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## **ASX/MEDIA RELEASE**

Monday, 18 March 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 –**

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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.

With a strong pipeline of advanced and early stage projects, Alara is moving towards establishing itself as an emerging base and precious metals development company.

For more information, please visit: [www.alararesources.com](http://www.alararesources.com)

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# Alara Resources Limited

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## Investor Presentation

March 2013



ASX: AUQ

[www.alararesources.com](http://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



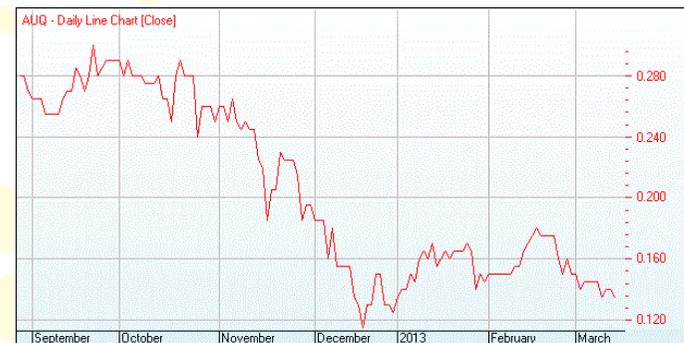
**William Johnson**  
**Director**  
 20+ years of senior management and executive roles in public companies in Australia, New Zealand and South East Asia

## Company Data

ASX Code	AUQ
Market Capital (13 March 2013)	\$34M
Issued Capital	
- Shares	242M
- Options	41.25M
Cash (31 December 2012)	\$8.6M

## Top Shareholders

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



# Key Projects Summary

## **Saudi Arabia: Khnaiguiyah Zinc-Copper Project (50%)**

- DFS upgraded from 1.5Mtpa to 2Mtpa throughput; completion in April 2013.
- Production profile ~90,000tpa zinc and 6,250tpa copper in the first four years.
- Total mine life of 14 years.
- Capex estimated at US\$225M plus US\$32M estimated as Owners Costs and Contingencies.
- Project payback estimated at ~3 years.
- Up to 75% (\$200M) SIDF finance anticipated.
- Low operating costs expected – close to bottom quartile of cash costs.

## **Oman Copper-Gold Projects (+50 – 75%)**

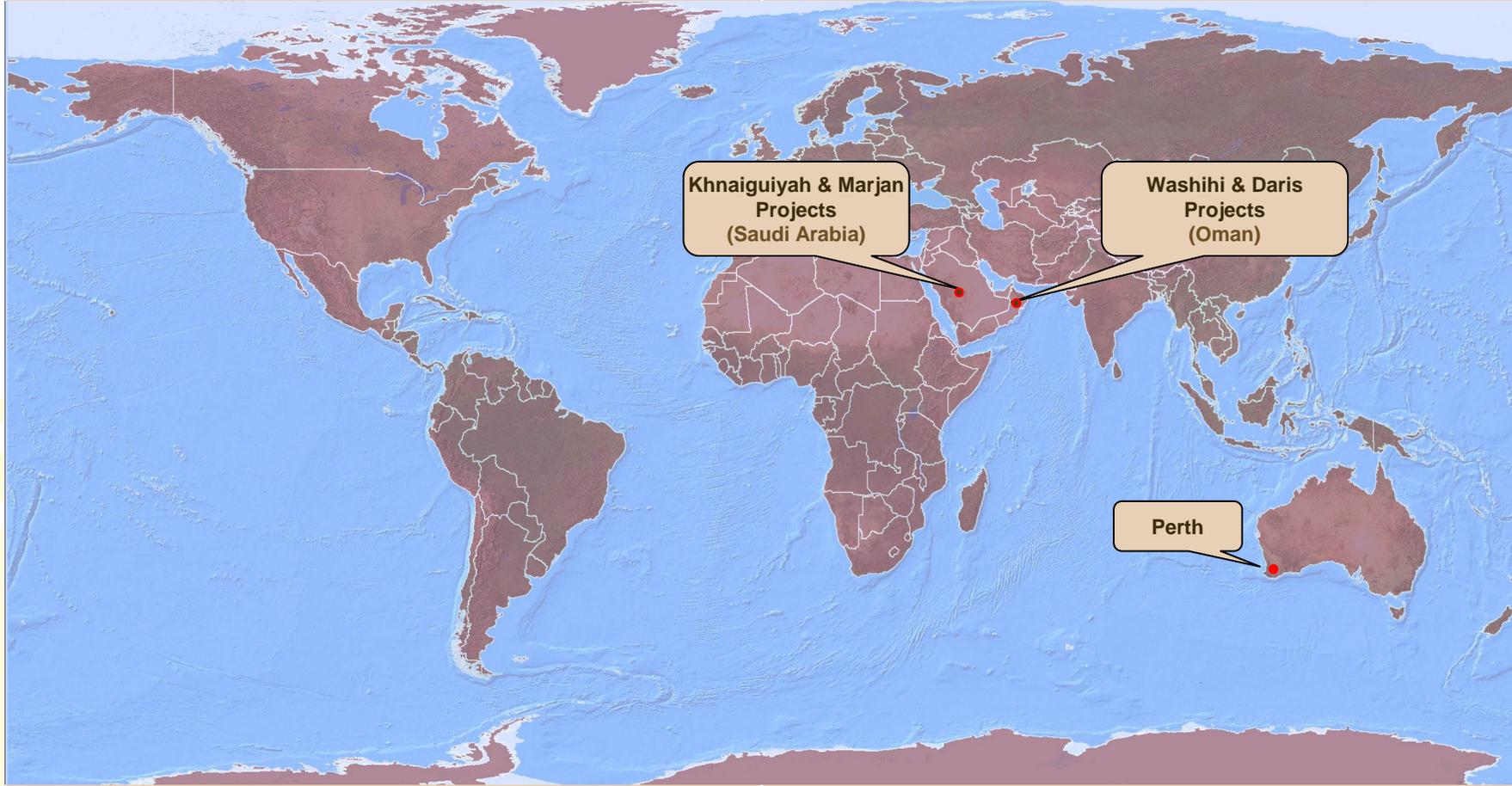
- Projects comprise Washihi, Mullaq, Al Ajal (earning 75%) and Daris (Block 7 - earning 50%).
- VMS copper-gold with exceptionally thick mineralisation intersected in recent drill holes at Washihi.
- Scoping study at Washihi indicates a robust return.
- Strong potential to significantly increase resources.

