

**Alara**  
Resources



# Annual General Meeting 2014

IAN WILLIAMS, CHAIRMAN

19 NOVEMBER 2014

PHILIP HOPKINS, MANAGING DIRECTOR

Corporate Update

2014 in Review

Current Status

Year Ahead

Projects Update

Zinc Profile

Questions

To ensure that  
Alara is the  
**company of choice**  
for both investors  
and employees alike

Three key objectives:

- 1** Remain focused and diligent on **defined strategies and targets**
- 2** Advance plans **on or ahead of schedule**
- 3** Seek and implement **value enhancements** for the Company



**Ian Williams, AO**

**Chairman**

*BE (Elec), FAusIMM, FIEAust*

- > Over 40 years' experience in mining and resources.
- > Previous management roles with Hamersley Iron, Rio Tinto, Century Zinc and Pasminco.
- > Order of Australia for services to indigenous communities.



**Philip Hopkins**

**Managing Director**

*BSc (Mining Engineering); MBA; PEng; MAusIMM; MCIM*

- > Over 30 years' experience in mining and resources leadership, senior operational and project roles with BHP, Placer Dome, Falconbridge and Cominco.
- > International experience in Canada, Papua New Guinea, South Africa, Brazil and Australia



**John Hopkins**

**Non-Executive Director**

*LLB; FAICD*

- > Over 30 years' experience in legal and mining.
- > involved in the financing and development of numerous resources projects in Australia, Africa, Asia, Europe and North America
- > Has been a Director of more than 20 public listed companies (Australia, UK and Canada)
- > Chairman ASX listed Wolf Minerals and Universal Coal.



**James Phipps**

**Non-Executive Director**

*B.A. (Philosophy), J.D. (Law)*

- > Principal advisor to HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud (past Alara Director)
- > Co-Chairman Sheffield United Football Club, Blades Leisure Limited, chair of Shout TV, Inc.
- > Director of publicly listed Saudi Paper Manufacturing Company
- > Experienced in corporate turnarounds



Project	Resources	Ownership	Location	Status
Khnaiguiyah	Zinc-Copper	50% (60% HoA)	Saudi Arabia	DFS completed Seeking ML resolution
Washihi	Copper-Gold	70%	Oman	Advanced Scoping Study completed & identifying next steps
Daris	Copper-Gold	50% (70% option)		

## Stock (AUQ)

### Issued Capital

– Ordinary Shares <sup>(1)</sup>	242M
– Unlisted Options <sup>(1)</sup>	17M
Share Price <sup>(1)</sup>	\$0.027
Market Cap. <sup>(1)</sup>	\$6.5M
Cash <sup>(2)</sup>	\$2.8M
Debt	Nil

### Directors' Shareholdings <sup>(1)</sup>

Chairman	Ian Williams	0.1M
MD	Philip Hopkins	2.0M
Director	John Hopkins	0.2M

(1) as at 17 Nov 2014

(2) as at 30 Sep 2014



## Corporate:

- Restructured Board of Directors and Management Team
- Received R & D Tax Incentive Scheme refunds totalling A\$4.75m
- Moved Corporate office to West Perth



## Saudi Arabia:

- Heads of Agreement achieved for 60:40 JV arrangement with Manajem
- JV Agreements at an impasse and Project stalled
- Alternative options to progress Project explored and actioned



## Oman:

- Options Study completed

## Corporate:

- **Small Holding Share Sale implemented** - reducing total number of shareholders from +2,000 to ~850 (consolidated register and reduced administration costs)
- **Total number of Unlisted Options on issue reduced**, via lapse and voluntary relinquishment, from ~25M (end of FY 2012) to ~17M currently
- Internal restructuring and voluntary salary and fee reductions to achieve **further cost savings**
- HRH Prince Abdullah bin Mosaad bin Abdulaziz Al Saud, Non-Executive Director - **Retired**
- Mr James Phipps (HRH Prince Abdullah's Principal Advisor) Non-Executive Director - **Appointed**

