

Alara
Resources

**MINES & MONEY,
HONG KONG**

March 2014



**Resource Developer to
Mine Builder and Operator**

COMPANY STRATEGY

BOARD & MANAGEMENT RESTRUCTURE

COMPANY MARKET PROFILE

PROJECTS OVERVIEW

SAUDI ARABIA UPDATE

OMAN UPDATE

SUMMARY

The Alara strategy is clear:

- Moving to mine operations
- Operations in the Middle East
- Khnaiguiyah Project as the first stage
- Build an advanced stage project pipeline
- Two mines and a third in Feasibility Study in 6 years





Ian Williams AO
Chairman

- 40+ years' mining industry experience
- Hamersley Iron, Rio Tinto, Century Zinc and Pasminco
- Awarded Order of Australia for services to Indigenous communities
- Retained from the prior Board

Philip Hopkins
Managing Director

- 30+ years' mining experience
- South American Ferro Metals, St Barbara Mines, BHP Billiton and WMC
- Operated in Canada, Australia, South Africa, Brazil and Papua New Guinea



John Hopkins (No relation to MD)
Director

- 30+ years' legal and mining experience
- Wolf Minerals, Universal Coal PLC

HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud
Director

- 25+ years' business and sports management experience
- Highly regarded Saudi Arabian and International Businessman





Philip Hopkins
Managing Director



Justin Richard
Country Manager – Saudi Arabia & Oman



Under Recruitment
Chief Financial Officer



Elle Macdonald
Corporate Affairs Manager



Victor Ho
Company Secretary / Acting CFO



A.V. Sthapak
Corporate Exploration Manager



Leanne Cureton
Technical Services Manager

Company Data

Stock	
Market Capital (14 Mar 2014)	\$23M
Issued Capital:	
- Shares	242M
- Options	36.75M
Cash (31 Dec 2013)	\$5.2M

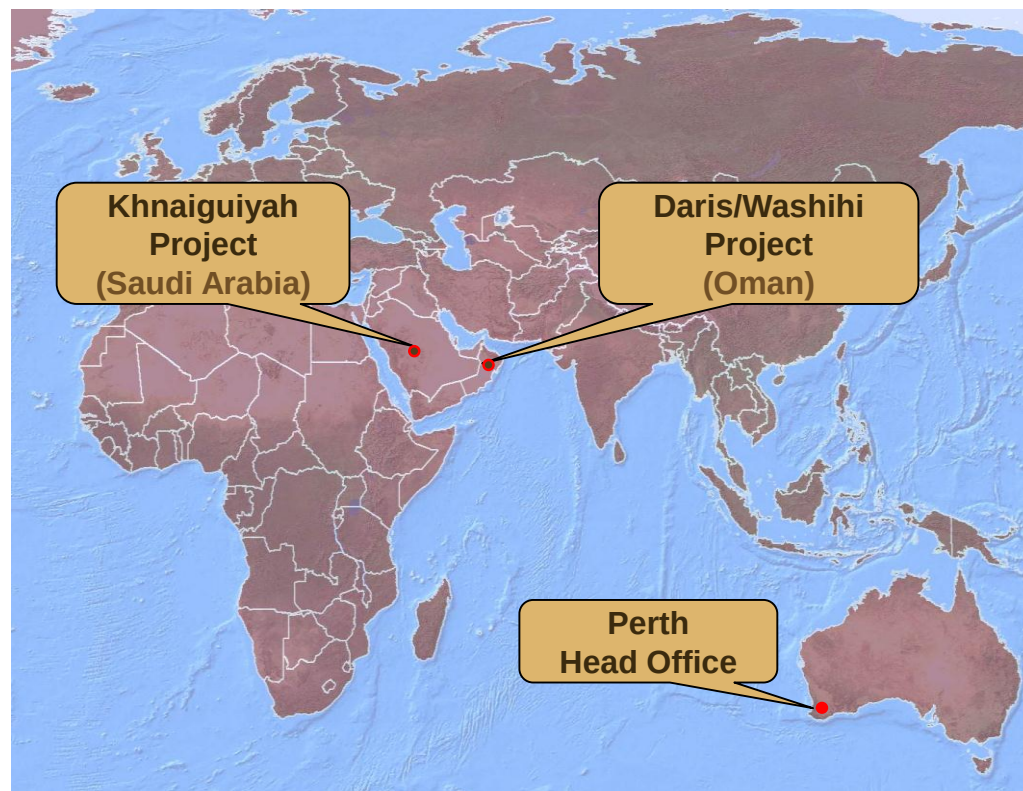
Substantial Shareholders

Top Shareholders	
Acorn Capital	11.0%
Northcape Capital	9.0%
Antares Capital Partners	7.1%



MOVING FROM EXPLORATION INTO DEVELOPMENT AND PRODUCTION

- **Focused on mining in the Middle East**
- **Two major projects**
 - Khnaiguiyah – Saudi Arabia
 - Daris/Washihi – Oman
- **Project Status**
 - Khnaiguiyah – Finance
 - Daris/Washihi – Commercial options



Project	Resources	Ownership	Location	Status
Khnaiguiyah	Zinc-Copper	60%	Saudi Arabia	Finance
Washihi	Copper-Gold	70%	Oman	Scoping Study
Daris	Copper-Gold	50% (70% possible)	Oman	Scoping Study

SAUDI ARABIA



Moving Towards Production



Khnaiguiyah Zinc-Copper Project (SAUDI ARABIA)

Khnaiguiyah Mining Company LLC (KMC) JV Company is moving from a 50:50 to a 60:40 joint venture agreement between Alara and United Arabian Mining Company LLC (Manajem), a privately owned Saudi Arabian mining company.

The Khnaiguiyah Project is located approximately 170km south-west of the capital city Riyadh and currently has JORC Reserves (Proved and Probable) of 26.08Mt at 3.3% Zn and 0.24% Cu¹.

In April 2013 the results of a successful Definitive Feasibility Study (DFS) (2Mtpa plant throughput) was announced.