# Project Locations



**Khnaiguiyah (50%)**  
Zinc-Copper, Saudi Arabia

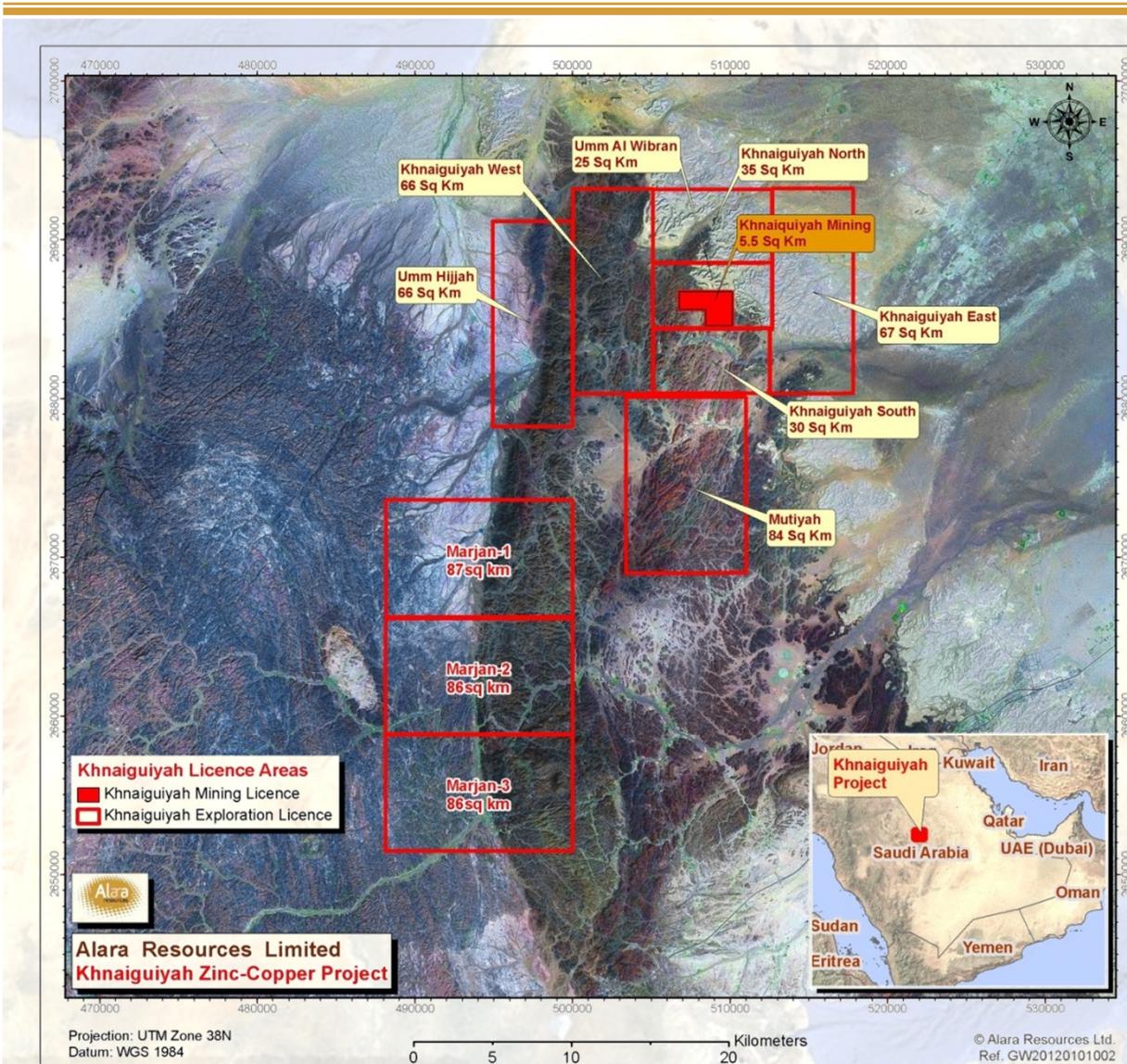
**Washihi (75% Earn In)**  
Copper-Gold, Oman



**Marjan (50%)**  
Zinc-Gold-Silver, Saudi Arabia

**Daris (50%)**  
Copper-Gold, Oman

# Saudi Arabia



- 380km<sup>2</sup> of licence areas, including a granted mining licence
- Environmental permit granted
- Land for sourcing water acquired (15kms from the proposed mine)

# Khnaiguiyah Zinc-Copper Project

- All deposits remain open along strike and depth
- Considerable upside along known and other shear zones yet to be explored
- Campaign mining and processing of distinct zinc, zinc-copper and copper 'domains'
- Standard processing - crushing, grinding, copper and zinc flotation
- Differential flotation expected to produce:
  - 165,000tpa zinc concentrate (54% concentrate grade)
  - 25,000tpa copper concentrate (25 % concentrate grade)
- Concentrate will be loaded and trucked to Dammam
- Low cost due to very cheap diesel – 9c/litre delivered to site



# Khnaiguiyah DFS Update

## DFS is nearing completion

- Final DFS report expected April 2013
- Annual mine scheduling, and quarterly mine scheduling for first four years, completed
- Capital cost estimate US\$257M including US\$32M in contingencies/other
- Plant throughput increased from 1.5Mtpa to 2Mtpa
- Reserve statement pending, 14 year mine life scheduled
- Mining license approved – formal extension process underway

## Cash operating costs very attractive

- Cash costs (including TCs) of 40c/lb for years 1 to 4 (Zn – after Cu credits)
- Cash costs of 51c/lb for years 1-9 (Zn – after Cu credits)
- Cash costs expected to be close to lowest quartile costs of zinc mines in western world



# DFS Update – Mining & Milling

The current plan sees mining completed in 9 years.  
Processing from years 10 to 14 will be from the stockpiles at 2Mtpa.

