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MARKET ANNOUNCEMENT

Drilling Update - Khnaiguiyah Zinc-Copper Project

Alara Resources Limited (ASX: AUQ) refers to its announcement dated 20 October 2011 providing an update of assay results from recently completed fifteen drill-holes in Mineralised Zone 3 of the Khnaiguiyah Zinc-Copper Project in Saudi Arabia.

Alara is now pleased to provide assay results from a further fifteen recently completed drill-holes in Zone 3.

These holes were drilled on eastern, north western and southern edges of Zone 3 with the objective of understanding and confirming overall geometry, geology, grade distribution and extension of Zone 3.

The results from these holes indicate a continuation of mineralisation down-dip and up-dip away from the central shear zone. Further drilling will now be focused along the shear zone to the north and south where thick zones of high grade mineralisation have previously been encountered.

DRILLING HIGHLIGHTS

Zinc Rich Zone:

- Hole K3DD11-070 from 62-73m: 11m at 5.05% Zn and 0.13% Cu
including 67-73m: 6m at 7.41% Zn and 0.23% Cu
- Hole K3DD11-084 from 110-112m: 2m at 7.27% Zn and 0.22% Cu
including 111-112m: 1m at 12.25% Zn and 0.38% Cu
- Hole K3DD11-085 from 172-191m: 19m at 5.14% Zn and 0.15% Cu
including 185-191m: 6m at 13.11% Zn and 0.64% Cu
- Hole K3DD11-093 from 255-262m: 7m at 8.33% Zn and 0.64% Cu
including 256-261m: 5m at 11.03% Zn and 0.72% Cu

Copper Rich Zone:

- Hole K3DD11-075 from 157-160m: 3m at 0.66% Cu and 0.21% Zn
including 157-158m: 1m at 1.16% Cu and 0.03% Zn
- Hole K3DD11-077 from 241-246m: 5m at 0.84% Cu and 0.46% Zn
including 244-246m: 2m at 1.72% Cu and 0.45% Zn

ASX Code | AUQ



A complete tabulation of intersection results along with a map indicating the location of these holes is presented below.

It is noted that drill intercepts are reported as drilled; true thicknesses will be calculated at interpretation and resource modelling stage.

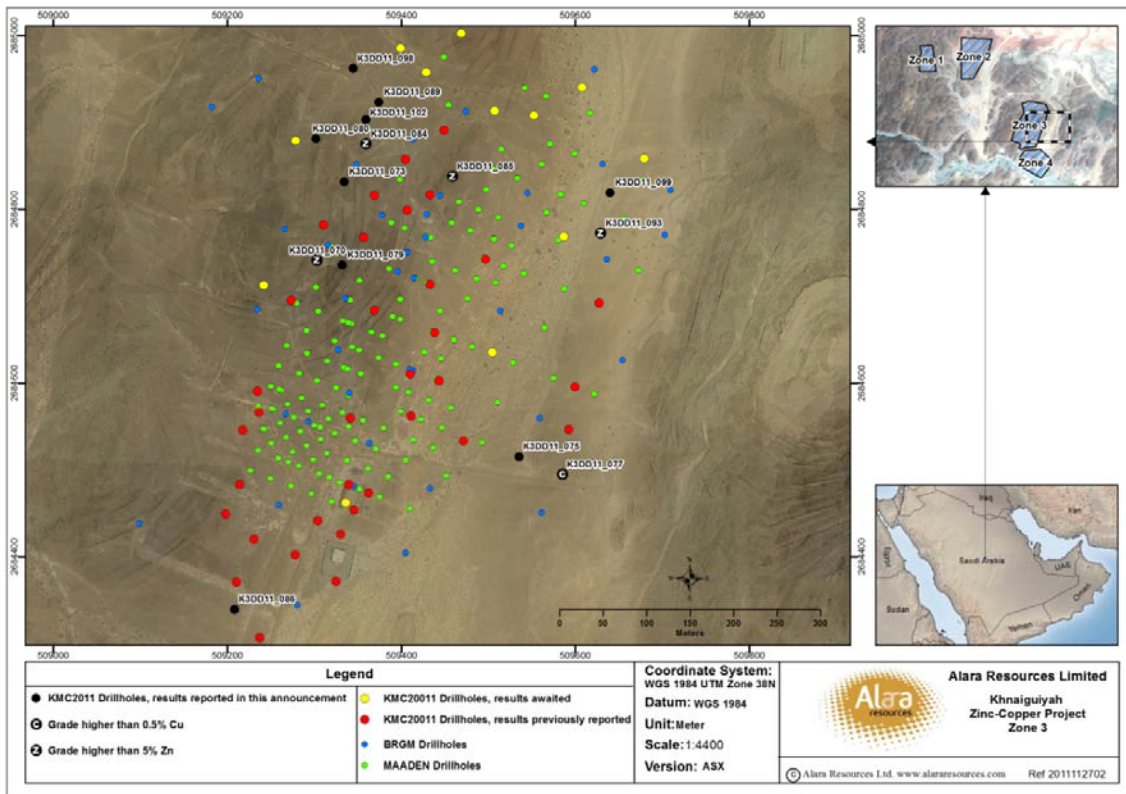
The drilling programme at Khnaiguiyah, which commenced in February 2011, is continuing with 5 drilling rigs comprising 4 core drilling rigs and 1 reverse circulation (RC) rig.