## Saudi Arabia :

- Khnaiguiyah Project JV Partner, Manajem filed a **claim against Alara** with the Saudi Board of Grievances (*see Slide 12*)

## Oman:

- **Advanced Scoping Study** completed with attractive options identified



**Cash position as at 30 September 2014:**  
A\$2.8M



**Forecast expenses Q2 2015:**  
A\$0.900M (down from Q1 2015: A\$.985)



**Projected monthly general base costs forecast to reduce month on month (to ~\$130k/month) to the end of FY2015**

**Corporate:**

- Continue to monitor, manage and reduce costs and outgoings
- Achieve interim finance at end of the FY
- Prepare for Khnaiguiyah Project ramp up



**Saudi Arabia:**

- Secure ML for Khnaiguiyah Zinc-Copper Project
- Advance the Project into Finance stage
- Prepare for Construction stage



**Oman:**

- Identify way forward for Daris/Washihi Project and action accordingly



# SAUDI ARABIA



## Khnaiguiyah Zinc-Copper Project



### Legal Action:

- JV Partner, Manajem has filed a claim against Alara with the Saudi Board of Grievances
- Alara will file 4 specific counter claims against Manajem
- Legal Actions are not key or central to the Project's way forward
- Manajem is struggling to retain the Mining Licence(ML) for the Khnaiguiyah Project



### Mining Licence:

- Remains in Manajem's control and has not been transferred to the Project's JV company
- DMMR has issued 5 successive notices to Manajem due to lack of activity on the ML
- ML has not been progressed since the DFS was announced (April 2013) - cannot remain idle indefinitely



### In-Country Support:

- Saudi Government actively supports mining and foreign investment in Saudi Arabia
- Local and regional stakeholders strongly in support of Alara and the Project
- Community and government relationships are positive and developing



### **Khnaiguiyah Zinc-Copper Project Joint Venture:**

- Secure ML and progress into Project financing stage
- Advance Community Relations Plan
- Prepare to ramp up the Project



صندوق التنمية الصناعية السعودي  
Saudi Industrial Development Fund

### **Project Finance:**

- Submit Saudi Industrial Development Fund (SIDF) application
- Negotiate and secure Zinc offtake agreement
- Advance gap finance options and initiate



### **Project Readiness:**

- Complete DFS optimisation activities
- Secure next stage of pre-construction licences and permits
- Tender and allocate EPC contract
- Appoint Project Director and Owner's Team

# OMAN



## Daris/Washihi Copper-Gold Project



## **Daris / Washihi Copper-Gold Project way forward:**

- Crystallise commercial strategy for the Project and action



## **Project optimisation:**

- Final review of toll mining / treatment option
- Complete optimisation studies for HMS and recovery