## Mining

• Mined & Processed (tonnes, Years 1 to 9)	<b>Total</b> 18,000,000
• Mined grade (Zn)	4.0%
• Mined grade (Cu)	0.34%
• Strip ratio (waste:ore)	8:1
• Stockpiled (tonnes)	10,000,000
• Stockpiled grade (Zn)	1.93%
• Stockpiled grade (Cu)	0.05%

## Milling

• Annual throughput (tonnes)	<b>Total</b> 2,000,000
• Milled (tonnes)	28,000,000
• Grade (Zn)	3.26%
• Grade (Cu)	0.24%
• Recovery (Zn)	92%
• Recovery (Cu)	88%
• Zinc in concentrate (tonnes)	815,000
• Copper in concentrate (tonnes)	55,000



# DFS Update – Production & Costs

## Production

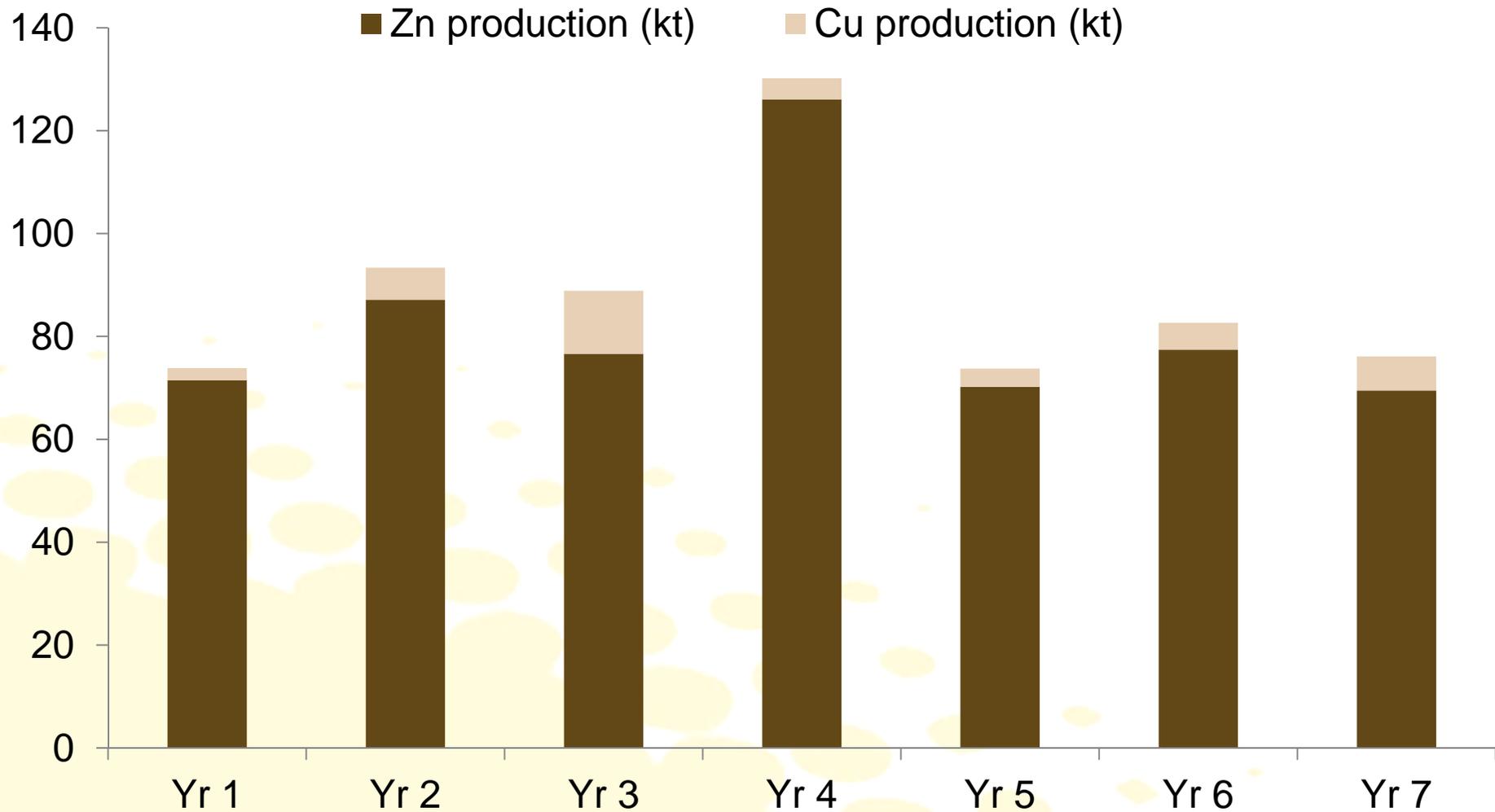
• Mine life	<b>Total</b> 14 years
• Average annual production first 4 years (Zn)	90ktpa
• Average annual production first 4 years (Cu)	6.25ktpa
• Average annual production first 7 years (Zn)	82.5ktpa
• Average annual production first 7 years (Cu)	5.8ktpa

