



Alara Resources Limited
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ASX/MEDIA RELEASE

Tuesday, 21 May 2013

Investor Presentation

Perth: Australian-based minerals exploration and development company Alara Resources Limited (ASX: AUQ) (**Alara**) is pleased to attach a copy of an Investor Presentation.

– ENDS –

For further information, please contact:

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About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian-based minerals exploration and development company with a diverse portfolio of projects in Saudi Arabia and Oman.

Alara has recently completed a DFS on its flagship Khnaiguiyah Zinc-Copper Project in Saudi Arabia and is moving towards establishing itself as an emerging base and precious metals development company.

For more information, please visit: www.alararesources.com.

Alara Resources Limited



Investor Presentation

May 2013



ASX: AUQ

www.alararesources.com



Company profile

Board of Directors



Ian Williams AO
Chairman

40+ years of mining industry experience, including Hamersley Iron, Rio Tinto, Century Zinc and Pasminco
Awarded Order of Australia for services to Indigenous communities



Shanker Madan
Managing Director

35+ years of mining industry experience, including BHP, Rio Tinto and Hamersley Iron



Doug Stewart
Director

40+ years of mining industry and capital markets advisory experience, including Territory Iron, Teck Corporation and NM Rothschild & Sons, Australia



Philip Hopkins
Director

30+ years of mining industry experience in leadership roles across operations, projects and commercial matters, including Cominco, Falconbridge, Placer Dome, BHP Billiton and St Barbara.



William Johnson
Director

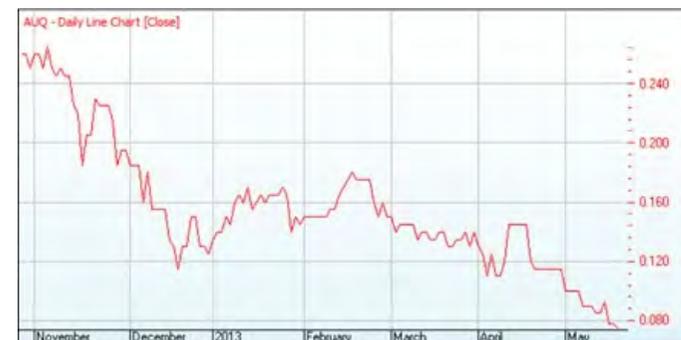
20+ years of senior management and executive roles in public companies in Australia, New Zealand and South East Asia

Company Data

ASX Code	AUQ
Market Capital (17 May 2013)	\$18M
Issued Capital	
- Shares	242M
- Options	41.25M
Cash (31 March 2013)	\$6.2M

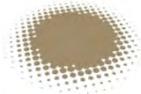
Top Shareholders

Acorn	11.0%
Antares Capital Partners	10.1%
Northcape Capital	9.0%
Kinetic Investment Partners	7.4%
Contango Asset Management	5.8%



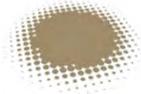


Management team



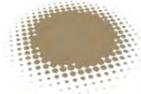
Shanker Madan – Managing Director

35+ years of mining industry experience, including BHP, Rio Tinto and Hamersley Iron.



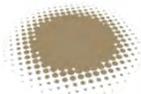
Justin Richard – Country Manager, Saudi Arabia

20+ years of experience, including Corporate Counsel and head of legal for UGL Limited's resources division, Senior Commercial Officer / Contracts Specialist with Bateman Engineering (Australia) and Managing Director of Irrigate Australia a private enterprise providing water management solutions.



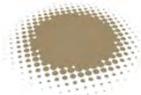
Elvio Ruggiero – Chief Financial Officer

15+ years of financial experience, including SNC-Lavalin, Calibre Global, Fox Resources, Alinta, Homestake Gold and BHP Petroleum.



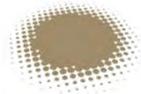
Ganesh Krishnamurthy – General Manager, Exploration

25+ years of mining industry experience, including 7 years in exploration and development in Oman and 4 years with Rio Tinto Iron in Australia.



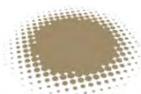
Jason Williams – Project Manager, Saudi Arabia

15+ years of experience in mining, oil & gas and industrial construction, including project engineering, costs, contracts development and management. Leinster Nickel and Yandi Iron Ore. International experience includes 5 years with The Industrial Company (TIC) in the USA on industrial construction projects.



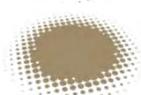
Atmavireshwar ('AV') Sthapak – Exploration Manager, Oman

20+ years of exploration and feasibility experience in Oman and Australia. Discoverer of the Year award, Rio Tinto 2010.



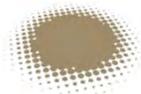
Robert Burns – Metallurgical and Process Consultant, Khnaiguiyah

40+ years of experience in operational and technical roles, including Rio Tinto Group. Director of Bouganville Copper. Investment Committee member of EMR Capital.



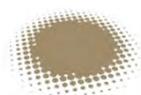
Geoff Davidson – Principal Mining Consultant, Khnaiguiyah

20+ years of engineering experience in mining, including work on a variety of feasibility studies for Australian and international clients, and assisting major mining consultancies such as Snowden and SRK as Principal Consultant. Geoff also has had many years of operational and cost estimation experience.



Ravi Sharma – Resources Consultant, Saudi Arabia

20+ years of exploration and mining experience, including Chief Geologist with Barrick at 350,000oz/year Bulyanhulu gold mine, Tanzania.



Mike Efthymiou – Metallurgical Consultant, Saudi Arabia

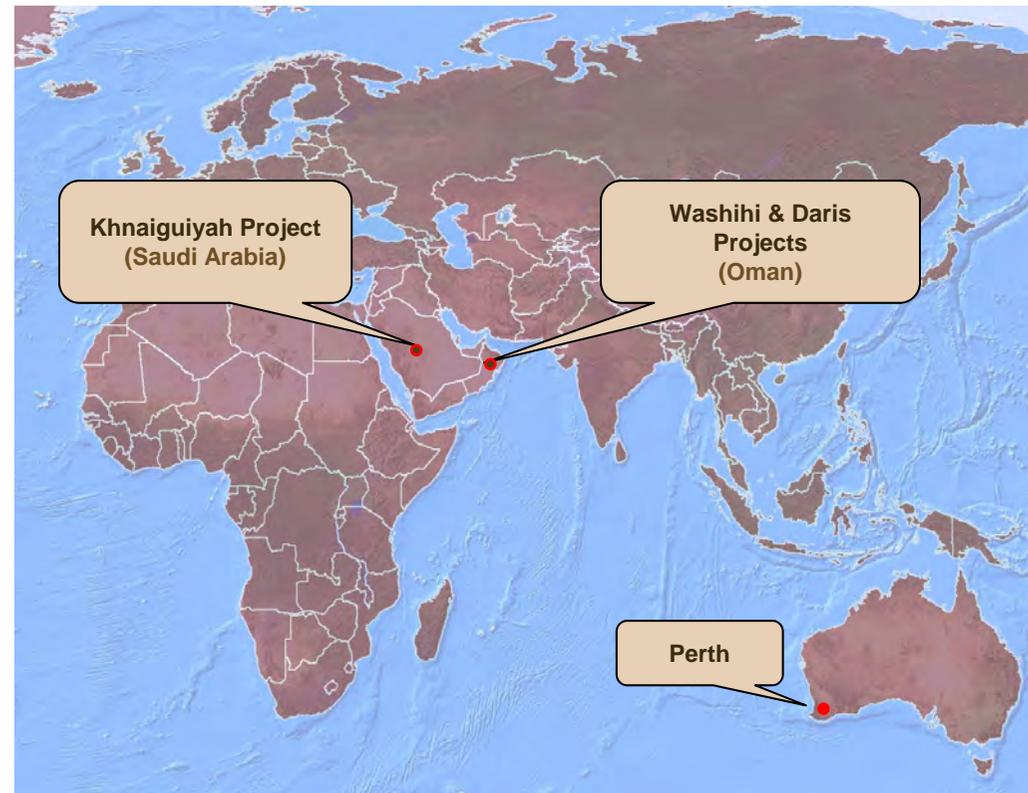
Specialist metallurgist with 35+ years of experience in metallurgical operations in senior roles, feasibility studies and metallurgical optimisation/development studies, including OK Tedi Mining, BHP Billiton Olympic Dam Operations and Jabal Syed, Saudi Arabia.

Project locations

Moving from Exploration into Development and Production

Alara is an Australian-based minerals exploration and development company, with its head office located in Perth, Western Australia.

Alara has established itself in the Middle East with a portfolio of advanced development and early stage exploration projects as listed below.