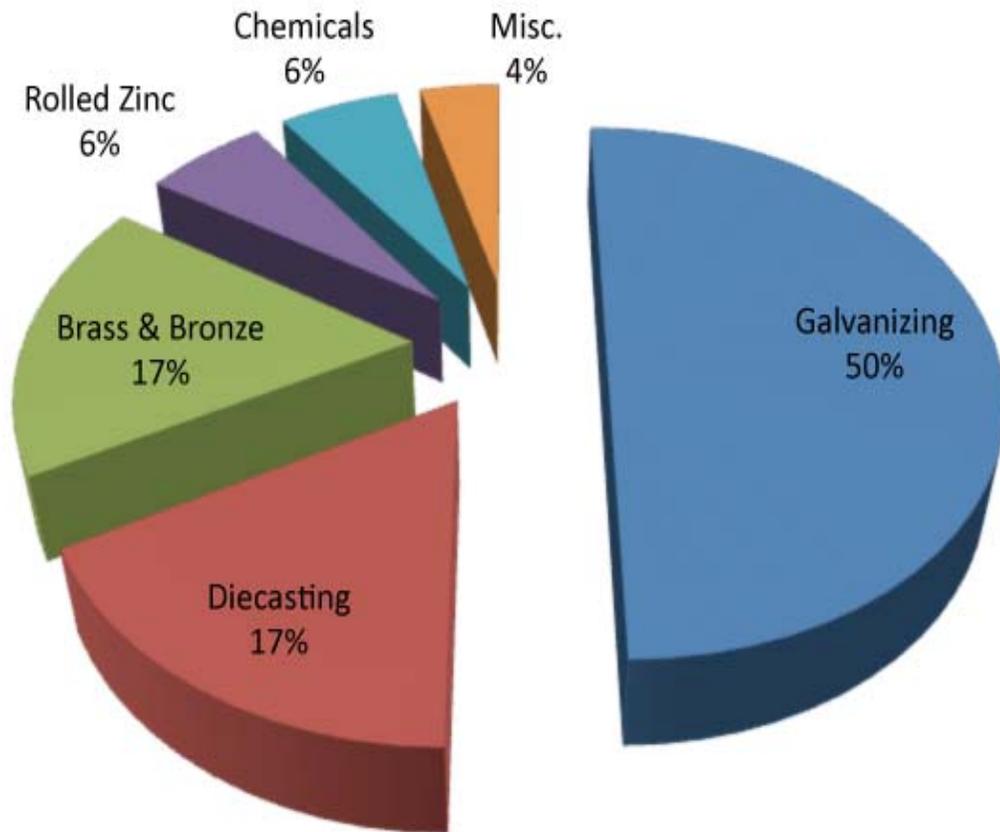
## **If retention strategy adopted:**

- Secure interim finance
- Commence Definitive Feasibility Study

# Zinc



## Main End Uses of Zinc



Demand & usage allocation may change:

- New on-line galvanising
- High yield fertiliser

Source: ILZSG

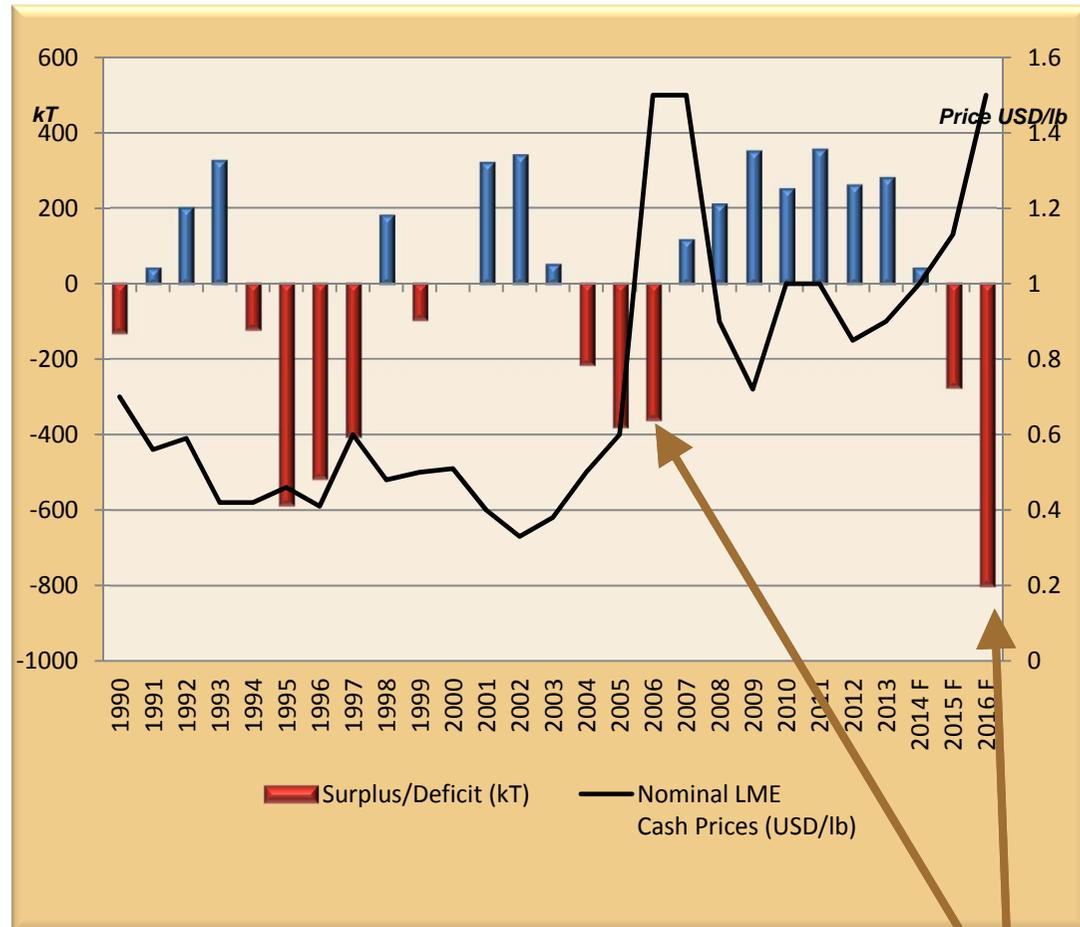
Historic market deficit resulted in the Zinc price rising to >US\$2.00/lb (2006)\*