¹ Refer to Table 1 of Alara's JORC Statement (Slide 29) for details of the individual components of Proved and Probable Ore Reserves for Khnaiguiyah



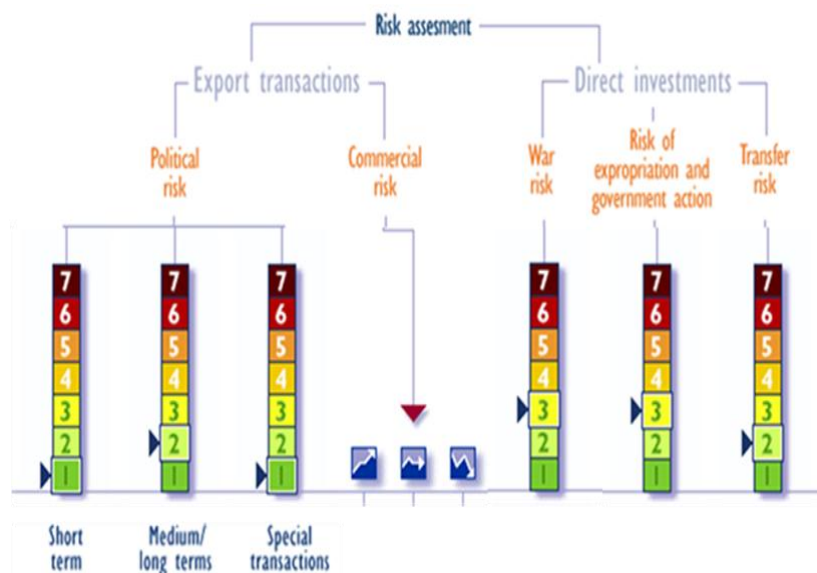
AMEK Al Masane Zn/Cu Plant – Saudi Arabia

Robust Zinc-Copper Project in a rising Zinc Price Cycle

- 2 Mtpa processing rate – Zn & Cu concentrates produced
- Project revenue: **A\$2,074M**
- Project costs : **A\$1,201M**
- EBITDA: **A\$873M**
- Cash flow (post Capex): **A\$467M**
- Capex: **US\$257M**
- Project NPV: **A\$170M**
- IRR: **23%**
- Weighted Avg cost of capital **9.1%**
- Payback: **2.8 years**
- Average production of **80ktpa Zn** and **5.8ktpa Cu** (years 1-7)
- Peak production **99kt Zn** and **8.3kt Cu** (year 4)
- Cash costs (including TC/RC) of **US\$0.46/lb** in the first 7 years, **US\$0.50/lb LOM** after copper credits
- Assumptions: Zinc price US\$2,315/t (US\$1.05/lb)
Copper price US\$6,114/t (US\$2.77/lb)
Zinc TC/RCs US\$180/t (A\$:US\$ = 0.90)

² Refer ASX Announcement dated 30 April 2013 - [Positive DFS - Khnaiguiyah Project Technically and Financially Robust](#)

All material assumptions underpinning the DFS continue to apply and have not materially changed.

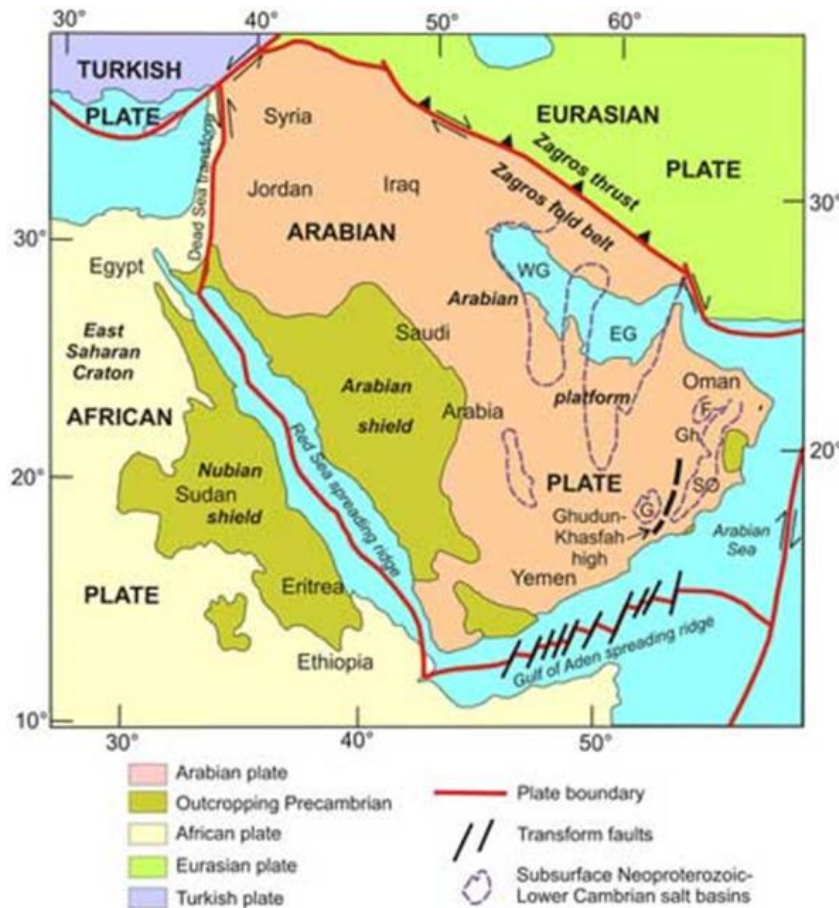


Source: Belgian Export Credit Agency Saudi Arabia risk assessment

**Saudi Arabia rated as low
risk investment forum**

- 2014 Saudi mining budget – largest to date SAR\$228 Billion (~AU\$70 Billion)
- Saudi government focus
 - i. Petroleum
 - ii. Mining
 - iii. Financial services
- 20% Corporate tax – nil personal tax (staff)
- Royalties – nil
- SIDF – 75% debt available (low rates)
- Off-set funding is a potential
- Ownership – 100% permitted
- Profits & Capital – 100% repatriation
- Nil import duties for mining (5% other)
- Tenure certainty – exploration to mining
- Fuel – \$0.13/litre – trucking options
- Member G20
- Member WTO (2005)
- #2 in Middle East for business – #26 world³

