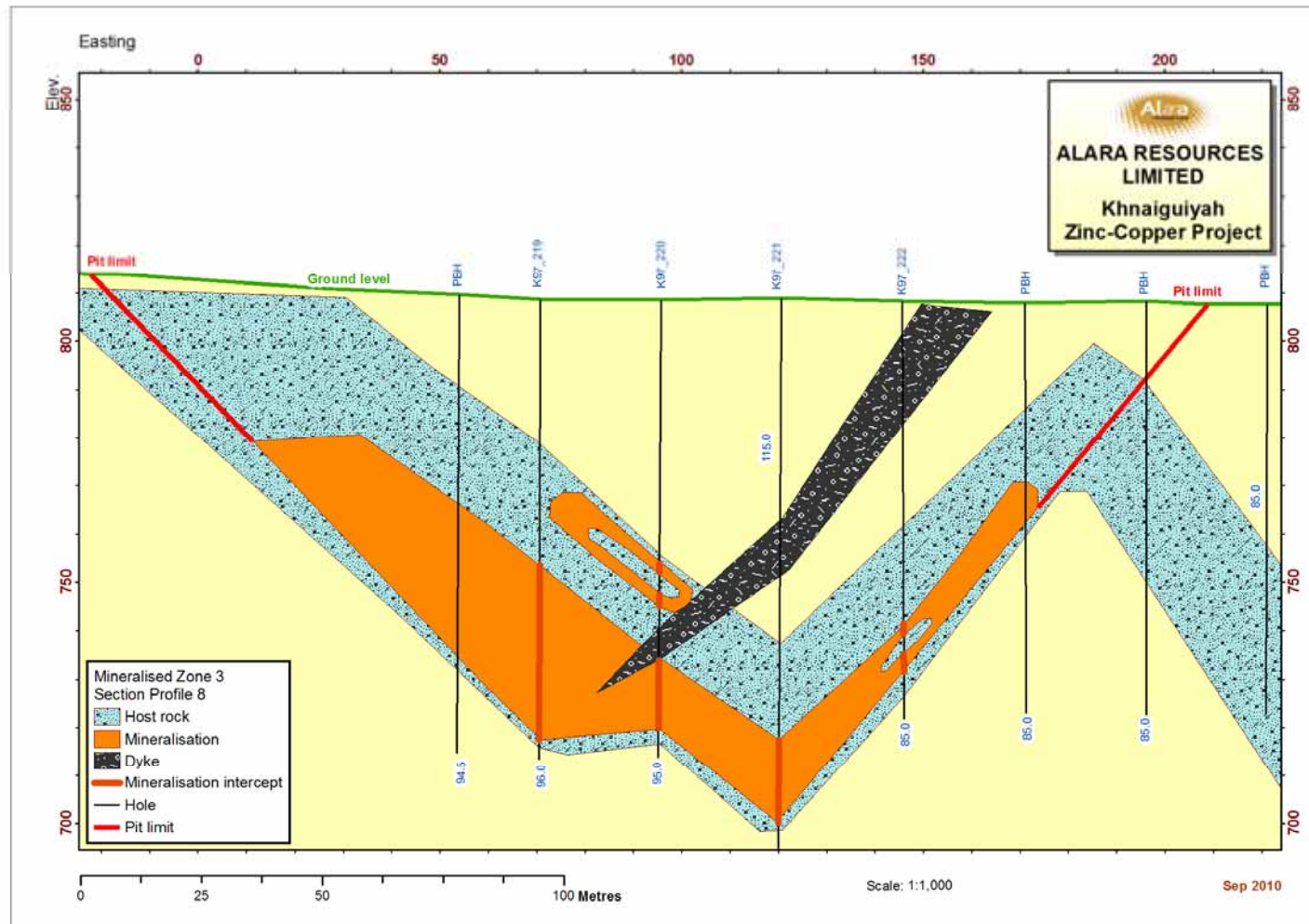
Mineralised Zone 2 is shallow and thick



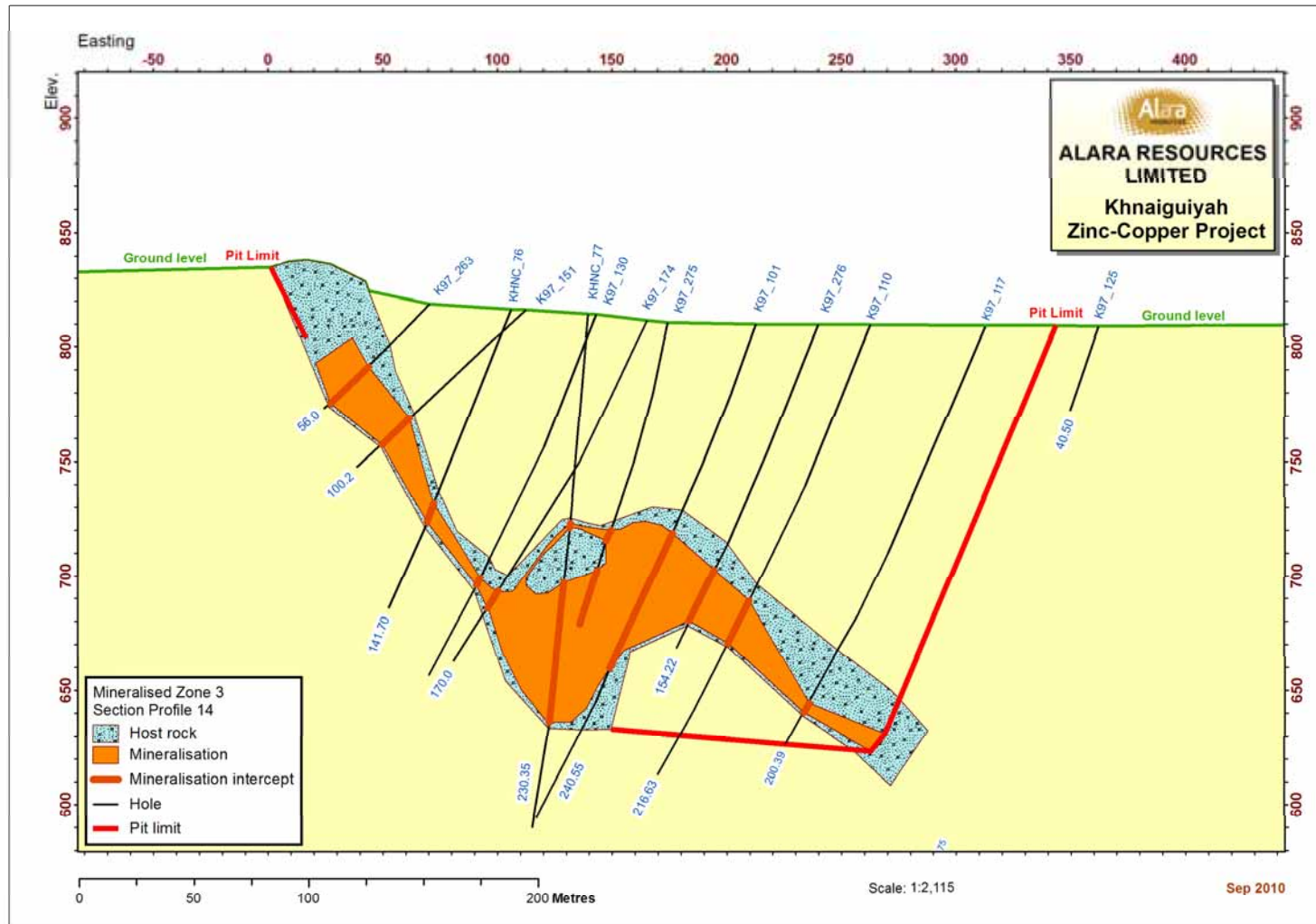
Mineralised Zone 3 is thicker and close to surface on the east limb but generally copper rich and open towards the west