*Brook Hunt* forecasts Zinc to rise to US\$1.24/lb this year and climb steadily thereafter

*Wood Mackenzie* forecasts average Zinc price of US\$1.59/lb 2016-18

*Glencore* forecasts Zinc price of US\$1.59 - \$1.81/lb in the next 3 years

*CRU* forecasts Zinc price reaching US\$2.00/lb by 2016/2017



Source: McLeod Williams

\*Zinc deficit in 2006 (\$2.00/lb) was half the forecast deficit predicted for 2016/17

> **2 Mtpa\* Robust Zinc/Copper project in Saudi Arabia**

- Focus on securing ML within JV to move the Project forward
- Striving to resolve impasse with JV partner
- Ready to finance and move toward construction
- De-risking and exploring upsides for the Project

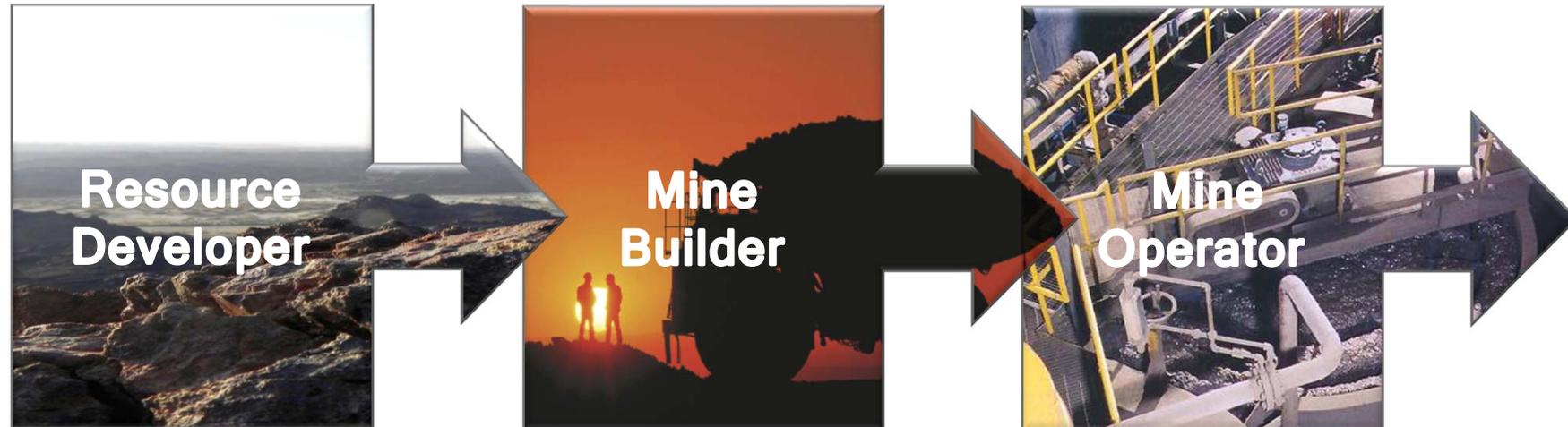
> **0.5 Mtpa\*\* Open Copper/Gold project in Oman**