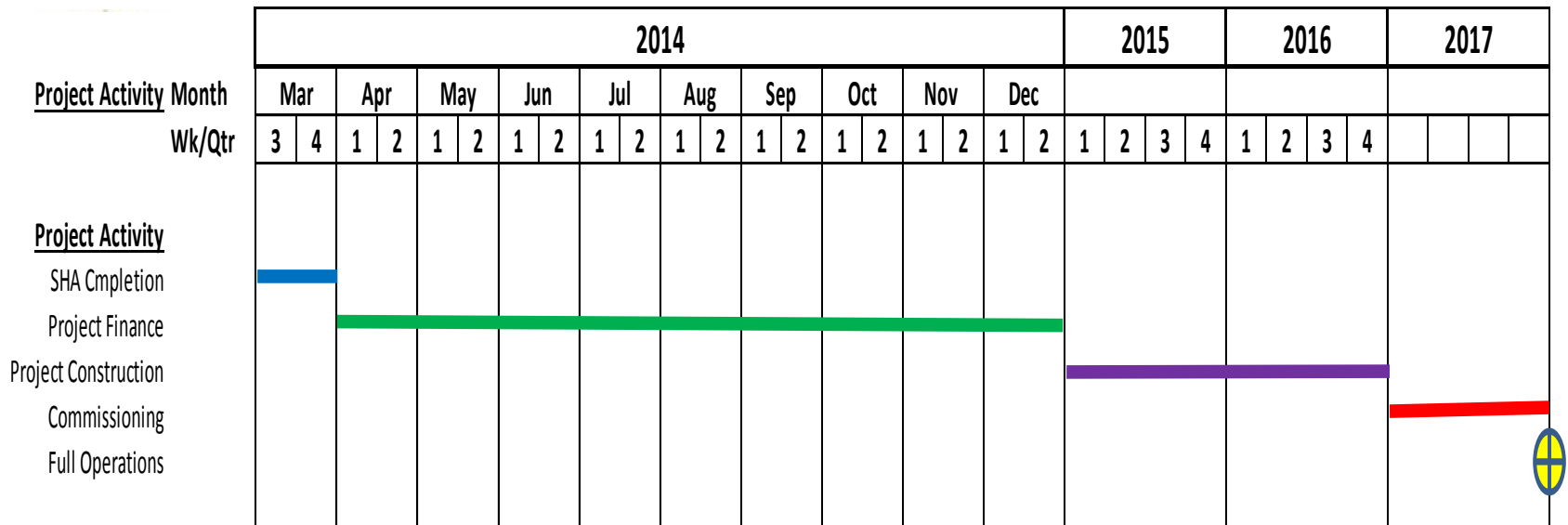
³ World Bank Rating



- 1970's BRGM did full review – 5,300 deposits
- Saudi Geological Survey
- DMMR (Mines Department) +4,000 maps
- New mining code 2004 – ease of operation
- Resource Potential in the Arabian Shield
 - i. 40 fully identified resources
 - ii. 15 ready to progress
 - iii. 9 mines **only** at this time
- \$9.5B Mining hub announced (Feb 2014)
- Constructing financial hubs in 3 major cities
- Shipping ports – Europe & South East Asia
- Sealed roads & good land transport

KEY/MAJOR PROJECT STAGES:

- Complete the amended Shareholders' Agreement
- Project Finance
- Project construction
- Commissioning and then operations