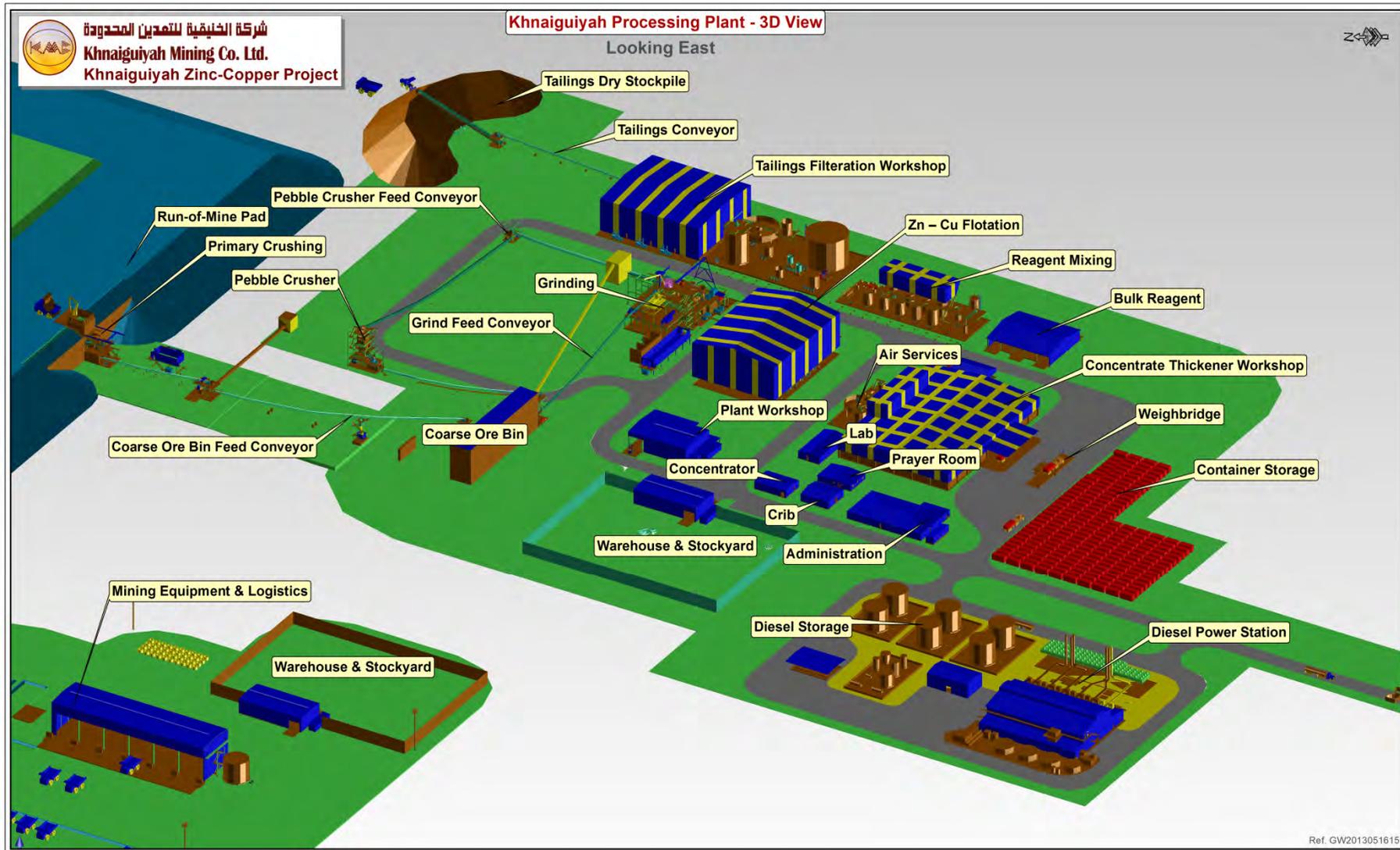
Project	Resources	Ownership	Location	Status
Khnaiguiyah	Zinc-Copper	50%	Saudi Arabia	DFS
Washihi-Mullaq-Al Ajal	Copper-Gold	75% Earn In	Oman	Exploration
Daris	Copper-Gold	50%	Oman	Exploration



Recent milestones and highlights

- New Director appointed in May 2013 – Philip Hopkins
 - Philip Hopkins is a mining executive with over 30 years' experience in the industry with a combination of executive, operational, project and corporate experience in both open pit and underground environments. Philip has worked internationally on five continents and has demonstrated the ability to lead and manage in a manner that blends cultures, operational targets and various group or individual needs in a way that consistently delivers superior sustainable business results.
- Khnaiguiyah Zinc-Copper Project – Saudi (50%)
 - Initiating process for SIDF project financing
 - Definitive Feasibility Study (DFS) completed April 2013
 - Maiden JORC Reserve announced March 2013
 - Upgraded JORC Resource announced October 2012
 - Environmental approval to construct and operate a mine and process facility granted July 2012
 - Mining Rights Agreement signed March 2011
 - Mining Licence granted December 2010 (30 year tenure)
 - Project acquisition (50% for \$7.5M) October 2010
- Washihi Copper-Gold Project – Oman (earning 75%)
 - Outstanding copper assay results announced in March 2013
 - Shallow intersections of copper sulphide mineralisation including 88m @ 1.75% Cu and 0.2g/t Au from 67m
 - Resource modeling for resource upgrade in progress
 - Discussions with local private equity groups to participate with a minority interest at Project level initiated