## Costs (per tonne of throughput)

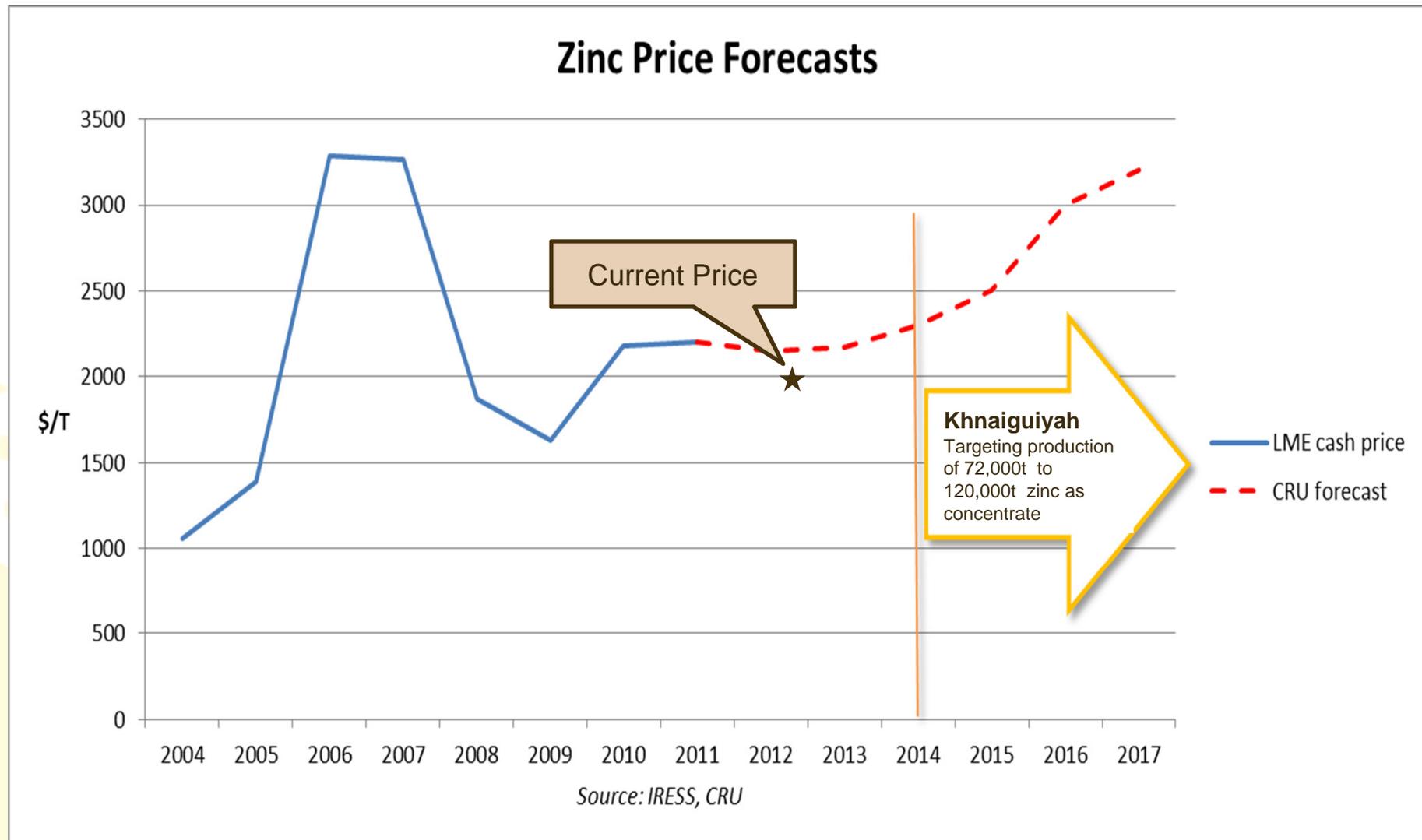
• Mining	<b>Total</b> US\$15/t
• Milling & grade control	US\$16/t
• Transport	US\$9/t
• Admin	US\$1.3/t
• Treatment and Refining @ \$150/t Zn concentrate	US\$11/t
• Total	US\$52.3/t
• 9 year cash costs (Zn – after Cu credits)	US\$0.51/lb



# Expected Production Output



# Zinc Price Forecasts



# DFS - 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:

<u>Item</u>	<u>US\$M</u>
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
<b>Subtotal</b>	<b>225</b>
Owners costs, working capital and contingencies	32
<b>Total</b>	<b>257</b>



# Funding

- 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\$2.2B in 2011, including financing of Al Masane Copper-Zinc Project (US\$88M)
- KPMG to be appointed as advisors to facilitate application – fees are based on a successful outcome
- SIDF and other Saudi Arabian banks have expressed interest in funding the Project
- Strong interest also exists from off-take partners and suppliers to provide additional financing

# Saudi Industrial Development Fund (SIDF)



- Established by royal decree (1974) to issue soft loans for the private sector to help develop and enlarge the industrial base of the Kingdom.
- Projects must be financially and technically viable – a feasibility study is required
- The SIDF Provides finance for up to 75% of fixed assets, pre-operating expenses and start up working capital
- Loans are provided for up to 20 years
- Cost of SIDF loans – 7% upfront fee and an annual fee of 1%
- As security, the SIDF obtains a mortgage on fixed assets and personal guarantees from limited liability company shareholders
- SIDF requires 30% employment to be Saudi locals

# JV Partner - Manajem (United Arabian Mining Company)

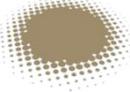


- Set up in 2004 – one of the first Saudi private companies in the mining sector
- Board comprises:
  - Chairman – Engr. Mohamed Abdalah Al Hatlani (25% shareholder)
  - CFO/Deputy Chairman – Mr. Nassir Ali Al Agel (33.3%)
  - Director – Engr. Mohammad Hussain Al Assaf (33.3%)
  - Director – Engr. Abdul Rahman Al Hatlani (8.3%)
- Manajem has acquired over 15 mining and exploration projects



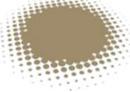


# Management Team



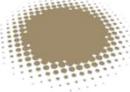
## **Shanker Madan – Managing Director**

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



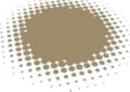
## **Justin Richard – Country Manager, Saudi Arabia**

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.



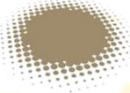
## **Elvio Ruggiero – Chief Financial Officer**

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



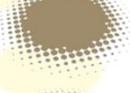
## **Ganesh Krishnamurthy – General Manager, Exploration**

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. Lienster Nickel and Yandi Iron Ore. International experience includes 5 years with The Industrial Company (TIC) in the USA on industrial construction projects.



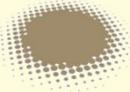
## **Atmavireshwar ('AV') Sthapak – Exploration Manager, Oman**