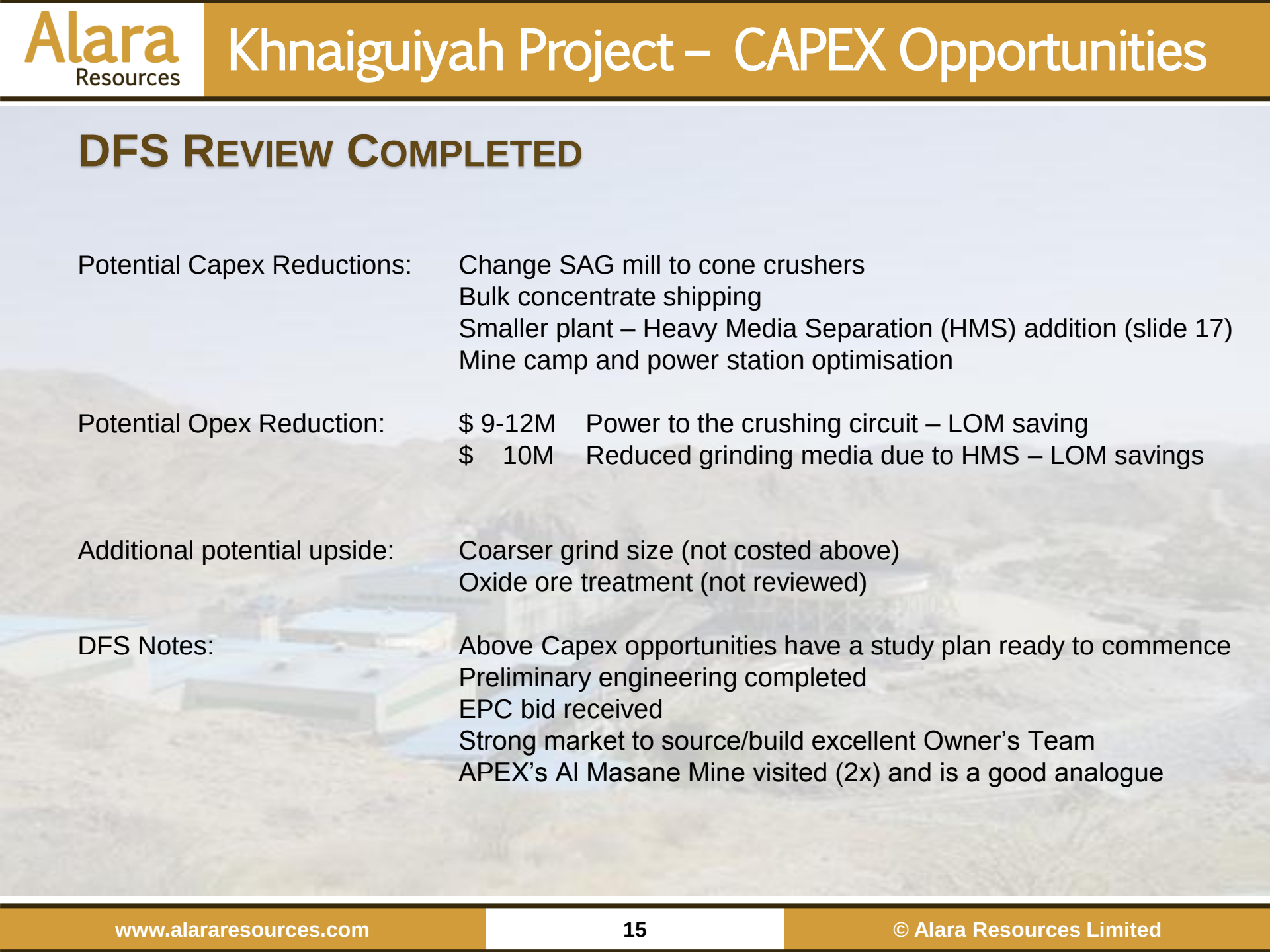


SAUDI ARABIA



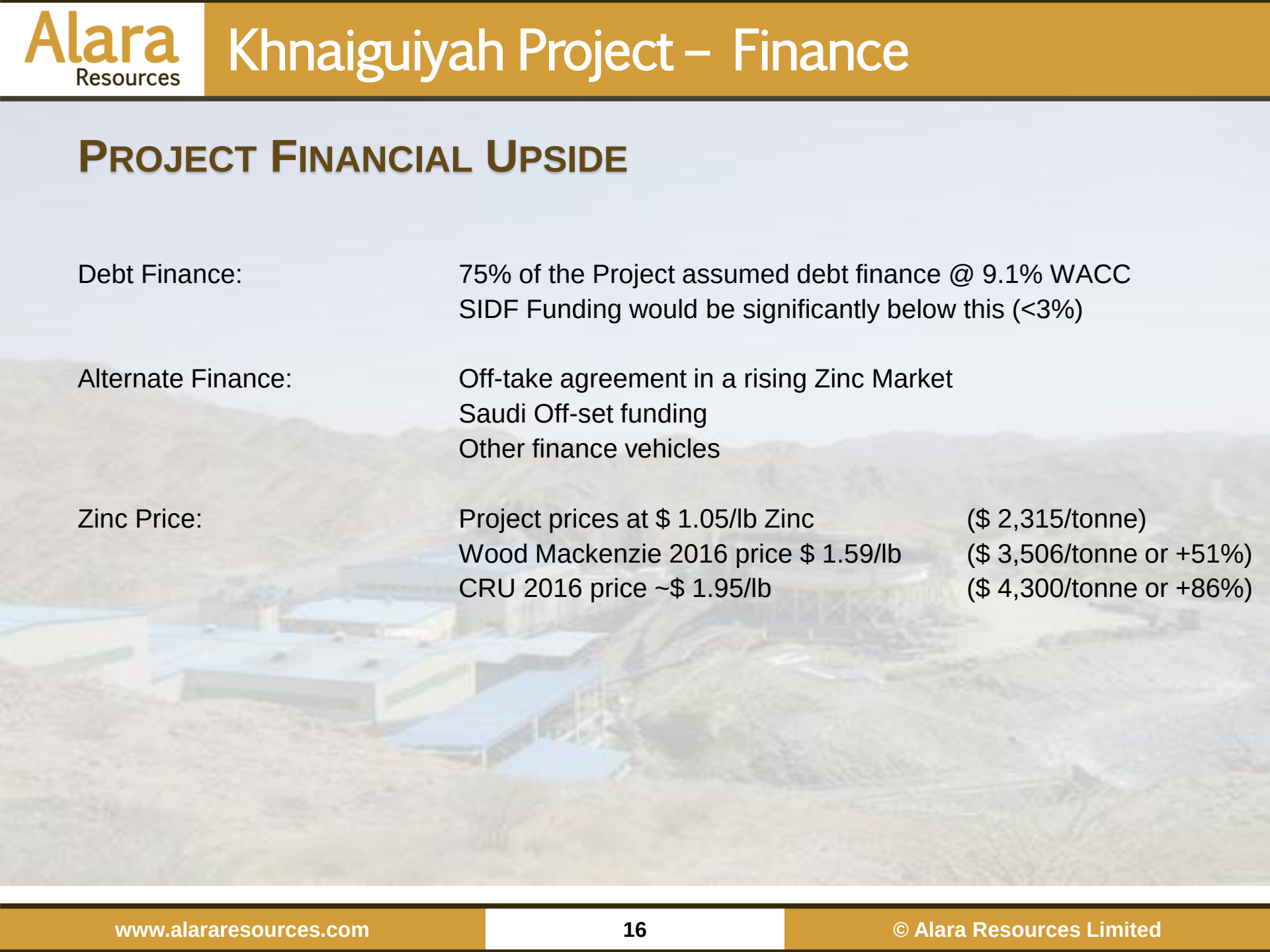
Khnaiguiyah Project Upside

DFS REVIEW COMPLETED

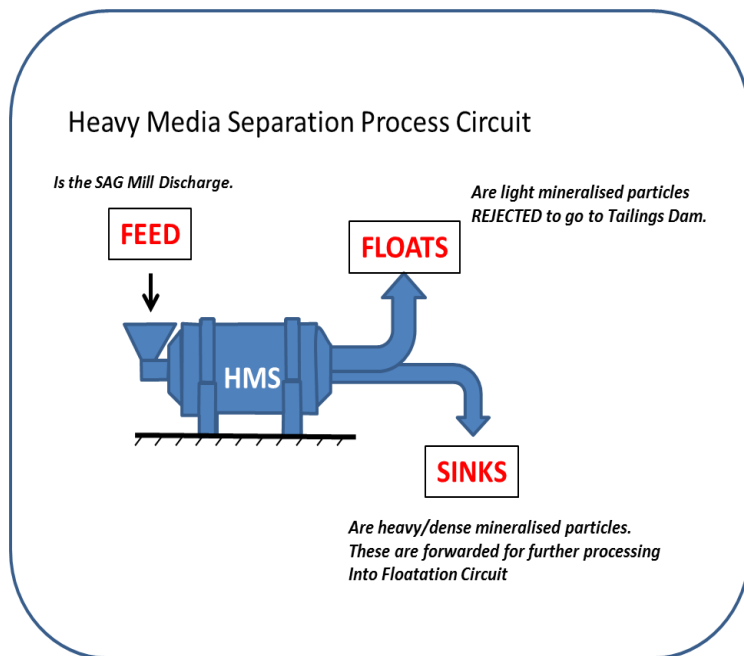


Potential Capex Reductions:	Change SAG mill to cone crushers Bulk concentrate shipping Smaller plant – Heavy Media Separation (HMS) addition (slide 17) Mine camp and power station optimisation
Potential Opex Reduction:	\$ 9-12M Power to the crushing circuit – LOM saving \$ 10M Reduced grinding media due to HMS – LOM savings
Additional potential upside:	Coarser grind size (not costed above) Oxide ore treatment (not reviewed)
DFS Notes:	Above Capex opportunities have a study plan ready to commence Preliminary engineering completed EPC bid received Strong market to source/build excellent Owner's Team APEX's Al Masane Mine visited (2x) and is a good analogue

PROJECT FINANCIAL UPSIDE



Debt Finance:	75% of the Project assumed debt finance @ 9.1% WACC SIDF Funding would be significantly below this (<3%)	
Alternate Finance:	Off-take agreement in a rising Zinc Market Saudi Off-set funding Other finance vehicles	
Zinc Price:	Project prices at \$ 1.05/lb Zinc	(\$ 2,315/tonne)
	Wood Mackenzie 2016 price \$ 1.59/lb	(\$ 3,506/tonne or +51%)
	CRU 2016 price ~\$ 1.95/lb	(\$ 4,300/tonne or +86%)