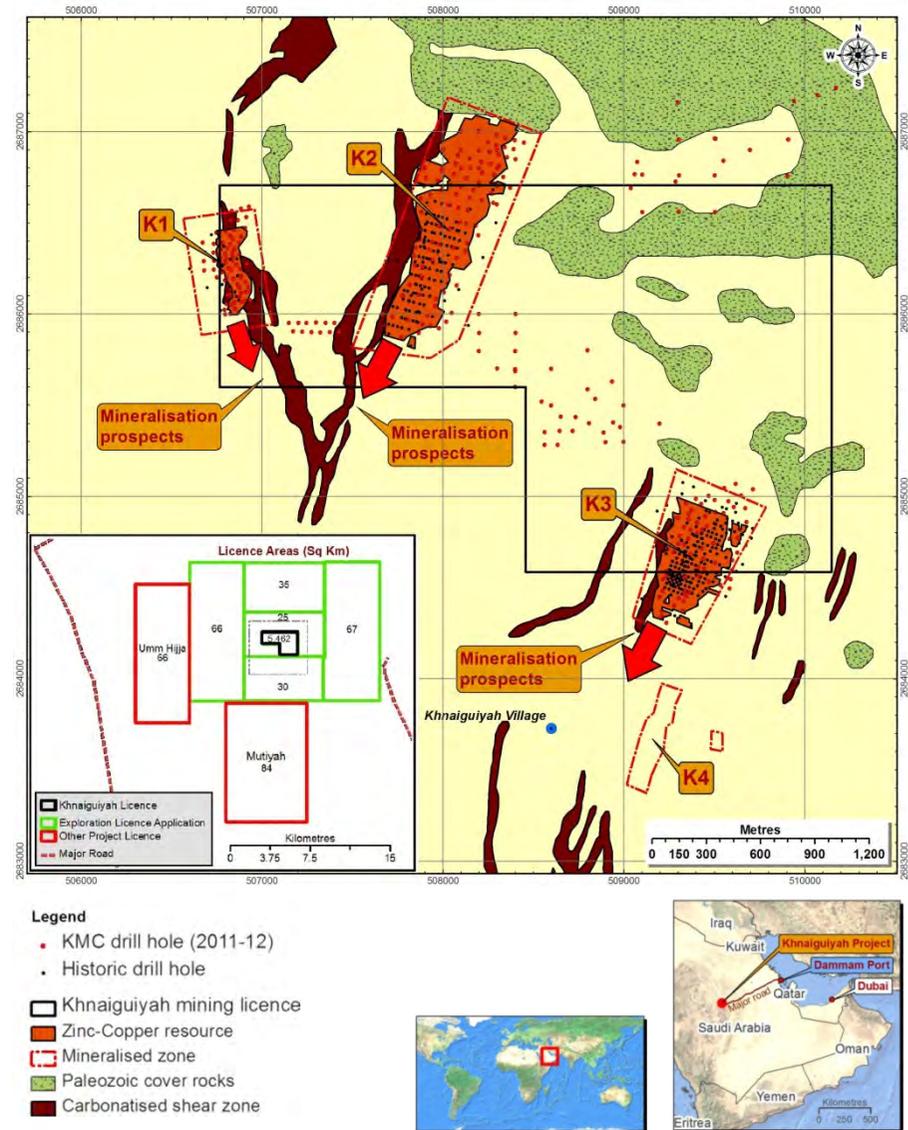
Moving into production



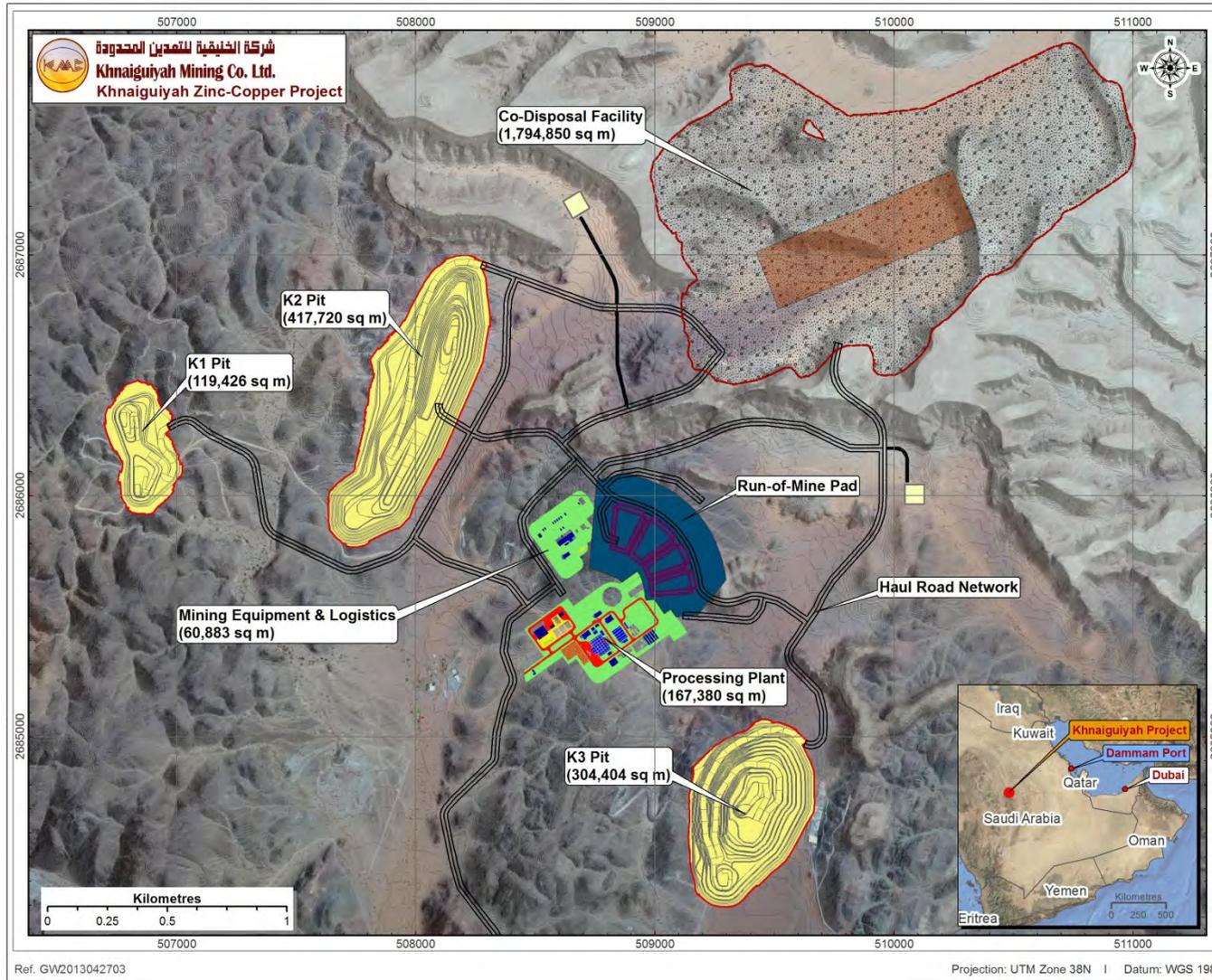
Khnaiguiyah Zinc-Copper Project (50%)



- Located ~200km west of Riyadh, the capital of Saudi Arabia (170km from Riyadh on a 6-lane highway, then 30km on a 2-lane highway into the project)
- Nearby town of Al Quwayiyah has a population of ~200,000 people, light industry and technical college
- Project comprises the Khnaiguiyah Mining Licence, 2 Exploration Licences and 5 Exploration Licence applications pending grant
- Total Licence area approximately 380km²
- Proved Ore Reserves: 17.7Mt @ 3.4% Zn, 0.29% Cu
- Probable Ore Reserves: 8.4Mt @ 3.1% Zn, 0.13% Cu
- Mining Licence and environmental approvals issued
- DFS completed in April 2013
- Design scheduled to commence late 2013
- Logistics – Operations support confirmed (Water and Water Land and quantities, Transport). Own Power station is factored into capital costs.



Project layout





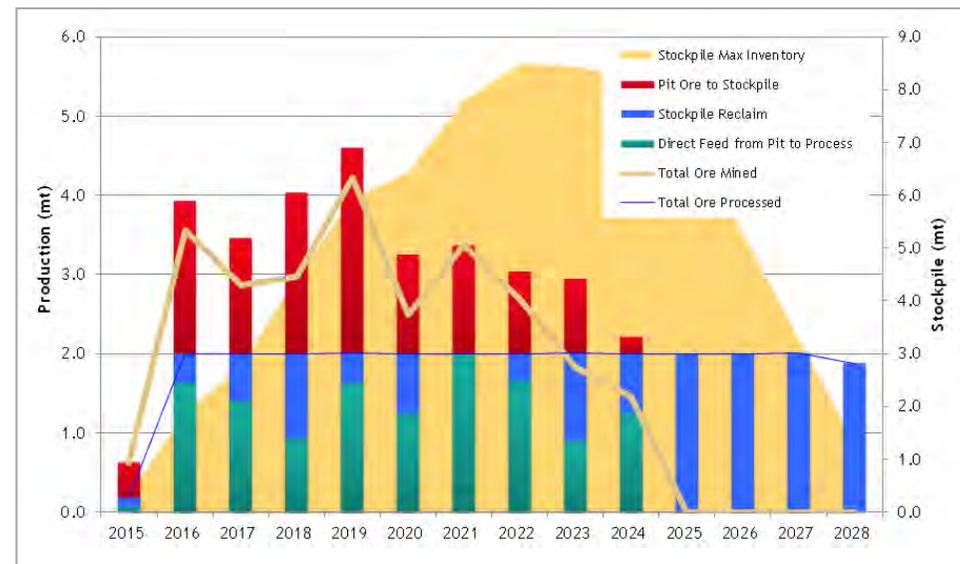
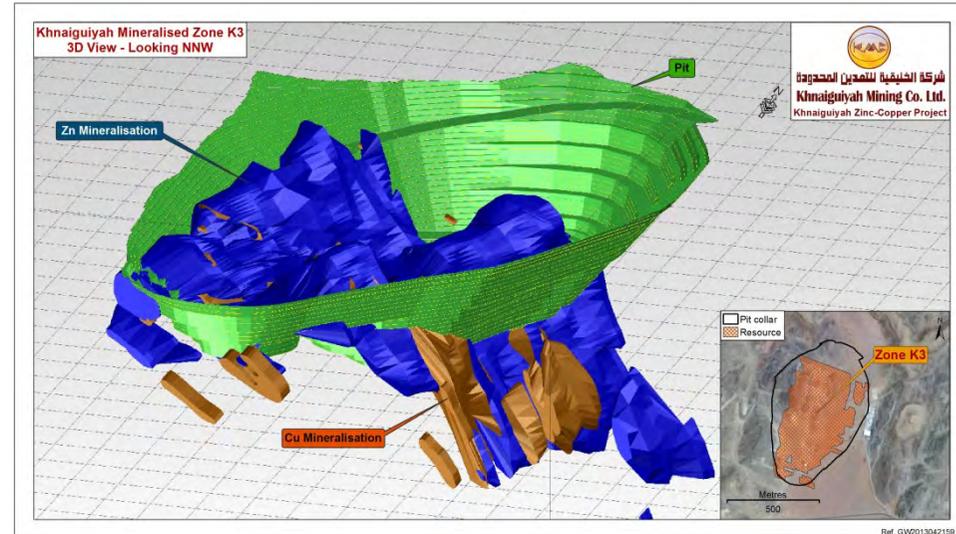
DFS Highlights – robust returns

Highlights (100% basis)

- Project revenue: A\$2,074 M
- Project costs : A\$1,201M
- EBITDA: A\$873M
- Project free cash flow: A\$467M (after Capex paid)
- Capex: US\$257 million, including owner's cost and contingency
- Project NPV: A\$170 million at an IRR of 23%
- Weighted average cost of capital (WACC): 9.1%
- Payback: 2.8 years
- First production Q4, 2015
- 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) based on LME forwards, Copper price US\$6,114/t (US\$2.77/lb), Zinc TC/RCs US\$180/t and A\$US\$ 0.90.

Mining

- The DFS contemplates three open cut pits (K1, K2 and K3) within 3km distance of each other and a centrally located ROM pad and processing facility.
- It is envisaged that 100% drill and blasting for ore and waste will occur with truck and shovel operation occurring on an owner operator basis.
- Life of mine production schedule envisages mining @ 2Mtpa to be completed in 9 years followed by treatment of low grade stockpiles.
- Ramp up will commence 4 months prior to wet commissioning and continue through the first 6 months of production post-commissioning in Year 1.
- Zinc average grade for the first 7 years is expected to be 4.36%.





Mining and milling

The current plan sees mining completed in 9 years.
Processing from years 10 to 13 will be from the stockpiles at 2Mtpa.