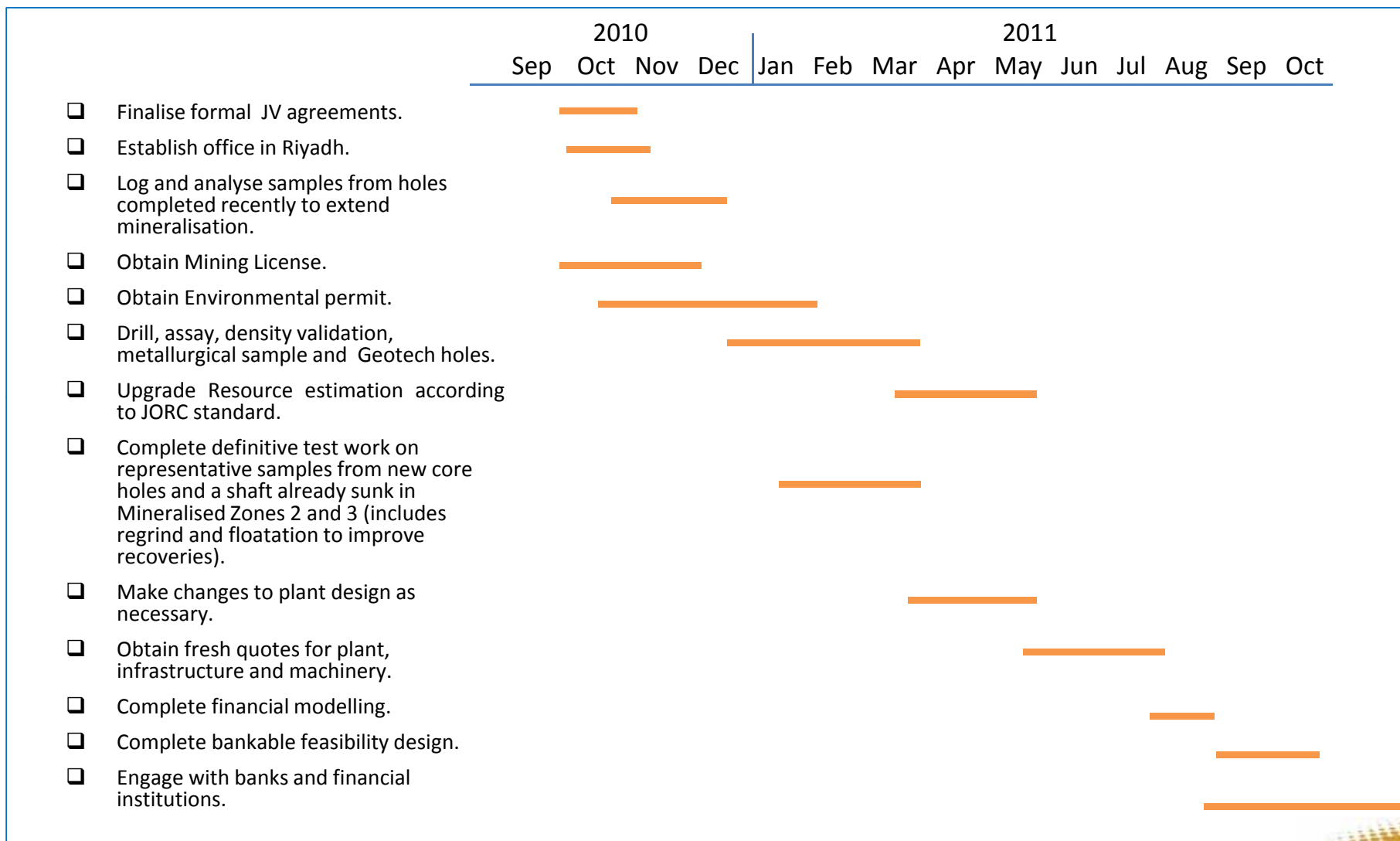
Mineralised Zone 3 contains the majority of the identified mineralisation. It is richer in zinc with a distinct copper rich zone to the east