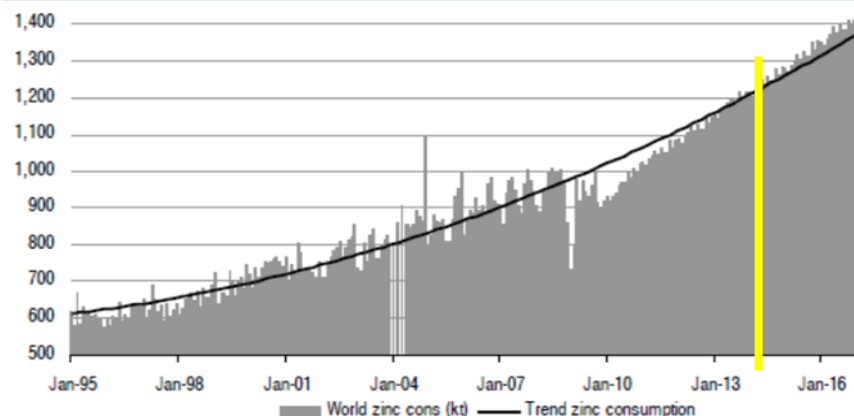


KHNAIGUIYAH PROJECT RECENT OPPORTUNITY

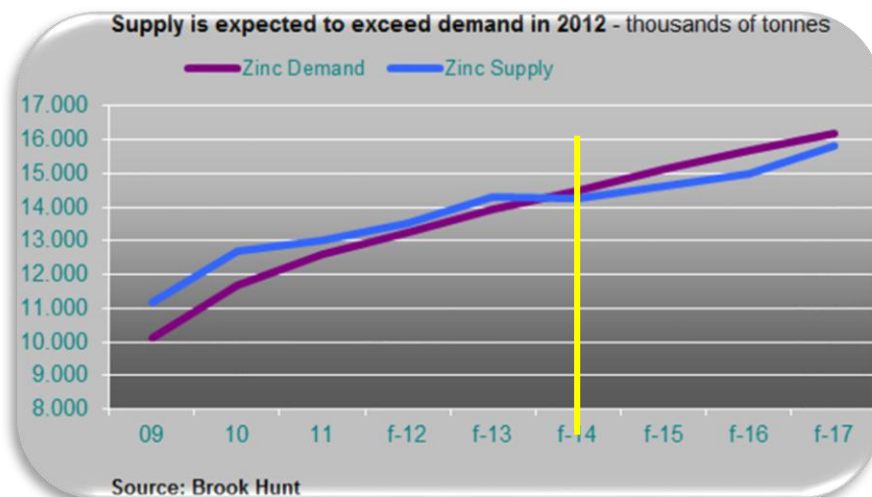
- Capex <\$15M
- Opex ~\$1.00-1.25/tonne feed
- Coarse feed crush @ ~6.5mm diameter
- Removes the “light” silica based rock (no metal)
- Can up to double feed grade (+7% Zn & 1.2% Cu)
- Double metal output or half the Capex (plant size)
- Requires further test work and design
- Has just been applied to Oman study – good outcome
- Review and assessment by end of April

Think zinc! . . . The new iron ore?

Figure 1: Global zinc demand return to normality and trend to 2016E



Source: WBMS, Credit Suisse estimates



Source: Brook Hunt

March 2014

ZINC PRODUCTION

Zinc demand is forecast to continue to grow

Zinc supply is dropping off – major mines are closing or have closed (-+11% world supply)

Wood Mackenzie quotes:

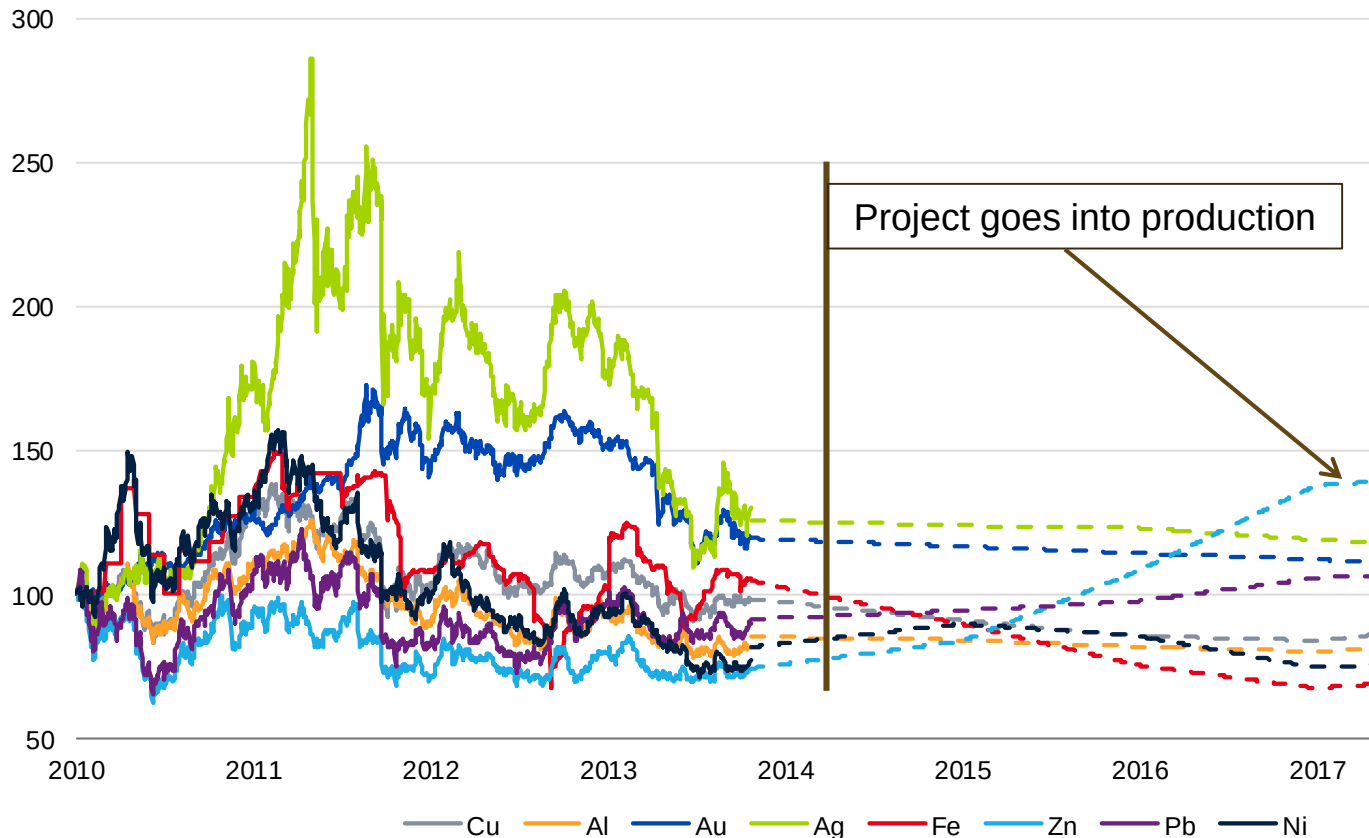
"Zinc has the most promising fundamental outlook among the metals... The zinc price is expected to be rangebound for the most part of 2012 before starting its ascent towards the end of 2012 in anticipation of a tight market. Brook Hunt expects the zinc price to average **US\$1.24/lb in 2014 and steadily climb thereafter, possibly challenging the previous high of US\$2.08/lb that was reached in late 2006."**

- Brook Hunt (Wood Mackenzie; April 2012)

"Zinc will be the only metal to grow in unit value relative to its position in 2010 and will peak in 2016-2019"