Mining

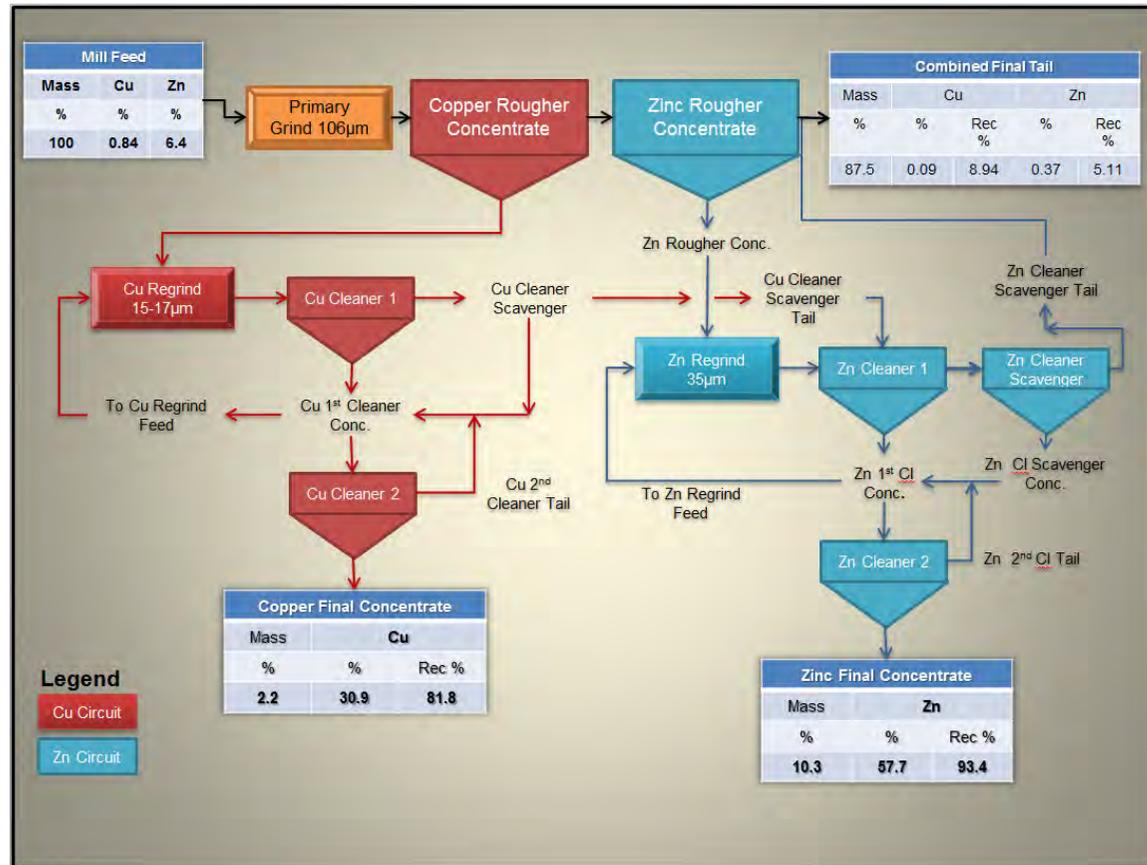
• Mined & Processed (tonnes, Years 1 to 9)	Total 18,000,000
• Mined grade (Zn)	4.0%
• Mined grade (Cu)	0.34%
• Strip ratio (waste:ore)	8:1 (overall 5:1)
• Stockpiled (tonnes)	8,000,000
• Stockpiled grade (Zn)	2.14%
• Stockpiled grade (Cu)	0.02%

Milling

• Annual throughput (tonnes)	Total 2,000,000
• Milled (tonnes)	26,000,000
• Grade (Zn)	3.33%
• Grade (Cu)	0.25%
• Recovery (Zn)	92%
• Recovery (Cu)	88%
• Zinc in concentrate (tonnes)	775,000
• Copper in concentrate (tonnes)	53,000

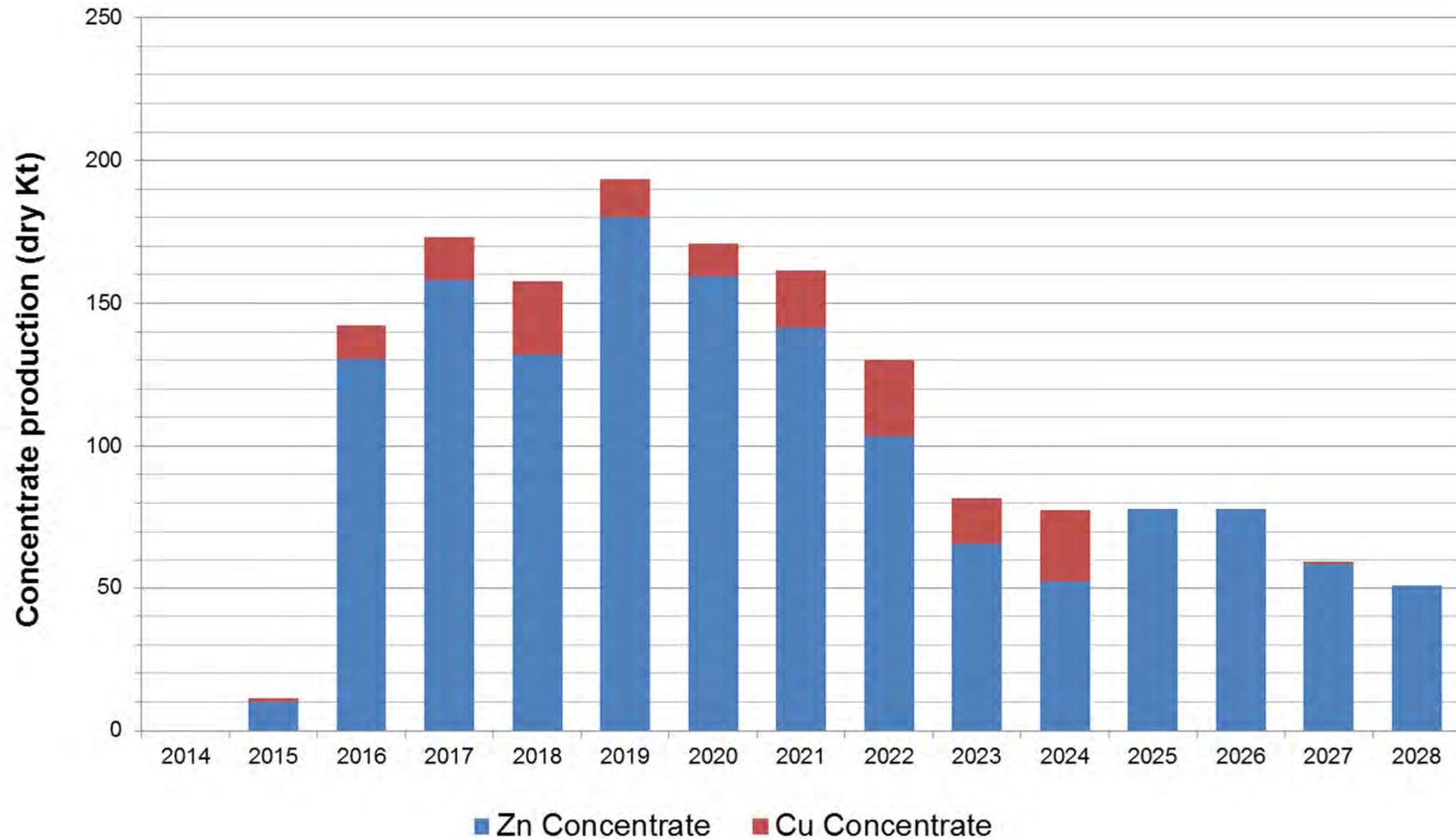
Processing

- 9 years mining
- 4 years stockpile reclaim
- Ore suitable for conventional differential floatation of sulphide ores.
- Design based on grades averaging greater than 6% Zn. Plant design is thus conservatively designed to treat larger volumes of material .
- Crushing and grinding circuits are designed at the higher end of bond indices of plant feed from lower grade siliceous material.
- Grinding availability at 75% also conservatively estimated compared to earlier studies.
- Higher annual throughput will be considered in softer feedstock.



Plant flow sheet

Production profile (concentrate)



Funding

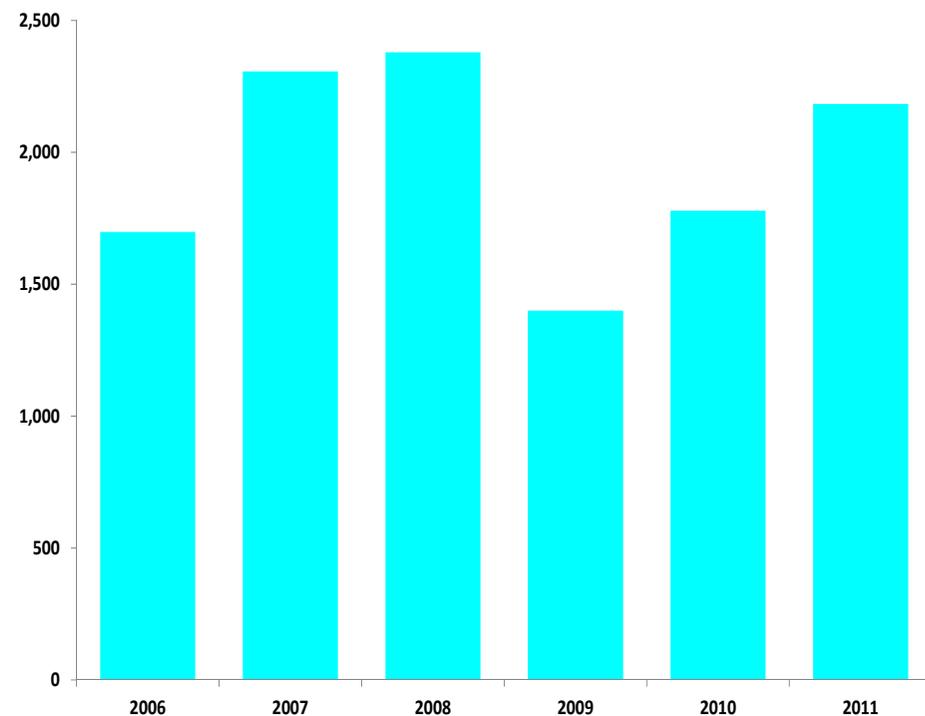


In addition to the share market, several avenues of raising finance are available. These comprise:

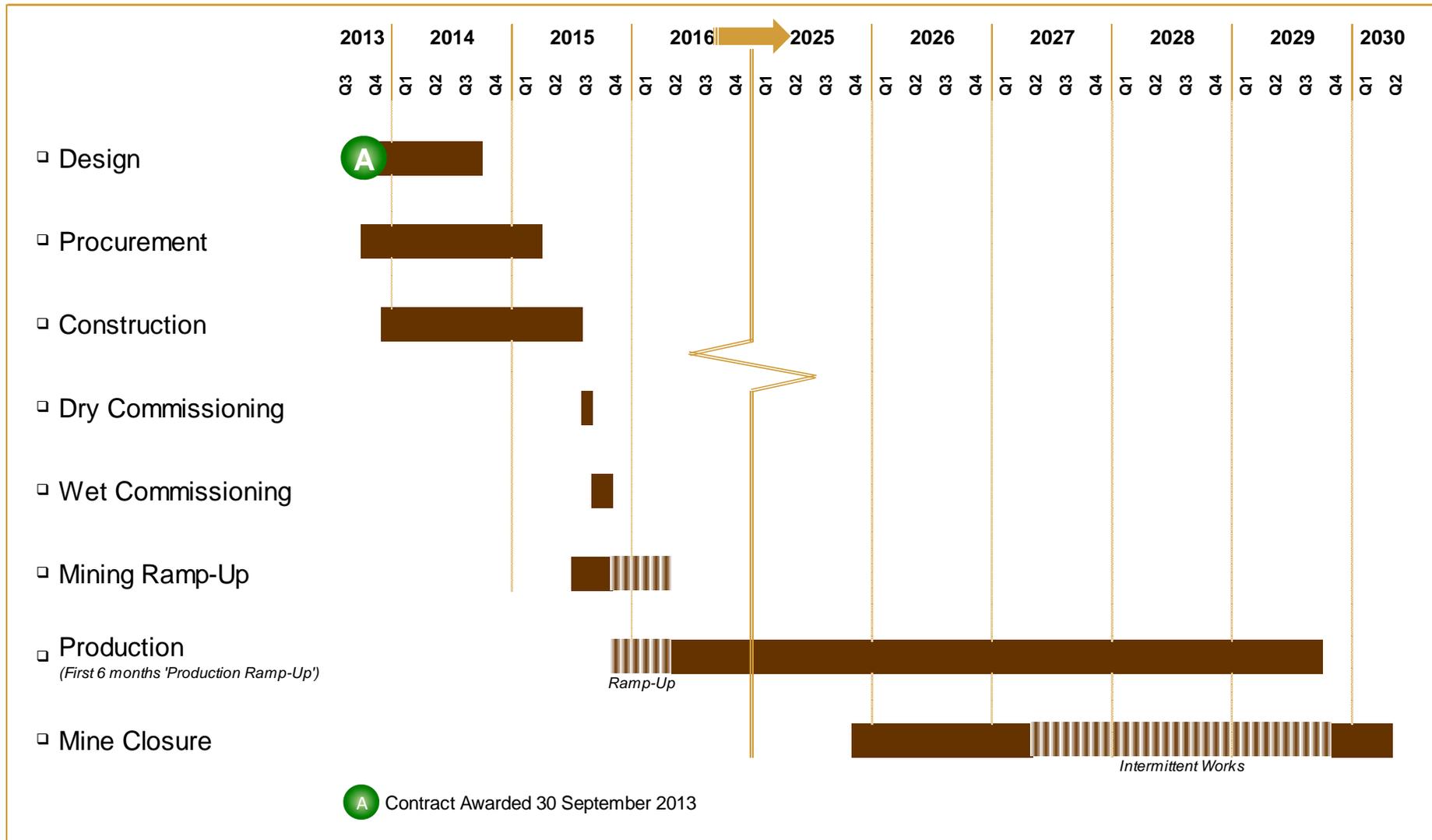
- SIDF
- Debt finance
- Leasing finance
- Off take finance
- Private equity
- Corporate sell down
- Partial listing of combined holding on the local exchange

- SIDF and other Saudi Arabian banks have expressed interest in funding the Project
- The Saudi Arabia Industrial Development Fund (SIDF) provides loans of up to 75% for industrial and mining development in Saudi Arabia
- SIDF has advanced over US\$25 billion since inception (1974)
- SIDF advanced US\$2.2 billion in 2011, including financing of Al Masane Copper-Zinc Project (US\$88 million)
- KPMG to be appointed as advisors to facilitate application – fees are based on a successful outcome

Value of SIDF Approved Loans 2006-2011 (US\$M)



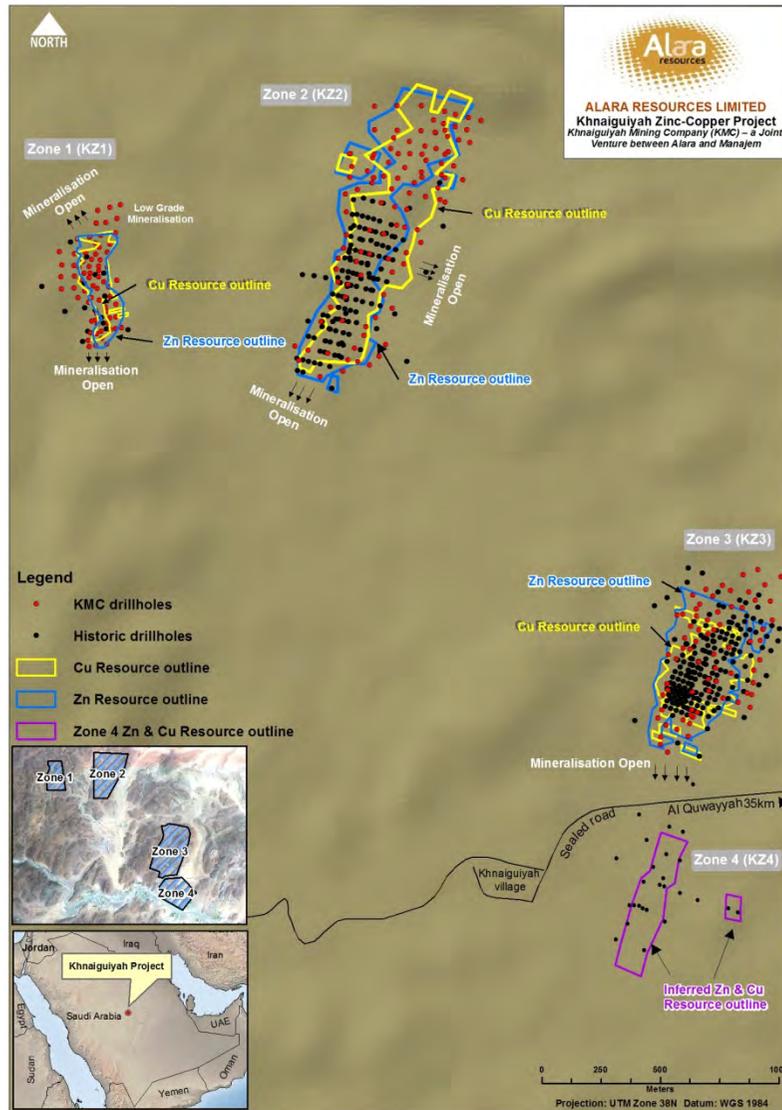
Project schedule



Identified upside

- DFS based on current reserves only - JORC Proved and Probable Reserves of 26.1 million tonnes at 3.3% Zn and 0.24% Cu .
- All ore bodies are open along strike and depth. Significant upside exists for further discoveries along the host shear zones which have been mapped for several additional kilometres within the Exploration Licences. Many ancient workings remain unexplored.
- Upside exists via increased ownership and potential plant expansion
- Plant throughput rate is based on conservative assumptions. To access high grade ores in the first few years, the mining rate has been planned to be higher than the plant throughput rate of 2Mtpa. This means that in-pit mining will be completed in approximately 9 years and the last four years' production will be derived entirely from lower grade stockpiles. It is expected that some or most of this stockpile production may be brought forward with minimum additional expenditure.

Significant exploration upside



- Zinc and copper mineralisation is focused along the carbonatised shear zones.
- Numerous additional shears have been identified and are yet to be drilled.
- Strong potential exists to significantly grow the resource base.
- Zone 4 is yet to be drilled out.