Mineralised Zone 3 is thicker and well defined at depth. It has a distinct zinc rich zone to the east and it is open and copper rich to the west



Khnaiguiyah – Alara’s 12 month plan



Saudi Arabia – Other Prospects

Project Location	Manajem (Vendor) is one of the largest private holder of exploration concessions throughout Saudi Arabia.
Previous Work	Almost 20 years of exploration and preliminary evaluation by BRGM as consultant to the Government of Saudi Arabia.
Target Potential	Enormous potential exists for major discoveries of world class metallic and non-metallic deposits. Private companies were not allowed until about 5 years ago.
Key Terms of Alara Deal	Alara has been invited to discuss up to 5 other mineral Project opportunities that the vendor holds for exploration wherein Alara may be able to earn 60-70% interest in return for funding exploration and development to BFS.
12 month work programme	Evaluation of base metal and some iron ore projects in the portfolio to select 5 to 6 key areas of interest. Budget US\$1.0 million.

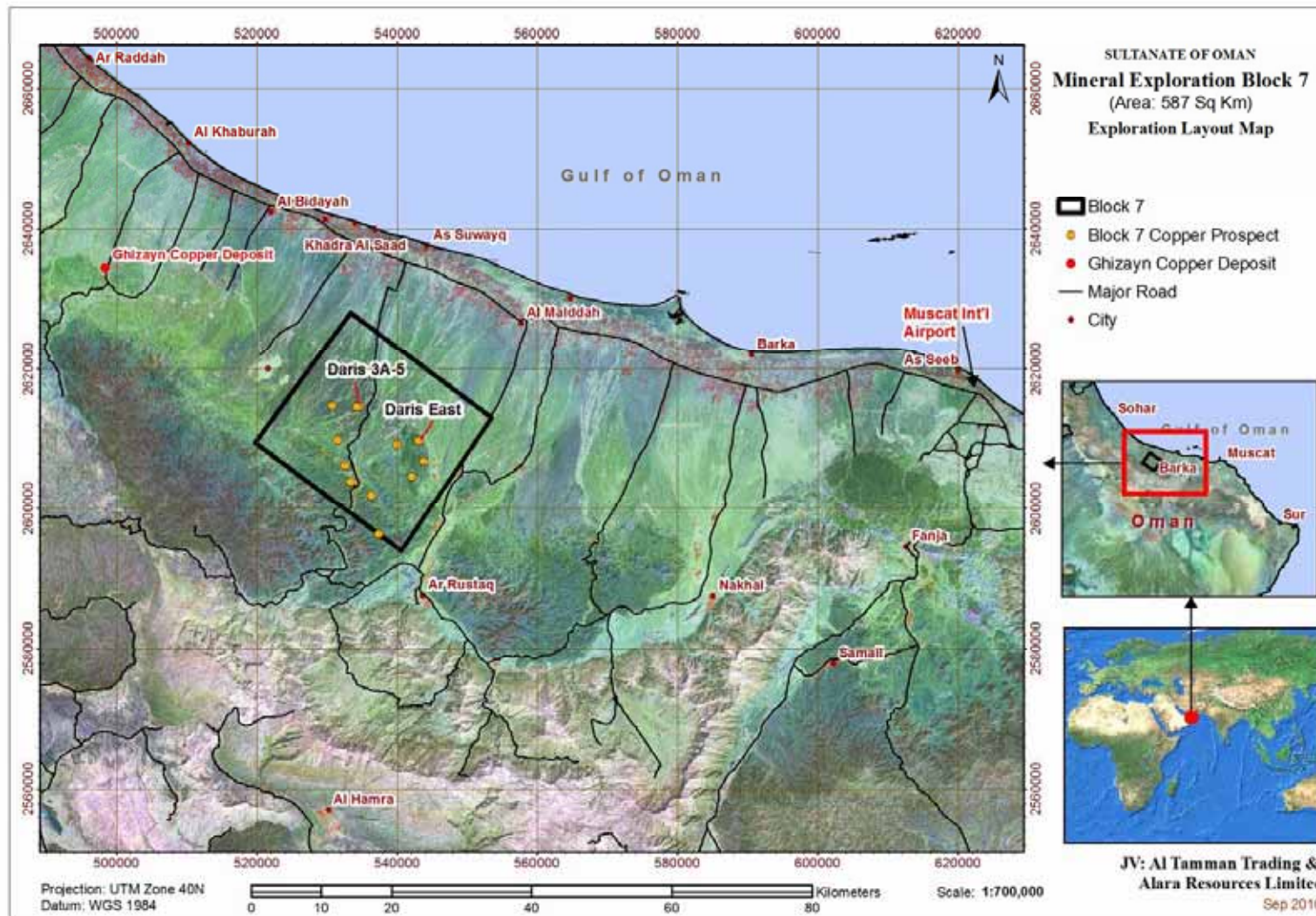
Oman - Exposure to a large area with copper occurrences in a well known Copper Belt. Initial drilling by Alara shows good results.