Zinc forecast to outperform other commodities in the long term

Commodity prices: historical and forecast – rebased to 100



THINK ZINC

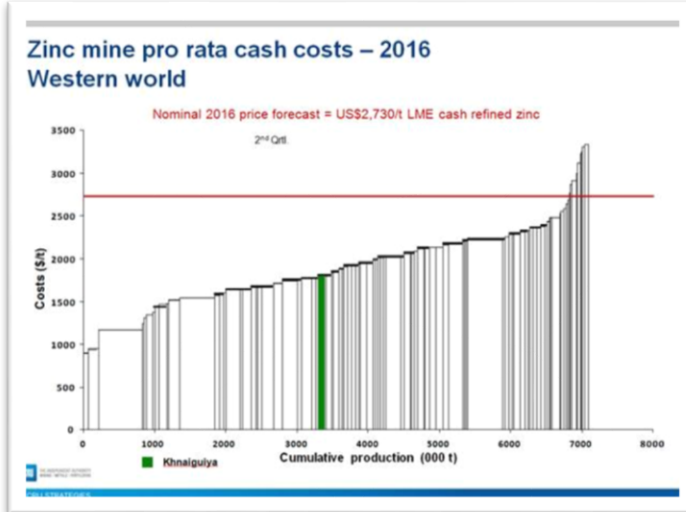
- Demand continues to grow
- 11.4% of supply ceases
- Metal moved to deficit in 2013
- Pb and Zn only metals forecast to increase in value in next 5 years
- Forecast to hit 20 year high as Project comes on line

Source: Bloomberg, Industry consultants, Broker Consensus

Notes

1 Copper, aluminium, iron ore, zinc, lead and nickel price forecasts are based on Wood Mackenzie, gold and silver price forecasts are based on broker consensus

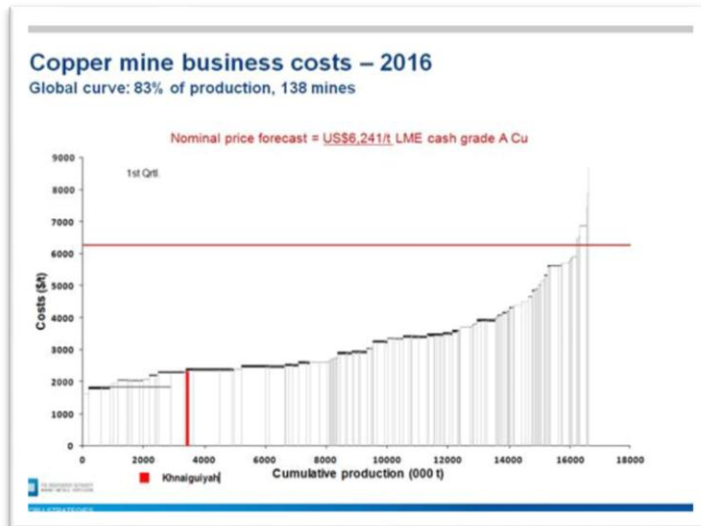
2 Values up to 2013 are nominal values, values from 2013 onwards are in 2013 dollars



ZINC & COPPER PRODUCTION COSTS

Zn bottom 50% of the cost curve

Cu bottom 25% of the cost curve

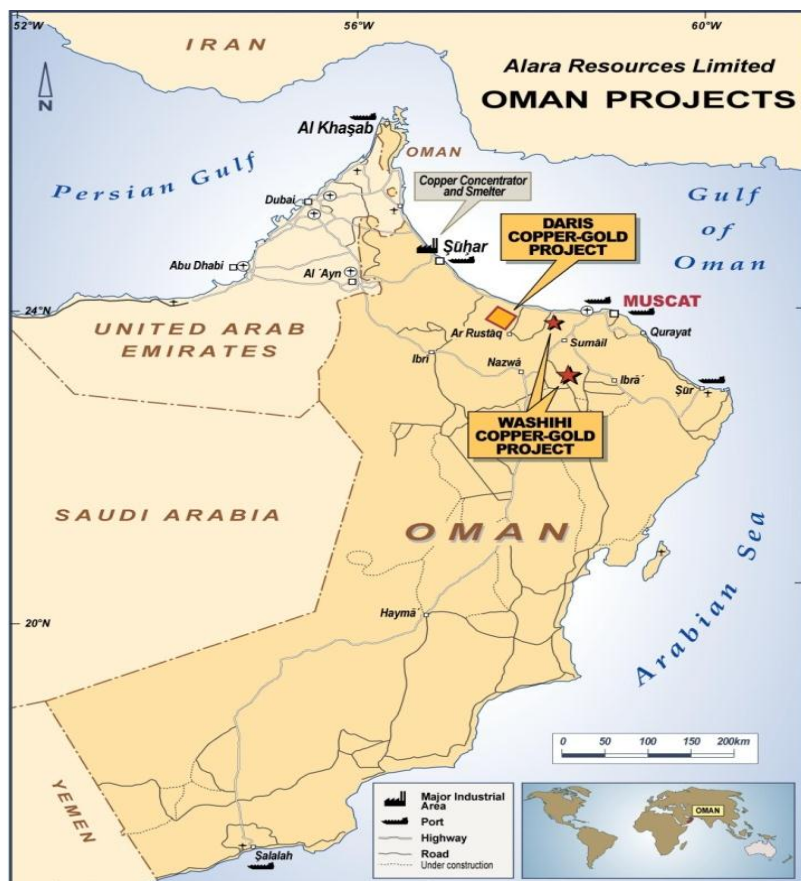


Cash costs remain to be optimised and are expected to be in the bottom 30% of the cost curve upon production.

OMAN



Project Update



Reviewing the Project's Overall Strategy

Notes to Table

1. Washihi reported above 0.25 % copper cut-off
2. Daris East Sulphide and oxide reported above 0.50% copper cut-off
3. Mineral resources rounded to two significant figures.

DARIS/WASHIHI PROJECT OVERVIEW

- The Daris/Washihi resources (approximately 185km apart) together form the basis for what is currently termed the Daris/Washihi Project. Each resource is defined under a separate JV agreement as follows:
 - Daris - Alara holds 50% (with options to increase to 70%+) of shares in JV Company Daris Resources LLC
 - Washihi - Alara holds 70% of shares in JV Company Al Hadeetha Resources LLC
- Largest Copper Resource in Oman

Mineral Resource	Tonnes	Cu%	Au g/t
Washihi (JORC Indicated)	6,840,000	0.90	0.17
Washihi (JORC Inferred)	7,270,000	0.71	0.20
Daris East ⁴ Sulfide Ore (JORC Measured+Indicated)	240,024	2.65	0.43

⁴ Refer to Table 6 (Slide 30) for details of the individual components of Measured and Indicated Mineral Resources (sulphides and oxides) at Daris.