Strengths and opportunities



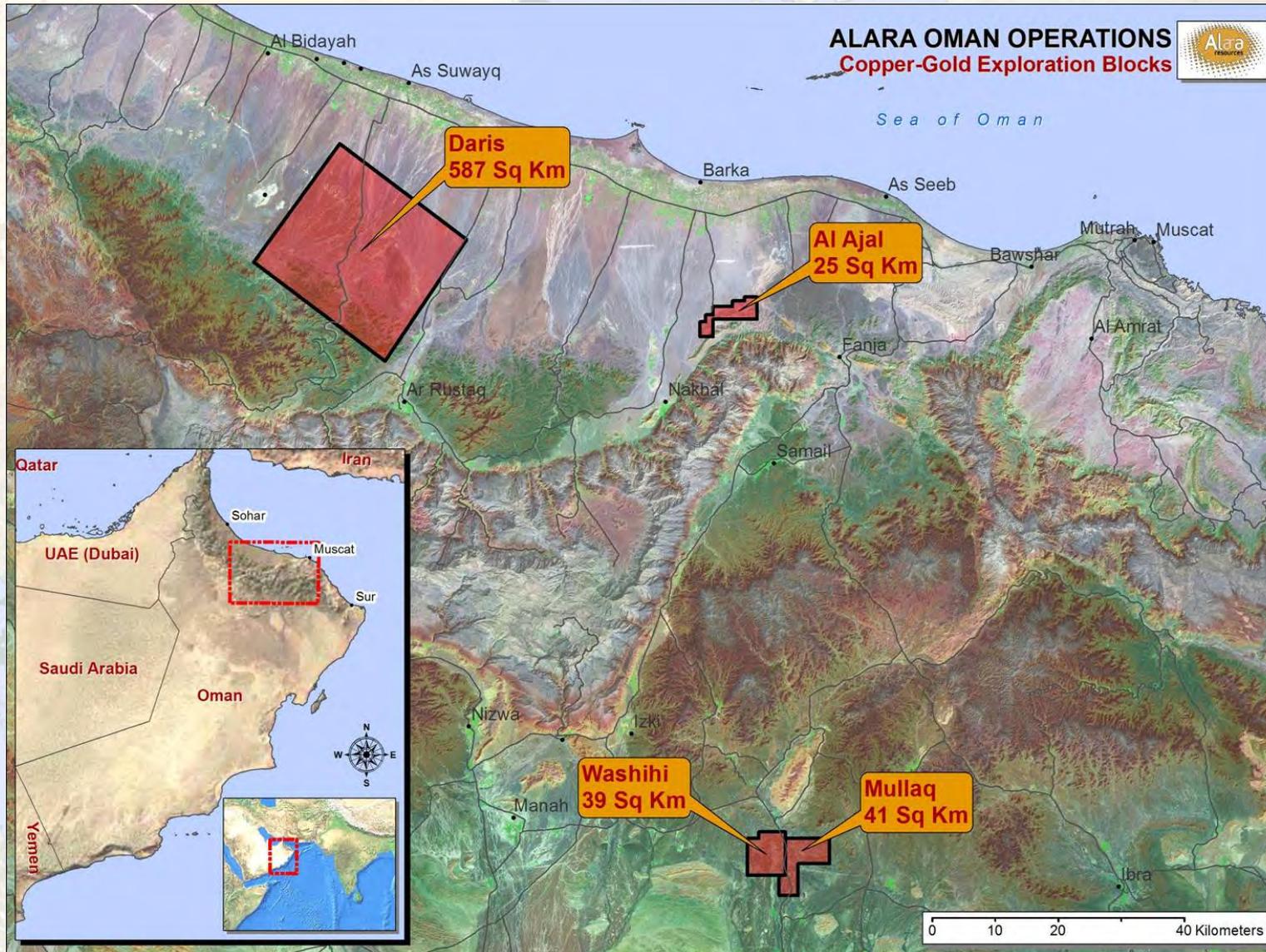
- Unexplored shear zones have the potential of doubling the resource; mapping and geophysical work yet to be completed.
- Potential for SIDF funding
- Resource/Reserve expansion
- Adjoining high potential tenements
- Strong relationship with local government and influential members of the Saudi business and political leadership.
- Saudi Arabia is relatively underdeveloped from a mineral resources perspective



Project ownership and partners

- The Khnaiguiyah Project is operated by Khnaiguiyah Mining Company LLC (KMC), a 50:50 joint venture between Alara and United Arabian Mining Company LLC (Manajem), a privately owned Saudi Arabian mining company.
- Manajem was established in 2004 and is comprised of a group of successful engineers and businessmen with experience in the industrial, construction and engineering fields.
 - Chairman, CEO & GM **Engr. Mohamad Abdalah Al Hatlani** (25% shareholder) is the founder and owner of Delta Consulting Group, Metals Corners Holding Co., Naga Metals Co., and Nassaf Metals Co.
 - Deputy Chairman & CFO **Mr. Nassir Ali Al Agel** (33.3%) is the founder and owner of Metals Corners Holding Co., Naga Metals Co., and Nassaf Metals Co.
 - Board member **Engr. Mohammad Hussain Al Assaf** (33.3%) is the founder and owner of Andas Telecommunication Est., Rick Trading Est., and Indipco Ductile Pipes Co.
 - Board member **Engr. AbdulRahman Abdalah Al Hatlani** (8.3%) is a partner in Delta Consulting Group
- Manajem has acquired over 15 mining and exploration projects.
- JV structure – approach under review prior to the commencement of construction.

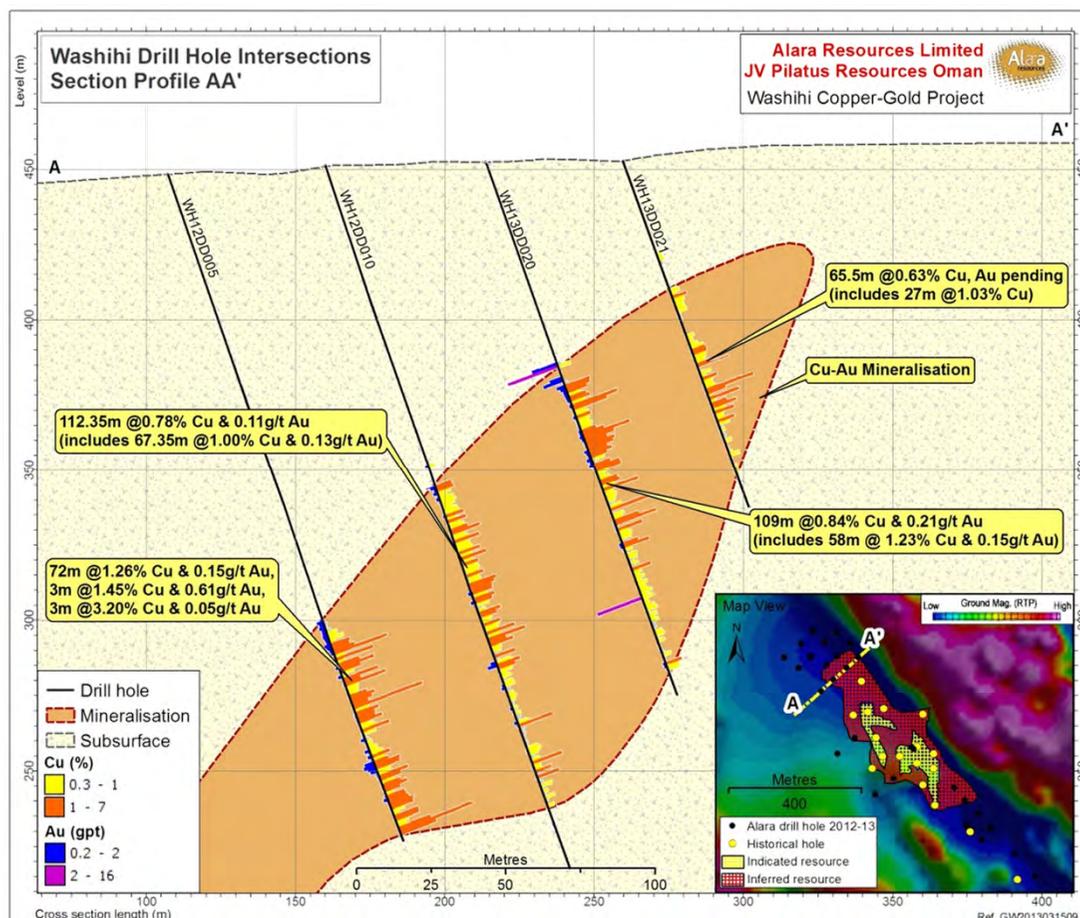
Oman (70-75%)



Oman - Washihi Copper Gold Project



The Washihi Copper-Gold Project is located approximately 100km south-southeast of Alara's Daris Copper-Gold Project and adjacent to a high quality bitumen road.