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**

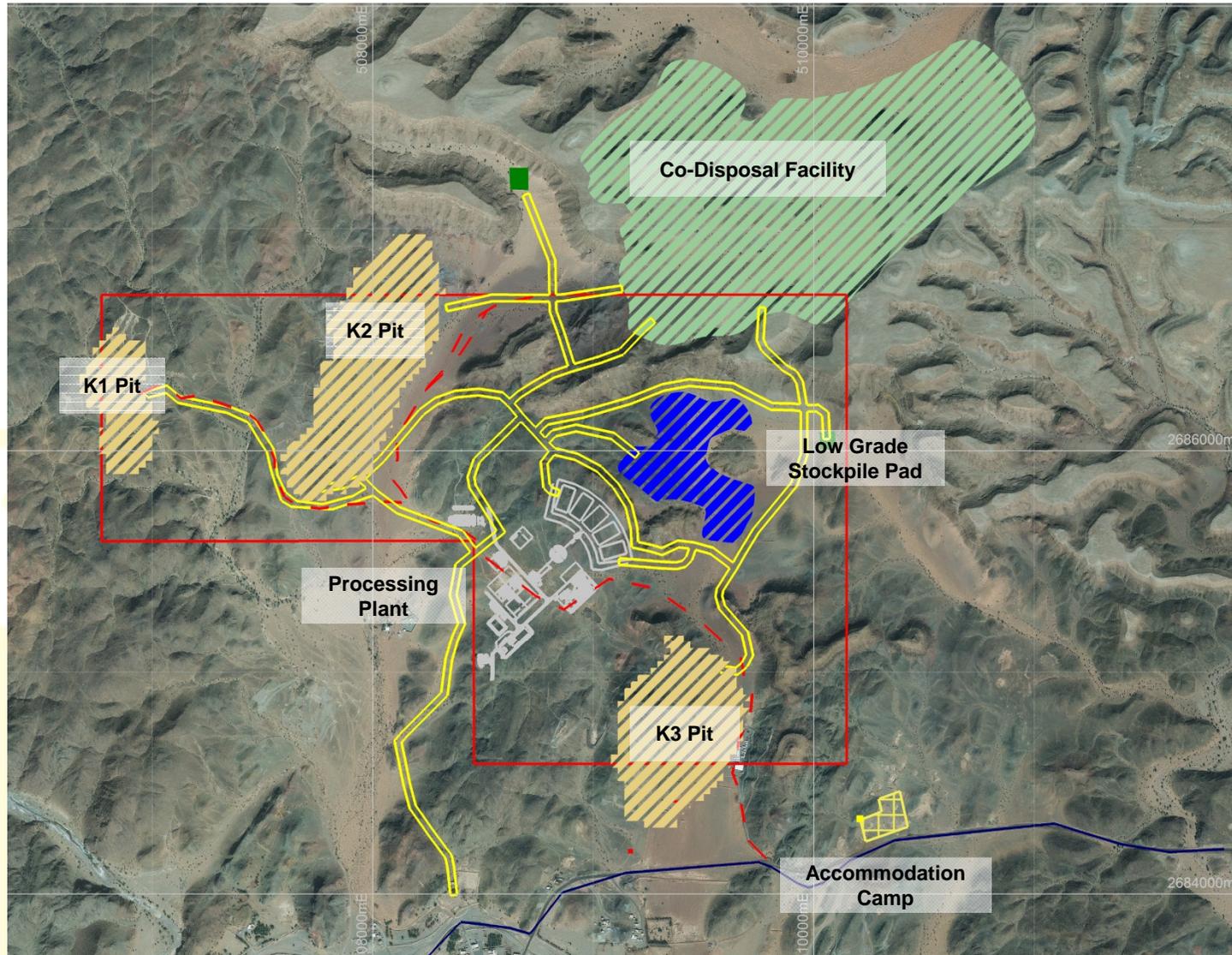
20+ years of exploration and mining experience, including Chief Geologist with Barrick at 350,000oz/year Bulyanhulu gold mine, Tanzania.



## **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.

# Site Layout



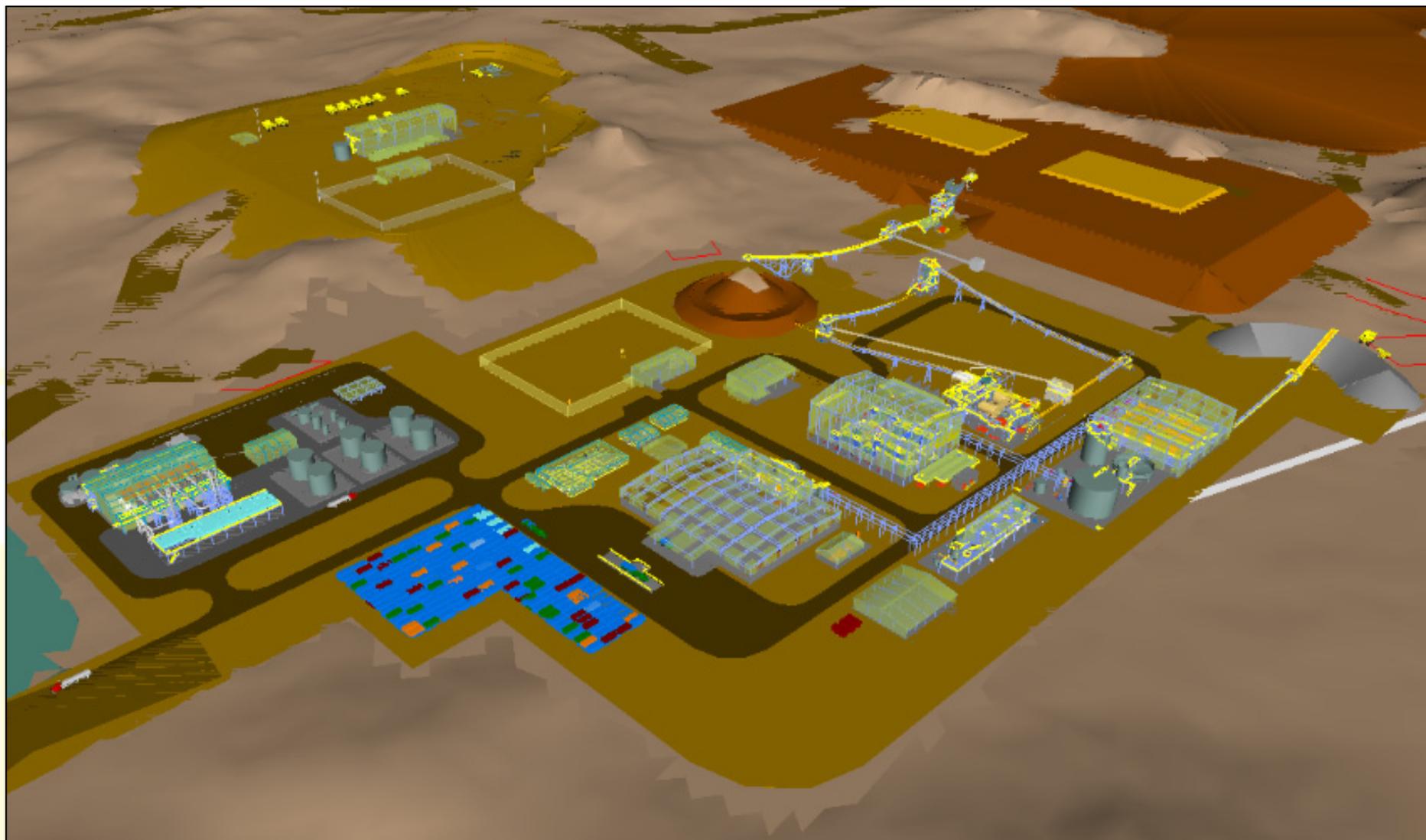
## Processing Plant

The processing plant will be located between Mineralised Zones 2 and 3.