Oman	Copper has been mined and processed in Oman for over 6,000 years.
Project Location	Within known Copper belt with current mining and recent major discoveries of copper. Close to existing concentrator and smelter.
Previous Work	Reconnaissance drilling by BRGM and Oman Copper around 2 gossan areas outlined potential for shallow oxide mineralisation and high grade sulphide mineralisation. Old drill holes could not be properly located nor the results properly documented. Alara has just completed a 25 hole programme and intersected massive sulphides and oxide copper in 15 out of 25 holes drilled.
Key Terms of Alara Deal	\$3M earn in for 50%.
12 month Work Programme	Approximately \$1.5m – Drilling and feasibility of developing sulphide / oxide resource. Additionally geophysics and drilling to establish an economically minable resource.

Oman Copper – Daris Prospect



Mapped Copper Occurrences in Daris Project Oman



Oman Copper – Well Established and Underexplored Copper Belt

- The +800km long Semali Ophiolite belt in Oman has a history of copper mining dating back to Bronze age more than 6000 years ago.
- In recent times several discoveries of Cyprus Type VMS Copper Deposits mainly in the vicinity of old workings have been made in the Semali Ophiolite Belt of submarine volcanic rocks.
- Oman Copper (a Government owned company) operates a 25,000tpa flash smelter. Between 1983 and 1994 it mined out ~14Mt of Copper ore near Sohar and also made many new discoveries ¹.
- NMC a privately owned company (now Mawarid Mining) has also largely mined out ~3.5Mt of ore @ 3% Copper in 2003¹ and since then has announced major new discoveries less than 50kms from Daris in Oman. ²
- Numerous other copper occurrences in Oman have never been properly explored.
- Alara is exploring a 587 sq km area with several known copper occurrences at Daris on an initial 50/ 50 JV basis with potential to increase this to 70 percent interest and has also entered into a separate 70 /30 JV with another group with intimate understanding of Oman geology to explore for base metals throughout Oman.

1. Close R.J., Gordon M.M.J and Al Jabri, S.N. , 2003 Discovery and Evaluation of VMS Copper Deposits in the Shinas – Hatta Project, Oman, Presentation to the Sydney Mineral Exploration Discussion Group (<http://www.smedg.org.au/tiger/oman.htm>).

2. Oman Daily Observer Feb 10, 2010, quoting Jan Jansen, CEO, Mawarid Mining Company on “National Mining rebrands to National Mining”.

Oman Copper Exploration - Drilling Results

- Alara has completed a 25 drill hole programme in 2 of the 12 known prospects. Results received from one of these prospects, where 3 core holes were drilled to test previously indicated massive sulphide mineralisation around a known gossan are promising:
 - **17.20m at 8.05% copper**, as copper sulphides and 2.67 g/t gold, from 51.50m including several intersections between **10% -14.7% copper** (D3DC003).
 - **11.90m at 5.74% copper**, from 34.35m and **3.45m at 10.28% copper** (including 1m at **16.0% copper**), from 50.60m, as copper sulphides, together with 17.85m at 2.61 g/t gold from 28.40m and 3.45m at 3.10 g/t gold from 50.60m (D3DC002).
 - **6.10m at 5.81% copper**, as copper sulphides from 31.55m, together with 18.65m at 3.80 g/t gold from 19.0m (D3DC001).
- Oxide copper mineralisation together with native copper, in thickness ranging from 2m to 24m was intersected in 12 of the 21 percussion holes drilled at depths less than 30m.