A total of 169 holes for approximately 23,534m have been completed to date. Contracts for a total 35,000m of drilling have been awarded.

Drill core samples are being submitted to the ALS Laboratory in Jeddah, Saudi Arabia for sample preparation and Alara's quality control sample inserts. After quality control inserts, pulp samples are dispatched to an ALS hub in Europe for assay.

There are currently more than 1152 samples awaiting analysis. As results of these samples are received, collated and analysed, Alara will continue to provide regular updates to the market.

With all planned metallurgical test holes, mineralisation validation holes and the geotechnical holes completed, the focus of drilling is now on the extension of mineralisation in Zones 2 and 3 together with resource drilling for Zone 1.



ZONE 3 - SIGNIFICANT DRILLHOLE INTERSECTIONS - NOVEMBER 2011								
Drill Hole	Significant Mineralisation				Zinc Rich Zone		Copper Rich Zone	
	Intersections	From (m)	To (m)	Length (m)	Zn%	Included Cu%	Cu%	Included Zn%
K3DD11-070	Primary	43	48	5	2.14	0.01		
	Primary	62	73	11	5.05	0.13		
	Inclusion	67	73	6	7.41	0.23		
K3DD11-073	Primary	90	98	8	2.32	0.06		
	Inclusion	96	97	1	5.01	0.11		
K3DD11-075	Primary	160	167	7	2.61	0.09		
		160	164	4	3.35	0.05		
	Primary	157	160	3			0.66	0.21
	Inclusion 1	157	158	1			1.16	0.03
	Inclusion 2	159	160	1			0.56	0.59
K3DD11-077	Primary	241	246	5			0.84	0.46
	Inclusion 1	244	246	2			1.72	0.45
	Primary	249	252	3			0.51	0.09
	Inclusion1	251	252	1			0.95	0.07
	Primary	259	266	7			0.25	0.03
K3DD11-079	Primary	91	103	12	3.27	0.03		
	Inclusion 1	93	94	1	13.7	0.05		
K3DD11-080	Primary	41	63	22	1.42	0.03		
K3DD11-084	Primary	110	112	2	7.27	0.22		
	inclusion 1	111	112	1	12.25	0.38		
K3DD11-085	Primary	172	191	19	5.14	0.15		
	inclusion 1	185	191	6	13.11	0.64		
K3DD11-086	Primary	74	78	4	1.95	0.33		
	inclusion 1	77	78	1			0.98	0.2
K3DD11-089	Primary	89.2	95	5.8	2.94	0.15		
	Inclusion 1	90	92	2	3.59	0.14		
	Inclusion 2	92	93	1	5.33	0.49		
K3DD11-093	Primary	255	262	7	8.33	0.64		
	inclusion 1	256	261	5	11.03	0.72		
K3DD11-098	Primary	62	68	6	1.14	0.01		
K3DD11-099	Primary	246	259	4	1.94	0.01		
	inclusion 1	246	247	1	4.97	0.01		
	Inclusion 2	250	251	1	5.51	0.01		
	Inclusion 3	257	258.25	1.25	4.08	0.10		
K3DD11-102	Primary	47	47.6	0.6	0.89	0.00		

Note : Hole K3DD11-66 was abandoned for technical reasons.

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 Australasian 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 Exploration Results, 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.