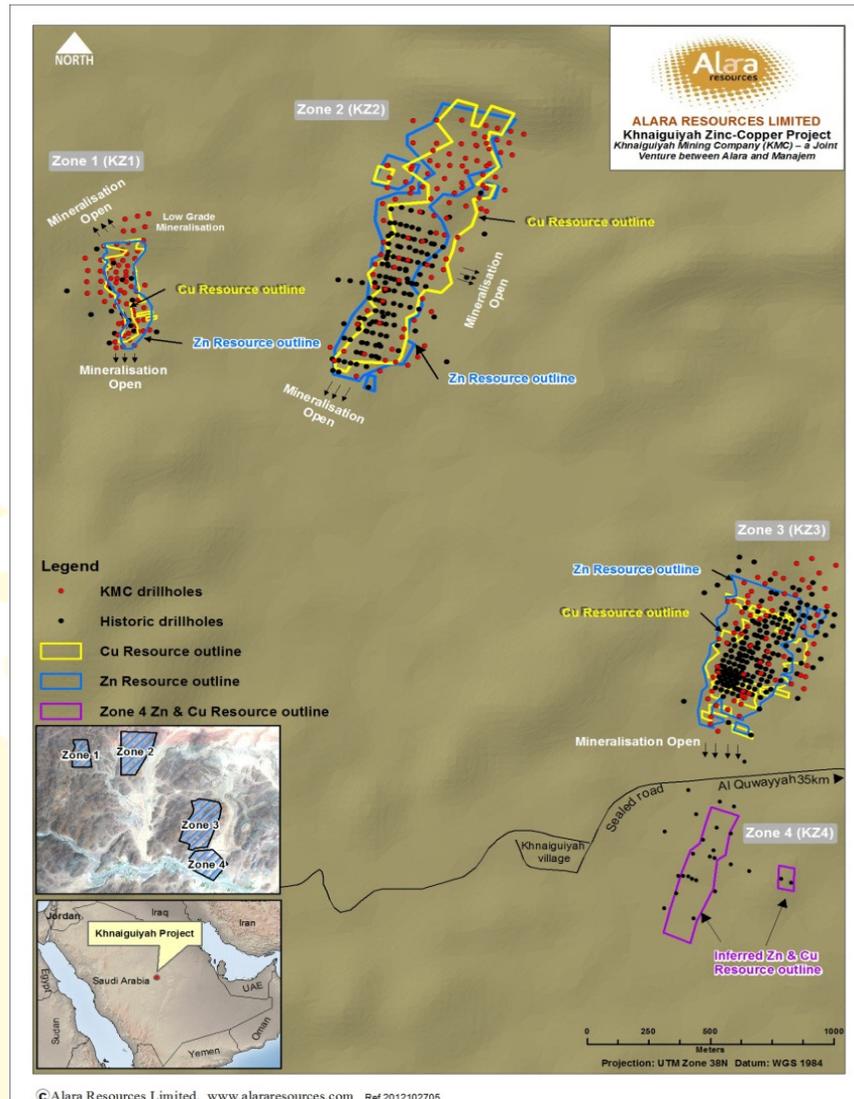
## Accommodation

The accommodation camp is being designed to house up to 500 people (including families) with a total fenced-in area of approximately 40,000m<sup>2</sup> and is located south east of the Mining Administrative offices on relatively flat terrain.

# Conceptual Site Model



# Drill Hole Locations



**Total drilling:** 71,816m in 622 drill holes

**Zone 1:** 8,245m in 88 drill holes (50m x 50m)  
 Pit size 650m x 300m

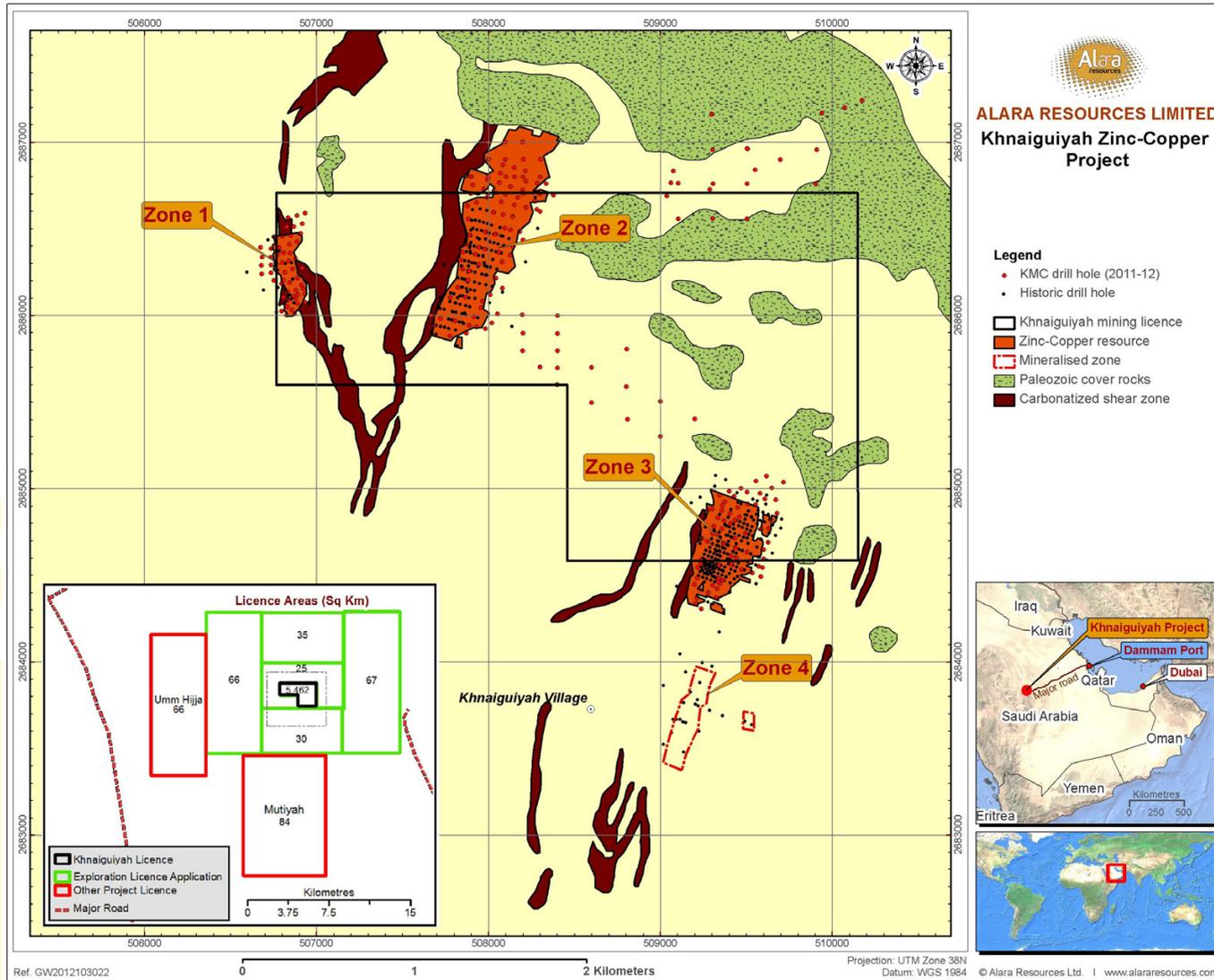
**Zone 2:** 25,839m in 245 drill holes (25m x 50m) - Pit size 1,300m x 500m