SIX DEVELOPMENT SCENARIOS:

- 1) Conventional flotation circuit
- 2) HMS circuit followed by a conventional flotation circuit (A)
- 3) HMS circuit followed by a conventional flotation circuit (B)
- 4) Toll treatment of the Daris Sulphide ores
- 5) On-site heap conventional leach of Daris oxides
- 6) Continuous Vat Leach of Daris oxides



RELEVANT CONSIDERATIONS:

- Risk Profile
- Timing to execute to cash flow stage
- Value (NPV, IRR, EBITDA, Payback Period etc)
- Practicality and probability of success
- Capital cost and/or up-front funding requirements
- Option fit for Alara (cost, timing, complexity etc)
- Outline of the next steps to progress each option

OUTCOMES FROM OPTIONS ANALYSIS STUDY TAKEN INTO SCOPING STUDY

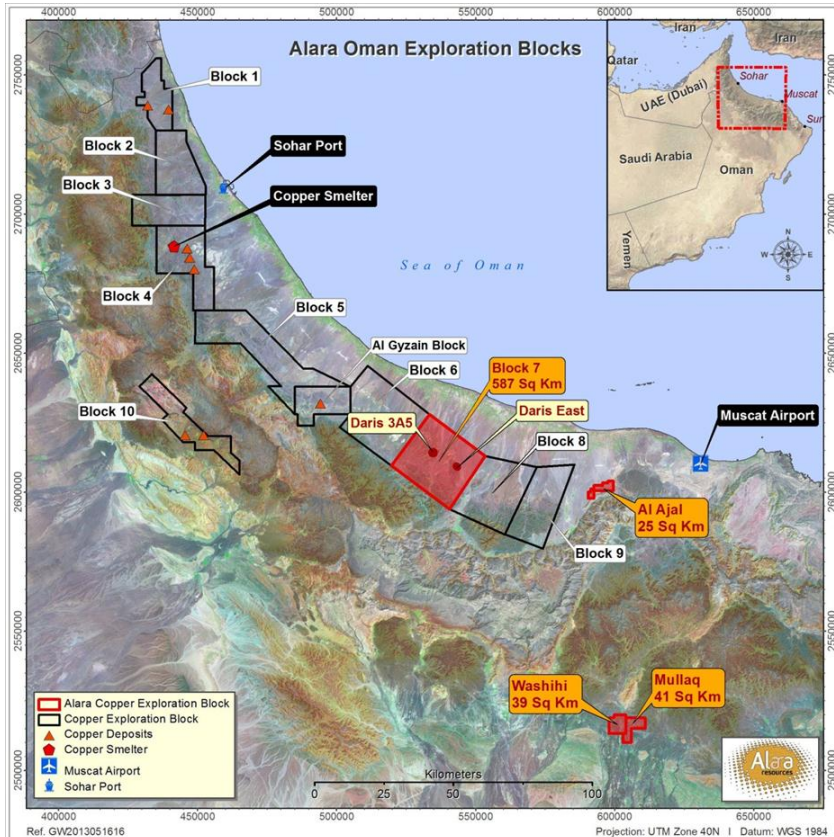
Preliminary Study Outcomes

(1) Conventional Flotation	Original scoping study approach No HMS
(2) Flotation Post HMS (A)	Best indicative economics
(3) Flotation Post HMS (B)	Smaller scale plant Reduces Capex cost - indicative NPV remains high
(4) Local Toll Treatment	Positive NPV but materially lower than Cases 1-3 Very low Capex but loss of value
(5) Heap Leach Daris Oxide	Not suitable as a stand-alone option Incremental revenue to Cases 1-4
(6) Vat Leach Daris Oxide	Not suitable as a stand-alone option Incremental revenue to Cases 1-4 Superior to Option 5

Note: Final Report due end of March 2014

STUDY STATUS

- Early 2013 completed 0.5 Mtpa Scoping Study
- Post Scoping Study
 - Completed metallurgical test work
 - Upgraded Washihi ore tonnage and grade
 - Queried some of the assumptions/approaches
- Commenced upgraded 1.0Mtpa Scoping Study
- Put Scoping Study on hold – Options Analysis
- Option Analysis – Option #2 & #3 selected
- Option #2 = Conventional Flotation (post HMS) (A)
- Option #3 = Conventional Flotation (post HMS) (B)
- New Scoping Study completed by end April 2014



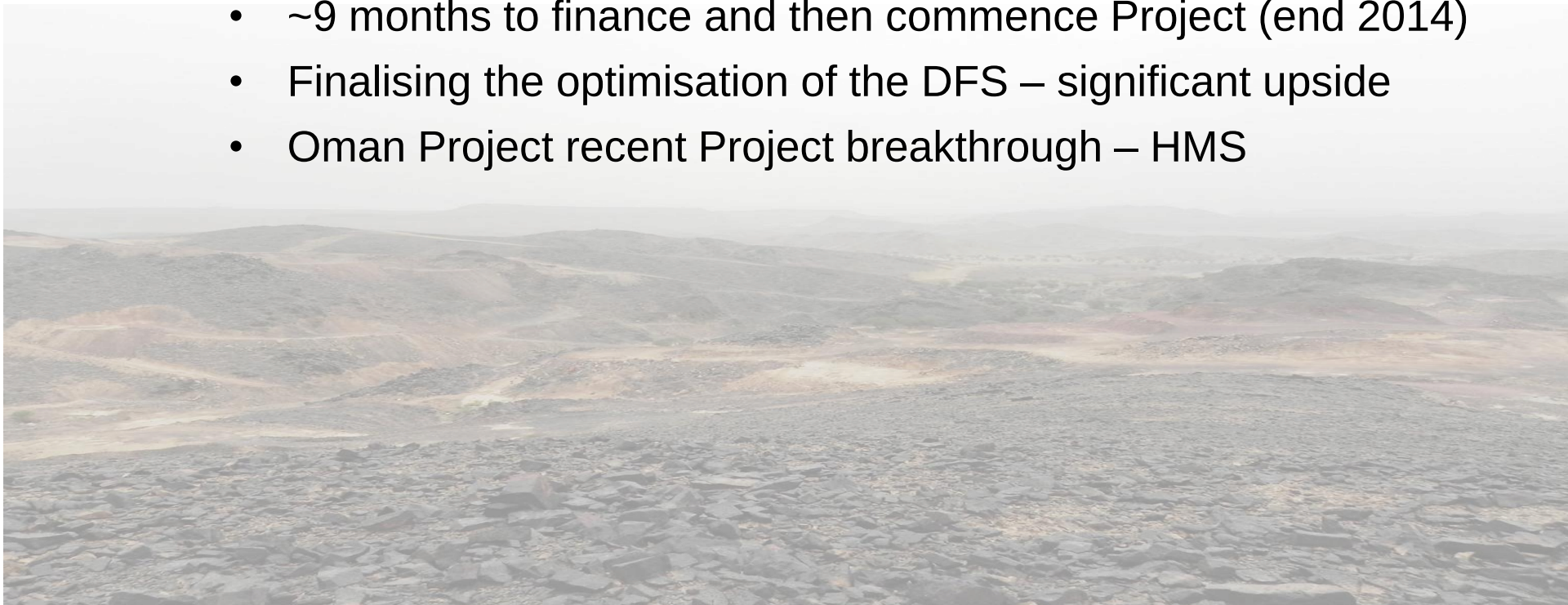
SUMMARY



Way Forward

The Company at a glance:

- Clear and defined strategy
- Board & Management Team restructured accordingly
- Recent agreement to move to 60% equity on Saudi Project
- ~9 months to finance and then commence Project (end 2014)
- Finalising the optimisation of the DFS – significant upside
- Oman Project recent Project breakthrough – HMS



MISSION STATEMENT

Alara's mission is to become a mid-tier mineral producer with a focus on mineral deposits and projects in the Middle East region.