Alara's philosophy in Oman is to have a self sustaining mining and mineral exploration business, based on a quick discovery and treatment of copper sulphides at custom concentrator and smelter facilities within 100km on bitumen highway from Daris.

Chile - El Quillay Copper - Gold Project

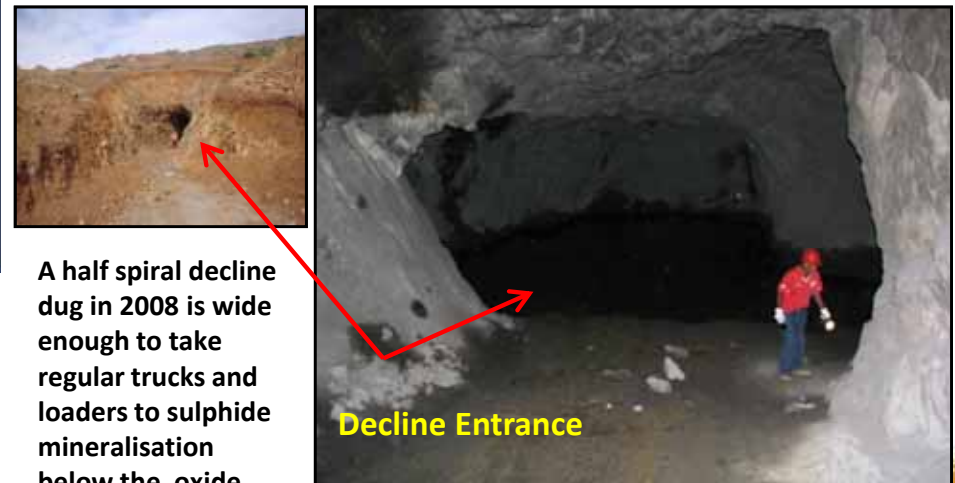
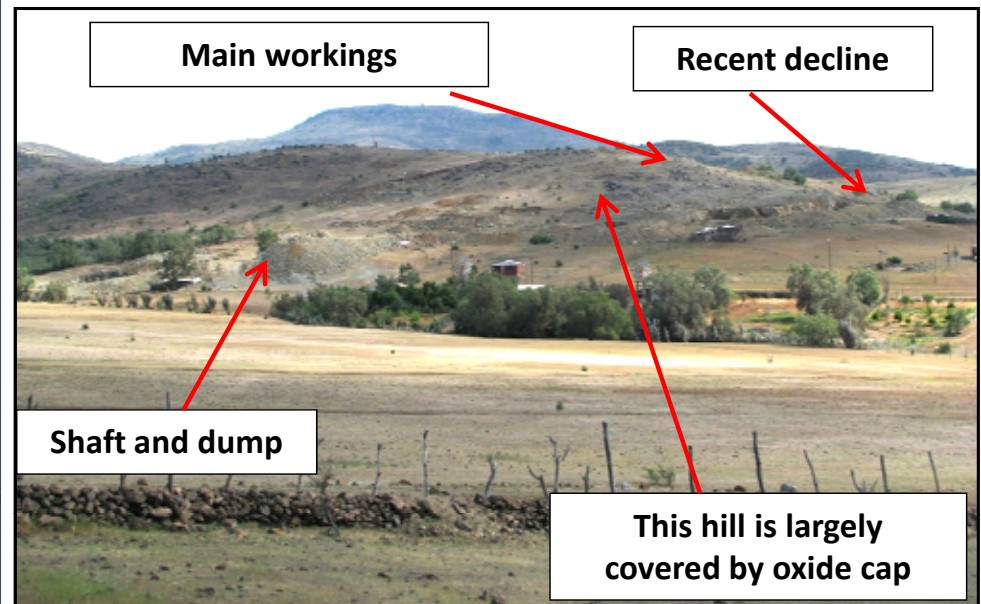
Chile	Chile produces one third of the world's copper, is highly prospective and has low sovereign risk.
Project Location	330Km north of Santiago and 20km north of Cambarbala City. Close to port and infrastructure, including a toll smelter.
Previous Work	Numerous workings over 1km strike and up to 85m depth. Outcrops and workings extensively sampled. Walk-up drill targets.
Target Potential	<p>Five copper, copper gold and copper moly IOCG type and porphyry prospects with deep workings along a 6km strike are located along a major fault system in andesitic lavas and in diorite near: Target mineralisation potential ¹.</p> <ul style="list-style-type: none"> - 8 to 10Mt of oxide cap @ 0.5% to 1.00% Cu to 30m depth, and 20Mt to +40Mt @1.5% Cu equivalent as copper sulphides, gold and silver below oxide cap (based on surface widths and projections), additionally - 30Mt to 60Mt@ 0.7% to 0.8% Cu equivalent in breccia pipes and porphyry (based on 2 drill holes one of which intersected 180m @ 0.70% Cu and up to 200ppm molybdenum)
Key Terms of Alara Deal	\$10 M in vendor payments over 3 years for 70%.
12 month Work Programme	At least 10,000m of drilling in year 1.