**Zone 3:** 33,698m in 263 drill holes (12.5 - 25m x 25 - 50m) - Pit size 900 x 600m

**Zone 4:** 4,034m in 26 drill holes (no specific grid) - No recent drilling

All four mineralised zones remain open along strike and at depth

# Significant exploration upside



Zinc and copper mineralisation is focused along the carbonatized 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.



# JORC Resource Statement



The current JORC Resources at Khnaiguiyah are:

- Measured & Indicated (Domains 1 & 2) – 25.32Mt @ 4.03% Zn and 0.17% Cu
- Measured & Indicated (Domain 3) – 8.53Mt @ 0.64% Cu
- Inferred (Domains 1 & 2) – 4.32Mt @ 2.90% Zn and 0.03% Cu

**Table 1:** Khnaiguiyah JORC Measured and Indicated Zinc (Domain 1) and Zinc/Copper (Domain 2) Resource

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Measured	1 and 2	1, 2	9.65	3.37	0.16	1.50
		3	6.37	5.28	0.25	1.50
Indicated		1, 2	3.12	4.45	0.30	1.50
		3	6.18	3.55	0.05	1.50
<b>Measured and Indicated</b>		<b>1, 2 and 3</b>	<b>25.32</b>	<b>4.03</b>	<b>0.17</b>	<b>1.50</b>

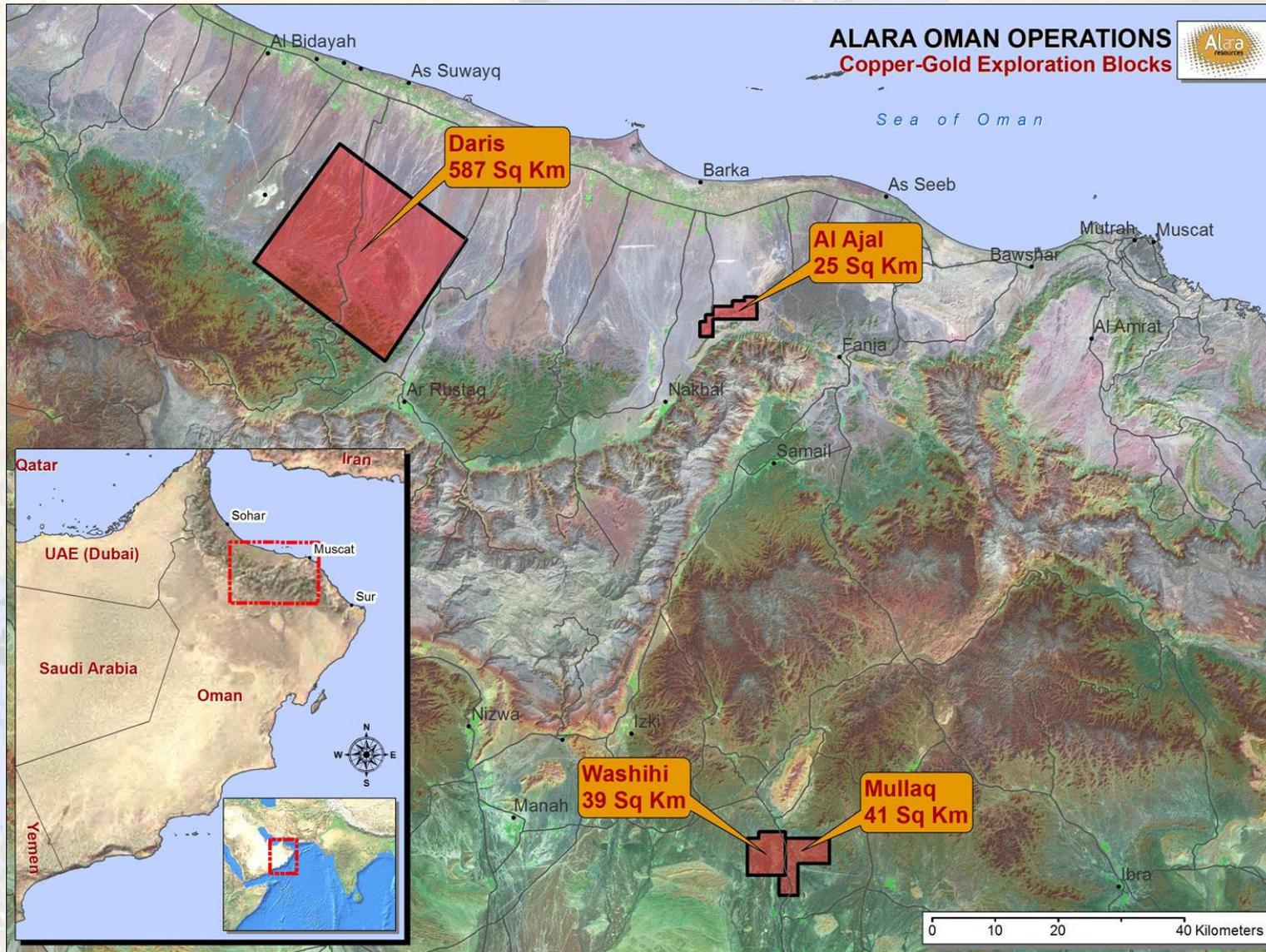
**Table 2:** Khnaiguiyah JORC Measured and Indicated Copper (Domain 3) Resource