Initial JORC Resource estimate¹
(excludes the recent drilling outlined below):

- 6.9Mt Inferred @ 0.76% Cu and 0.16g/t Au
- 2.1Mt Indicated @ 0.70% Cu and 0.17g/t Au

Mineralised Zone - Significant Intersections					
Drill Hole	From	To	Length (m)	Cu (%)	Au (g/t)
	(m)	(m)			
WH12DD005	160	232	72	1.35	0.15
WH12DD010	112.65	225	112.35	0.78	0.11
WH12DD016	67	155	88	1.75	0.19
WH13DD021	45.5	111	65.5	0.63	<i>Pending</i>
<i>Inclusion</i>	66	93	27	1.03	<i>Pending</i>
WH13DD022	63.5	112.6	49.1	0.86	<i>Pending</i>
WH13DD023	109.7	216.8	107.1	1.22	<i>Pending</i>

1 Refer ASX market announcement dated 15 October 2012: [Initial JORC Resource – Washihi Project in Oman.](#)

Oman Project Funding



Further Work and Project Funding

- The Company is well advanced in Environmental approval, Mining lease approval and development of Water resources to advance Washihi and Daris Projects to production.
- In the wake of a formal declaration by the Sultan of Oman to develop greater local participation in Omani mining ventures,
 - Several government backed equity funds have shown interest in participation at the Project level.
 - The Company has entered into Confidentiality Agreements with two large funds who have designated Due Diligence teams to review the Project information including the Scoping study with a view to taking a minority interest in the Projects.
 - The Company is in discussion with the Government to purchase a significant interest in an undeveloped medium size Copper – Gold resource owned by the Government.

Conclusions

- Strong Team – in place and highly experienced
- Supportive Government – mining licence and environmental approvals received
- Long life, Low cost – 13 year mine life, strong margins
- Attractive Payback – higher production and lower costs in early years
- Growing Resource – 39Mt currently, all 4 mineralised zones remain open
- Funding Options – identified pathway via SIDF, offtakers and suppliers
- Copper Upside – Washihi copper project building scale

JORC Code Competent Person Statements



The information in this announcement that relates to Ore Reserves in relation to the Khnaiguiyah Project (Saudi Arabia) has been compiled by Mr Geoff Davidson, who is a member of the Australian Institute of Mining and Metallurgy and a consultant to Khnaiguiyah Mining Company (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.'

In assessing the appropriateness of the Ore Reserves estimate, the Competent Person 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 2013 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 consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

The information in this presentation that relates to Mineral Resources in relation to the Daris Project (Oman) and the Washihi prospect (Oman) 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 is 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 they are undertaking to qualify as Competent Persons in terms of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 edition). Mr. Sharma has given his consent to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

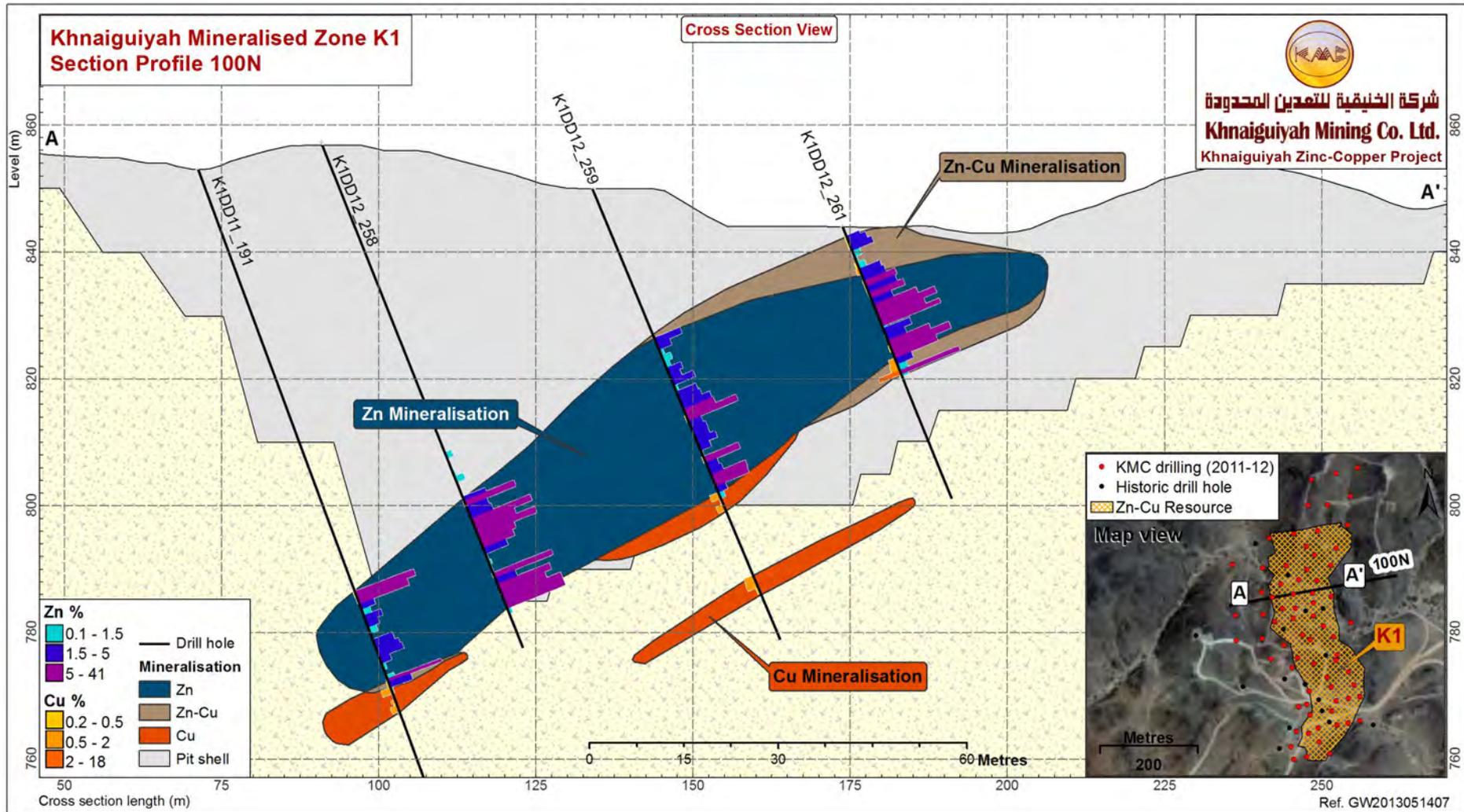
The information in this presentation that relates to other Exploration Results is based on information compiled by Mr Hem Shanker Madan who is a Member of The Australian Institute of Mining and Metallurgy. Mr Madan is the Managing Director of Alara Resources Limited. Mr Madan has sufficient experience 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 presentation of the matters based on his information in the form and context in which it appears.

Additional slides - Capex summary

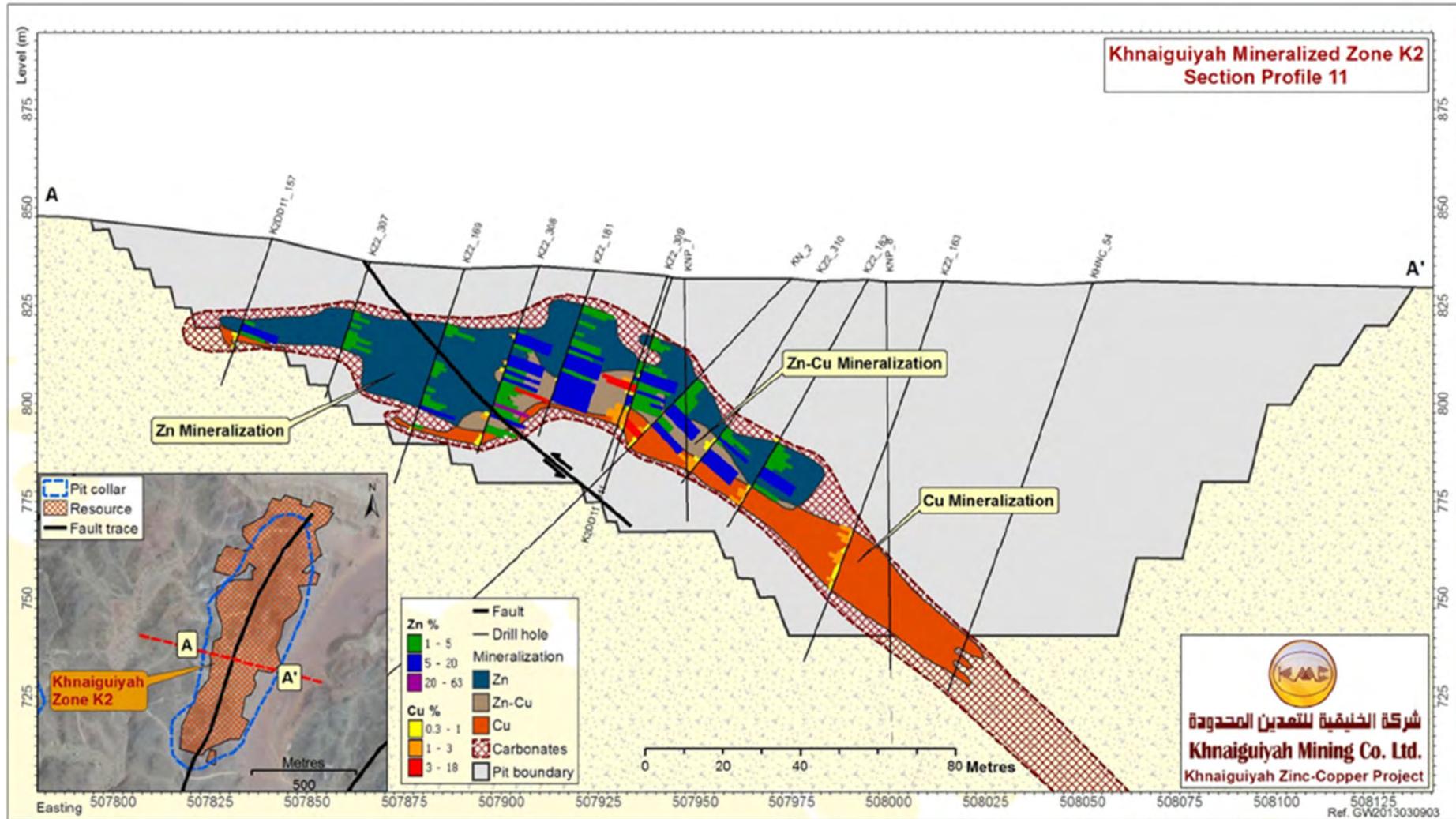
- Capex based on a contracting strategy and fixed lump sum prices
- Mobile mining equipment is proposed to be leased
- Tender bids have been received, reviewed and compiled into the Capex as follows:

Item	US\$M
Process facilities including design, engineering, procurement, construction and commissioning (includes first fills)	157
Power	15
Accommodation village	12
Site infrastructure including workshops and buildings	15
Concentrate containers	9
Bore field and piping	6
Mobile plant (non mining)	4
Earthwork	7
Subtotal	225
Owners costs, working capital and contingencies	32
Total	257

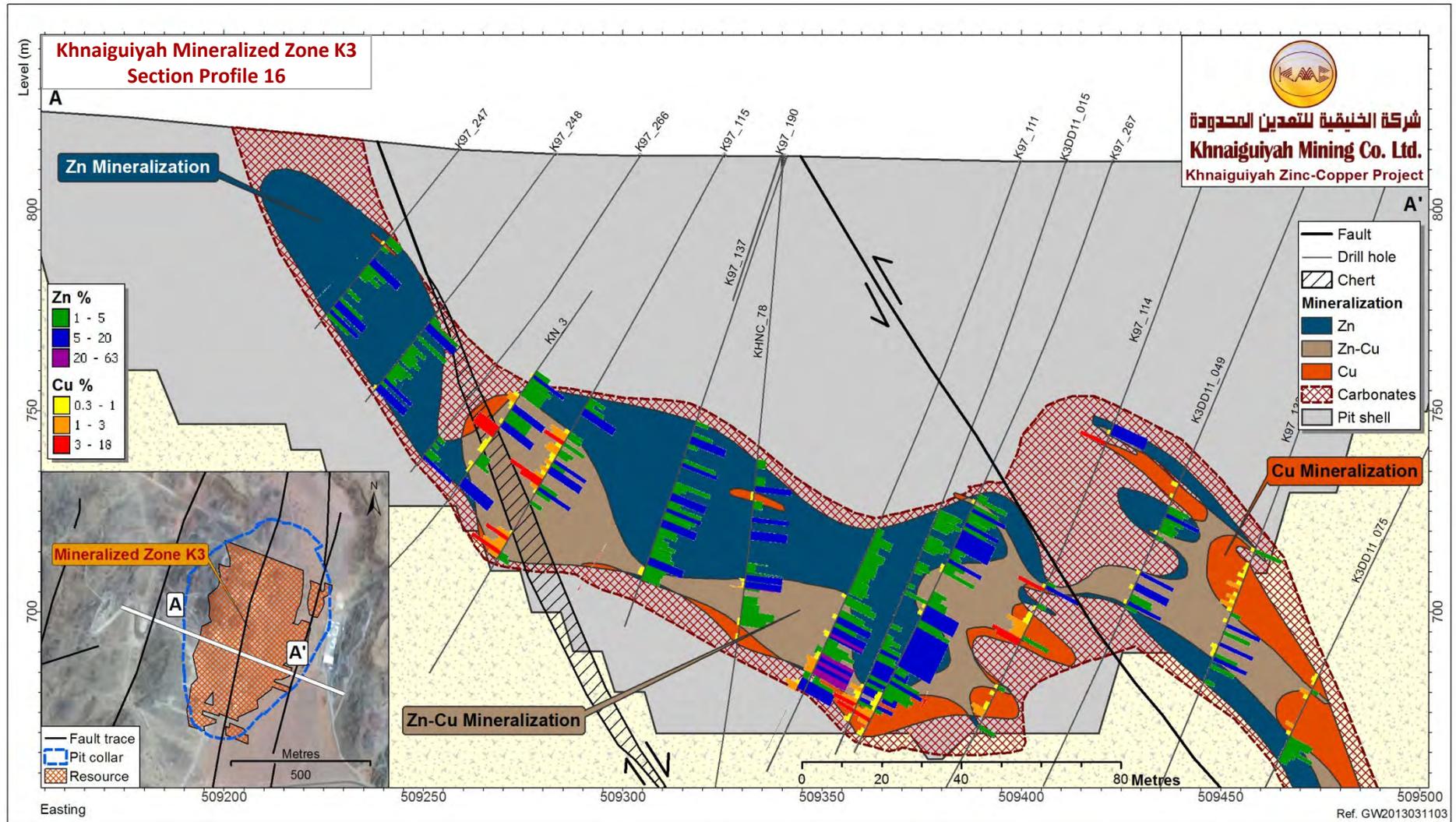
Cross Section Zone 1



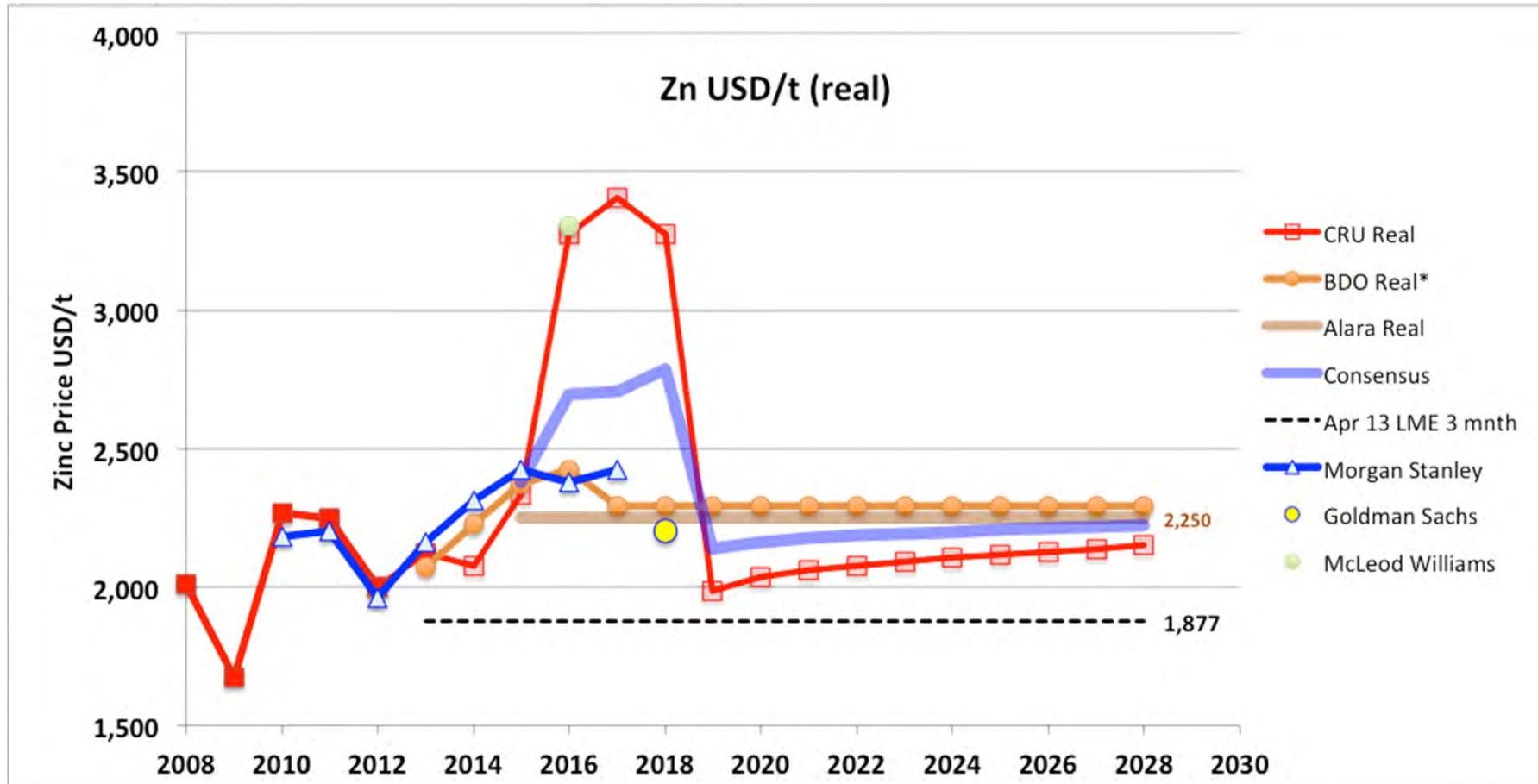
Cross Section Zone 2



Cross Section Zone 3



Appendix: Zinc price forecasts



Alara Resources Limited

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