¹. The potential quantity and grade of the target mineralisation of copper equivalent is conceptual in nature, based on +500 surface samples conducted by the vendor's geologist and a representative portion of which has since validated by Alara's consultants. There has been insufficient exploration to define a mineral resource in relation to that target mineralisation of copper equivalent in copper and gold. It is uncertain if further exploration will result in the determination of a mineral resource in relation to that target mineralisation of copper equivalent in copper and gold.



El Quillay Project

El Quillay Norte



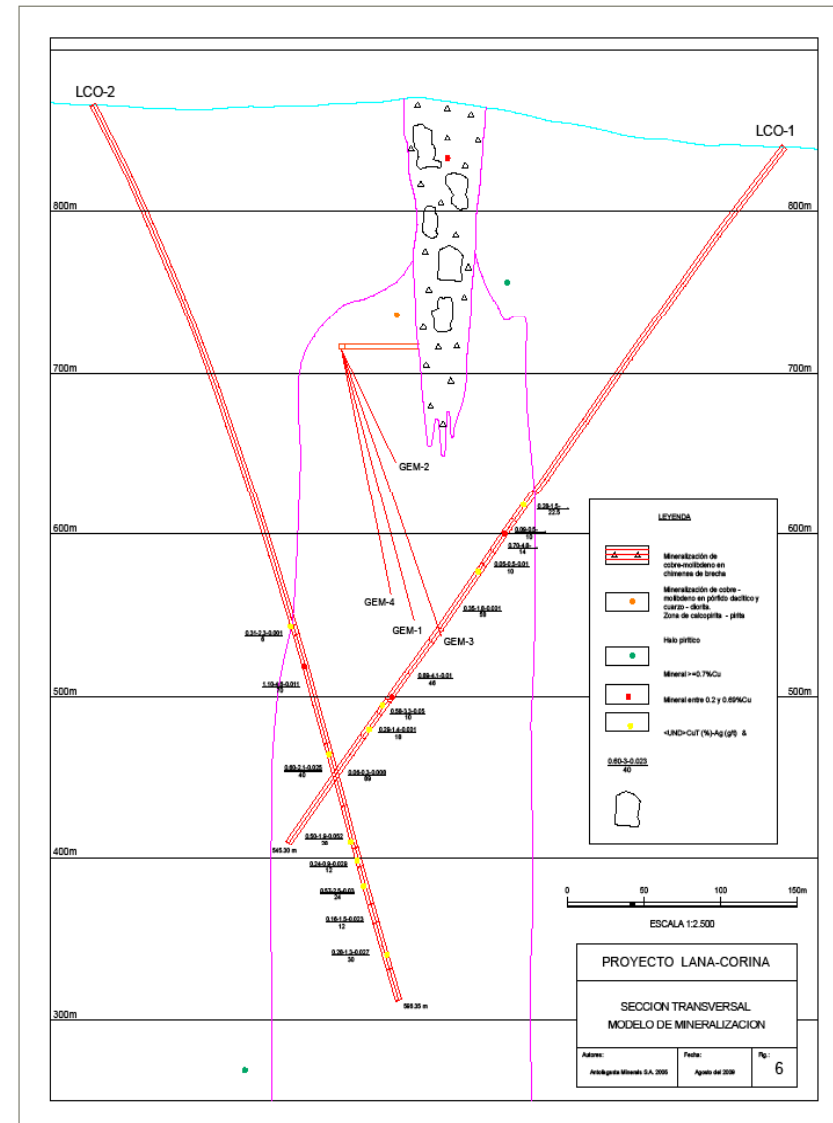
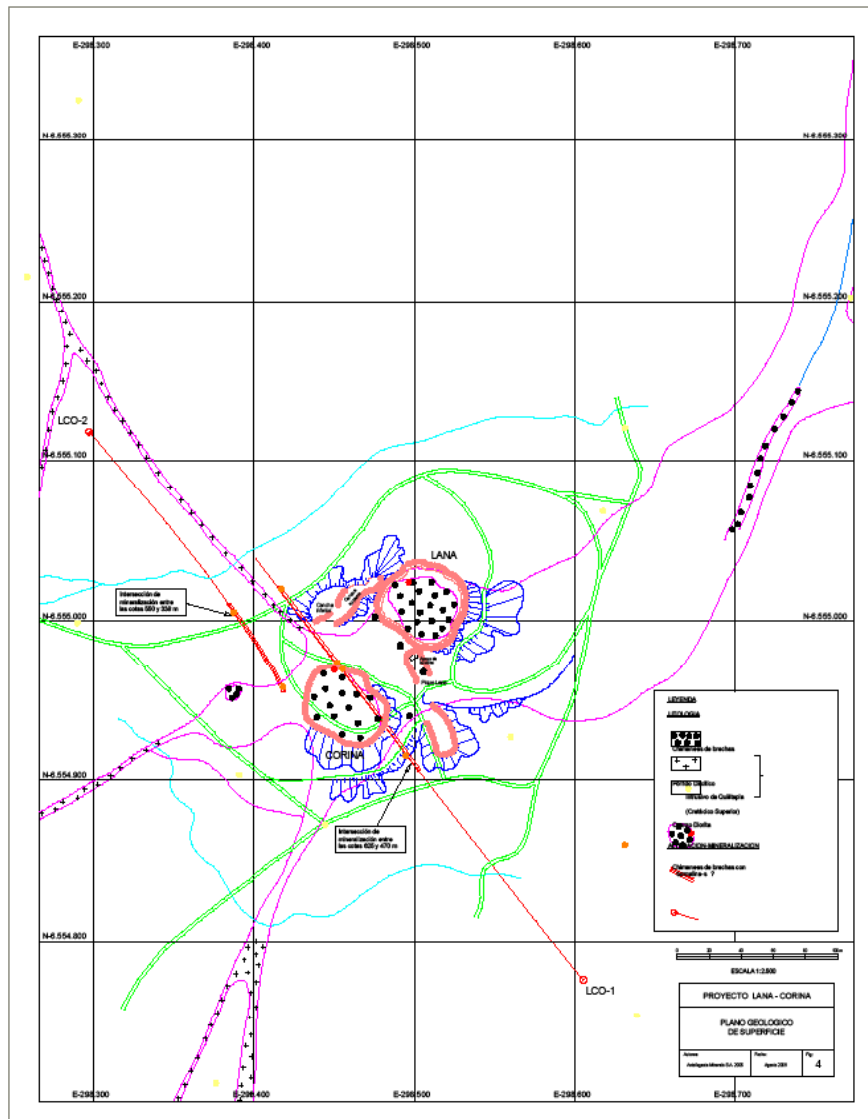
A half spiral decline dug in 2008 is wide enough to take regular trucks and loaders to sulphide mineralisation below the oxide cap, which covers most of the hill .