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Copper %	Cu Cut-off (%)
Measured	3	1, 2	4.70	0.72	0.00
		3	1.07	0.63	0.00
Indicated		1, 2	1.59	0.54	0.00
		3	1.16	0.43	0.00
<b>Measured and Indicated</b>		<b>1, 2 and 3</b>	<b>8.53</b>	<b>0.64</b>	<b>0.00</b>

**Table 3:** Khnaiguiyah JORC Inferred Zinc (Domain 1) and Zinc/Copper (Domain 2) Resource

JORC Resource	Domain	Mineralised Zone	Tonnes (Mt)	Zinc %	Copper %	Zn Cut-off (%)
Inferred	1 and 2	4	4.32	2.90	0.03	1.50

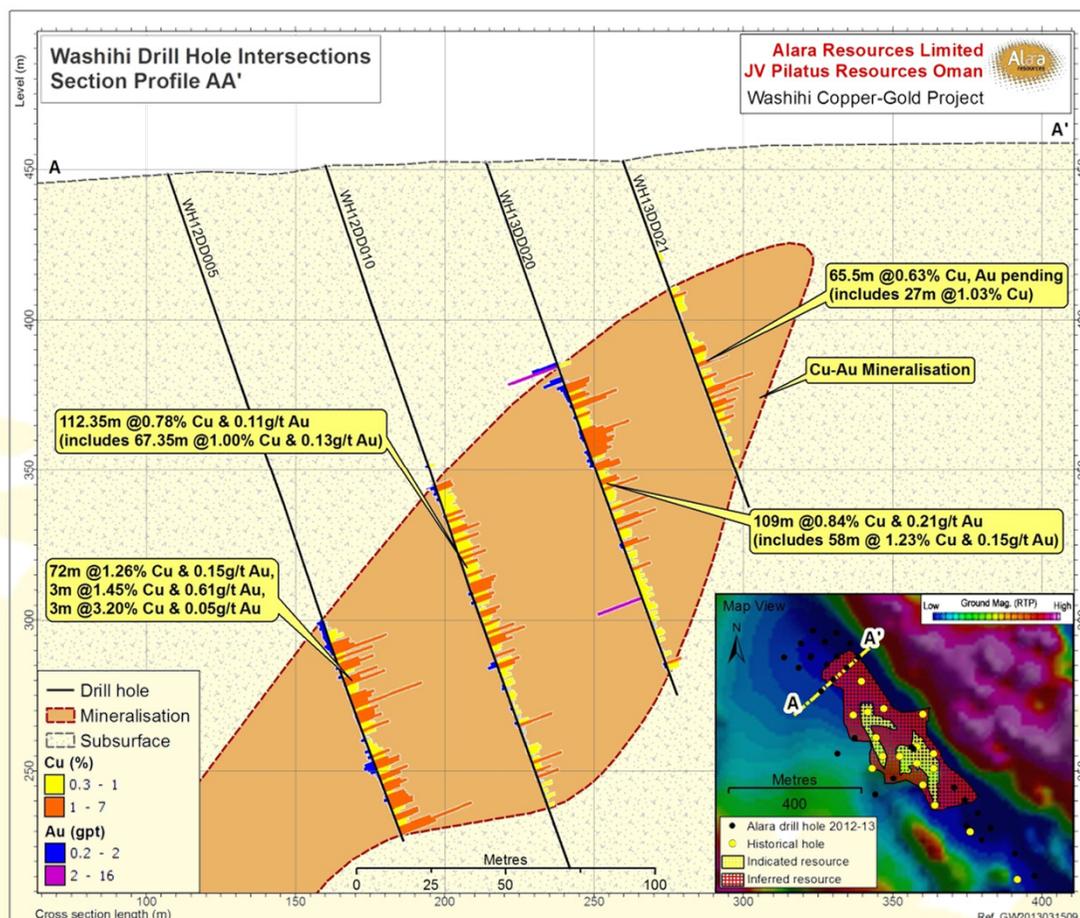
# Oman



# 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 estimate<sup>1</sup>  
(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>

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

# Conclusions

- Strong Team – in place and highly experienced
- Supportive Government – mining licence and environmental approvals received
- Long life, Low cost – 14 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
- Maiden Reserve – expected shortly
- Funding Options – identified pathway via SIDF, offtakers and suppliers
- Copper Upside – Washihi copper project building scale

# Pipeline Summary



**JORC Measured and Indicated Resource**

- 25.32 million tonnes @ 4.03% Zn & 0.17% Cu;

Plus:

- 8.53 million tonnes @ 0.64% Cu.

**Saudi Arabia: Khnaiguiyah Zinc, Copper (Alara 50%)**

- DFS completion expected in Q1 2013.
- +71,000m drilling completed.
- Mineralisation extended in Zones 1, 2 & 3.



**Oman: Washihi, Daris & Pilatus Copper, Gold (Alara 50-75+%)**

- Preliminary drilling by Alara (25 holes) points to copper sulphide and oxide mineralisation at shallow depths.
- Potential for early production.



- Washihi initial JORC Resource:
  - 6.9Mt Inferred @ 0.76% Cu and 0.16g/t Au; and
  - 2.1 Mt Indicated @ 0.70% Cu and 0.17g/t Au.
- Scoping study on 500,000tpa throughput completed.

**Saudi Arabia: Marjan Gold, Silver, Zinc, Copper (Alara 50%)**

- Historical drilling shows prospectivity for gold, silver, zinc, copper.



- Programme of mapping and preliminary drilling completed.

# JORC Code Competent Person Statements



*The information in this presentation that relates to Zinc and Copper Mineral Resources within Mineralised Zones 1, 2 and 4 in relation to the Khnaiguiyah Project (Saudi Arabia) 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 consents 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 Zinc and Copper Mineral Resources within Mineralised Zone 3 in relation to the Khnaiguiyah 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 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 Guibal consents 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 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.*

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