We will deliver maximum shareholder value through profitable growth, development of low cost operations and through stability and sustainability over time.

CORE VALUES

EXCELLENCE

Alara will pursue excellence and will strive for relevant best practice combined with a fit-for-purpose approach through continuous improvement and teamwork in all aspects of our business.

To achieve our goals we will ensure our employees and business partners have the appropriate skills and resources to perform their work effectively and efficiently. We will foster an open and supportive environment in all activities and relationships.

RESPECT

Alara will show consideration for and value our employees, our Joint Venture and other business partners, our customers, our suppliers, our communities and governments, and the social and physical environment in which we operate.

INTEGRITY

Alara and its employees are committed to fairness and honesty and will operate with transparency and accountability at all levels of the business.

Khnaiguiyah Zinc-Copper Project (Saudi Arabia)

The information in these JORC Reserve and Resource tables was prepared and first disclosed under the JORC Code 2004.

It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 1: Khnaiguiyah JORC Ore Reserves ⁵

Mineralised Zone	Proved			Probable			Proved + Probable		
	Mt	Zn%	Cu%	Mt	Zn%	Cu%	Mt	Zn%	Cu%
1	0.78	4.2	0.23	1.07	4.3	0.25	1.85	4.3	0.24
2	8.75	2.6	0.32	1.2	3.8	0.44	9.95	2.7	0.34
3	8.21	4.1	0.27	6.08	2.7	0.05	14.28	3.5	0.17
Total (All Pits)	17.73	3.4	0.29	8.35	3.1	0.13	26.08	3.3	0.24

⁵ Refer Alara's ASX market announcement dated 18 April 2013: [Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#)

Table 2: Khnaiguiyah JORC Measured and Indicated Resource – Zinc (Domain 1) and Zinc-Copper (Domain 2) ⁶

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Measured	1 and 2	1, 2	9.65	3.37	0.16	1.5
		3	6.37	5.28	0.25	1.5
Indicated		1, 2	3.12	4.45	0.3	1.5
		3	6.18	3.55	0.05	1.5
Measured and Indicated		1, 2 and 3	25.32	4.03	0.17	1.5

⁶ Refer ASX market announcements dated 21 February 2012: [Maiden JORC Resource – Khnaiguiyah Zinc-Copper Project](#), dated 12 October 2012: [JORC Resource Upgrade for Khnaiguiyah Zinc-Copper Project](#) and dated 30 October 2012: [JORC Resource Upgrade and Update for Khnaiguiyah Zinc-Copper Project](#)

Table 3: Khnaiguiyah JORC Measured and Indicated Resource – Copper (Domain 3)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Copper %	Cu Cut-off (%)
Measured	3	1, 2	4.7	0.72	0
		3	1.07	0.63	0
Indicated		1, 2	1.59	0.54	0
		3	1.16	0.43	0
Measured and Indicated		1, 2 and 3	8.53	0.64	0

Table 4: Khnaiguiyah JORC Inferred Resource – Zinc (Domain 1) and Zinc-Copper (Domain 2)

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Inferred	1 and 2	4	4.32	2.9	0.03	1.5

Washihi-Mullaq-Al Ajal Copper-Gold Project (Oman)

The information in these JORC Reserve and Resource tables was prepared and first disclosed under the JORC Code 2004.

It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Table 5: Washihi JORC Mineral Resources ⁷

Cu % Cut off	Indicated Resource			Inferred Resource		
	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0	7.16	0.87	0.17	7.77	0.67	0.2
0.25	6.84	0.9	0.17	7.27	0.71	0.2
0.5	5.66	1.01	0.18	5	0.85	0.21
0.75	4.04	1.17	0.18	2.57	1.07	0.23
1	2.39	1.37	0.2	1.24	1.31	0.27

⁷ Refer Alara's ASX market announcement dated 16 July 2013: [Upgrade to JORC Resource at Washihi Copper-Gold Project in Oman Providing Strategic Options for the Asset](#)

Daris Copper-Gold Project (Oman)

Table 6: Daris-East JORC Mineral Resources

Ore type	Cut-off grade Cu%	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t
Sulphides	0.5	129,155	2.48	0.23	110,870	2.24	0.51	240,024	2.37	0.43	30,566	2.25	0.55
Oxides	0.5	96,526	0.77	0.03	86,839	0.66	0.14	183,365	0.72	0.08	1,712	0.61	0.97

- 1) *The information in this report that relates to Ore Reserves in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) was compiled by Mr Geoff Davidson, who is a Fellow of the Australian Institute of Mining and Metallurgy and a consultant to Khnaiguiyah Mining Company LLC (KMC). Mr Davidson 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 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code, 2004 edition). In assessing the appropriateness of the Ore Reserve estimate, Mr Davidson has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Khnaiguiyah Project Detailed Feasibility Study. These reports are understood to be compiled by persons considered by KMC to be competent in the field on which they have reported. Mr Davidson has given his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears. Refer also to Table 5 (Estimation and Reporting of Khnaiguiyah JORC Ore Reserve Statement) of the JORC Code Competent Person Statements in Alara Resources Limited's ASX market announcement dated 18 April 2013: [Maiden JORC Ore Reserves – Khnaiguiyah Zinc-Copper Project](#) for further information in relation to the Ore Reserve estimate for the Khnaiguiyah Project.*

- 2) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zone 3 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia) is based on information compiled by Mr Daniel Guibal, an employee of SRK Consulting (Australasia) Pty Ltd, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Guibal has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2004 edition. Mr Guibal consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

- 3) *The information in this report that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 in relation to the Khnaiguiyah Zinc-Copper Project (Saudi Arabia), Mineral Resources in relation to the Washihi Copper-Gold Project (Oman) and the Daris Copper-Gold Project (Oman) and other Exploration Results is based on information compiled by Mr Ravindra Sharma, who is a Chartered Professional Member of The Australasian Institute of Mining and Metallurgy and Registered Member of The Society for Mining, Metallurgy and Exploration. Mr Sharma was a principal consultant to Alara Resources Limited. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2004 edition. Mr Sharma consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

ABN: 27 122 892 719



ASX Code: AUQ

Level 3, 35 Havelock Street
West Perth WA 6005

Telephone +61 8 6323 5900

Facsimile +61 8 6323 5999

info@alararesources.com

www.alararesources.com

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