El Quillay Project – comprises several walk up drill targets

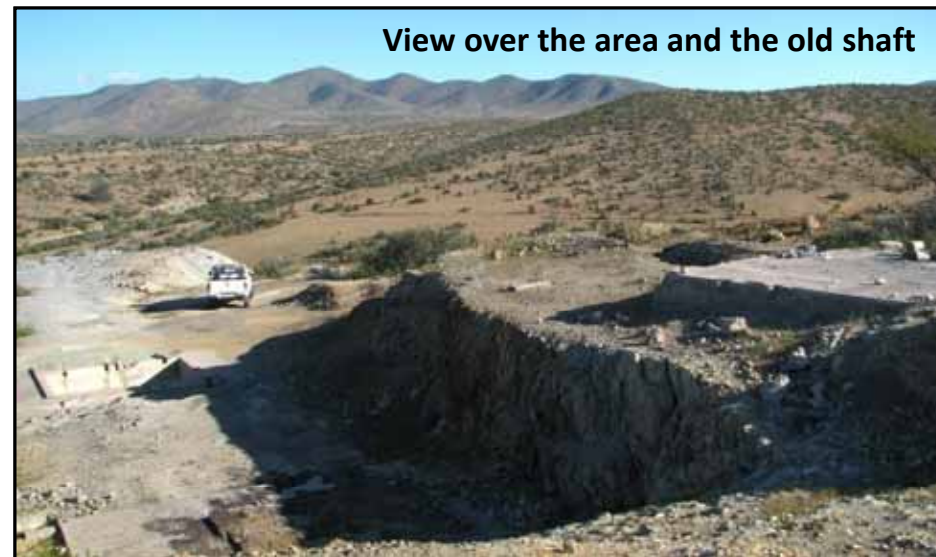
- El Quillay Project comprises
 - El Quillay Norte - Copper prospect along the El Quillay regional fault zone (has a recent decline).
 - El Quillay Central – Copper prospect along the El Quillay fault zone.
 - El Quillay Sur – Copper gold prospect along the regional fault zone.
 - Lana and Corina – Two breccia pipes 40 to 50m wide with a deep shaft and underground workings but easily minable by open cut. Breccia pipes extend into a porphyry copper deposit with 2 drill holes one of which analysed 180M @ 0.70% Cu and up to 200ppm molybdenum.
 - La Florida – grass roots project with scratchings along the El Quillay regional fault zone.
 - Vaca Muerta – along the El Quillay regional fault zone with many workings in parallel near vertical structures with grades of up to 3.8% Cu over 2m (DD sampling).
 - Much of the fault El Quillay fault zone remains unexplored.

Lana and Corina breccia pipes and porphyry below

Two drill holes intersected greater than 130m of mineralisation, one of which intersected 180m of 0.70% Cu and up to 200ppm Mo show excellent potential to build an early JORC resource.