- Positive Advanced Scoping Study completed
- Proposals to enter DFS are being reviewed
- Positive relationships with JV partners
- Actively progressing the most appropriate options for the advancing the Project



\*Refer Alara's ASX market announcement dated 30 April 2013 entitled "[Positive Definitive Feasibility Study Confirms Khnaiguiyah Project as Technically and Financially Robust.](#)" All material assumptions underpinning the Khnaiguiyah DFS continue to apply and have not materially changed.

\*\*Alara confirms that all material assumptions underpinning (the production targets and forecast financial information derived from production targets under) the Daris/Washihi Advanced Scoping Study (refer Alara's ASX announcement dated 14 October 2014 entitled "[Oman Project Update: Positive Advanced Scoping Study Outcomes](#)") continue to apply and have not materially changed. The Study is based on low level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised. The mining inventory under the Study is partly based on Inferred Resources (42.3% under the Base Case and 41.3% under the Enhanced Base Case) and an Exploration Target (2.3% under the Enhanced Base Case). The mining process schedule assumes the following approximate relative sequence – in Years 1 and 2 (Washihi Indicated Resource and Mullaq Exploration Target), Years 3 and 4 (Washihi Indicated and Inferred Resources), Year 5 (Washihi Indicated and Inferred Resources and Daris-East Indicated and Inferred Resources), Year 6 (Washihi Indicated and Inferred Resources) and Years 7 to 9 (Washihi Inferred Resources, included stockpiled material after Year 7). There is a lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target (under the Study) will be realised. The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a JORC Mineral Resource and there is no certainty that further exploration work will result in the determination of JORC Mineral Resources or that the production target itself (under the Study) will be realised.



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**OMAN ADVANCED SCOPING STUDY – JORC CODE and ASX COMPLIANCE**

*Alara confirms that all material assumptions underpinning (the production targets and forecast financial information derived from production targets under) the Daris/Washihi Advanced Scoping Study (refer Alara's ASX announcement dated 14 October 2014 entitled "[Oman Project Update: Positive Advanced Scoping Study Outcomes](#)") continue to apply and have not materially changed. The Study is based on low level technical and economic assessments and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Study will be realised. The mining inventory under the Study is partly based on Inferred Resources (42.3% under the Base Case and 41.3% under the Enhanced Base Case) and an Exploration Target (2.3% under the Enhanced Base Case). The mining process schedule assumes the following approximate relative sequence – in Years 1 and 2 (Washihi Indicated Resource and Mullaq Exploration Target), Years 3 and 4 (Washihi Indicated and Inferred Resources), Year 5 (Washihi Indicated and Inferred Resources and Daris-East Indicated and Inferred Resources), Year 6 (Washihi Indicated and Inferred Resources) and Years 7 to 9 (Washihi Inferred Resources, included stockpiled material after Year 7). There is a lower level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration will result in the conversion of Inferred Mineral Resources to Indicated Mineral Resources or that the production target (under the Study) will be realised. The potential quantity and grade of an Exploration Target is conceptual in nature, there has been insufficient exploration to determine a JORC Mineral Resource and there is no certainty that further exploration work will result in the determination of JORC Mineral Resources or that the production target itself (under the Study) will be realised.*