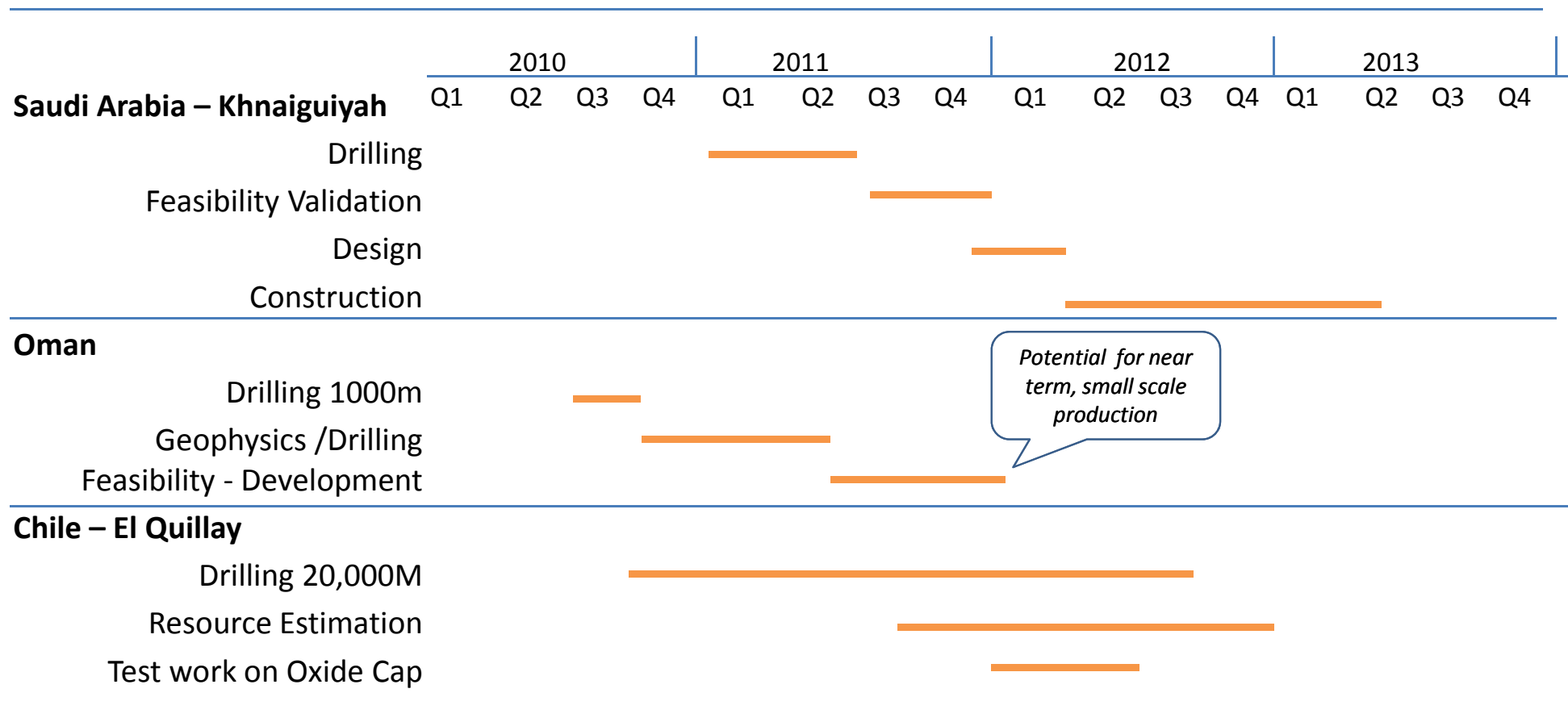


Lana and Corina breccia pipes and porphyry below are walk up target with demonstrated mineralisation



Lana and Corina are well defined shallow targets significantly richer than the porphyry below and have the potential to generate an early cash flow.

Alara's pipeline of projects includes potential for positive cash flow by 2011-12



Alara Resources - Base Metal Developer Conclusions

- Alara has recently secured three base metal projects at varying stages of development.
- All three projects have significant production potential.
- Small scale copper production could commence in 2011.

The End

DISCLAIMER

This presentation contains certain forecasts and forward-looking information including regarding possible or assumed future performance, costs, production levels or rates, prices, reserves and resources or potential growth of Alara Resources Limited, industry growth or other trend projections. Such forecasts and information are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors, many of which are beyond the control of Alara Resources Limited. Actual results and developments may differ materially from those expressed or implied by these forward-looking statements depending on a variety of factors. Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities

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NOTES:

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.

Mr Madan also accepts responsibility for the accuracy of the statements of historical (pre-JORC Code or before the requirement to name the Competent Person) estimates and foreign resource and reserve estimates currently not reported in accordance with the JORC Code, reported in this announcement (and the Company's announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia") based on previously prepared reports and the accuracy of the information disclosed in this announcement to address the Requirements for Non-JORC Code Compliant Historical and Foreign Reporting in the Joint Statement of ASX and JORC reported in the ASX Companies Update No. 11/07 dated 5 December 2007.

The Company's announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia" is consistent with the guidance contained in ASX Companies Update No. 11/07 (Historical estimates and foreign resource and reserve estimates, currently not reported in accordance with the JORC Code) dated 5 December 2007 and Companies Update No. 05/04 (JORC Code Compliance, Chapter 5 of ASX Listing Rules) dated 25 March 2004.

The Company has obtained a waiver from ASX Listing Rule 5.6 for the purposes of reporting statements of estimates and foreign resource and reserve estimates currently not reported in accordance with the JORC Code, in the Company's announcement dated 5 October 2010 and entitled "Project Acquisition - Khnaiguiyah Zinc Copper Project in Saudi Arabia"