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 The Companies Announcements Office
 ASX Limited

SARCO and NFC Sign MoU for Fixed Price and Fixed Term EPC Contract

We are pleased to announce Sino Australian Resources Co., Ltd (“SARCO”)¹ and China Non-Ferrous Metal Industry’s Foreign Engineering & Construction Co. Ltd (“NFC”) have entered into a Memorandum of Understanding (“MoU”) for a future EPC contract. The MoU is summarised below:

1. NFC will act as SARCO’s contractor for EPC (Engineering, Procurement and Construction) for the planned 600,000tonne per annum alumina refinery in Laos.
2. NFC will charge a fixed total EPC price of US\$1,000 per tonne of capacity. The total contract value will be US\$600million.
3. NFC will deliver the fully operational refinery to SARCO within 2 years.
4. NFC will provide technical assistance and trainings after the refinery commence operation.
5. SARCO will be responsible for arranging funding. NFC will assist SARCO with arranging project financing from Chinese banks.

We are very pleased with this key development for SARCO. The fixed price and fixed delivery time terms are competitive and provide the highest level of cost certainty. The fixed price turnkey arrangement can effectively remove main technical risks and reduce overall risk of the project.

SARCO is currently negotiating with financing banks including China Minsheng Banking Corporation (“CMBC”)². Chinese banks are very familiar with such EPC arrangements. A fixed price and term contract with NFC will give them comfort. We expect Chinese banks to finance SARCO at competitive interest rates in light of EPC cost certainty.

SARCO is continuing its discussions with NFC to turn the MoU into a binding contract. Negotiations are conducted strictly on an arms-length basis. NFC is a world leading EPC specialist firm with the following key competitive advantages.

NFC Competitive Advantages	Highlights
<ol style="list-style-type: none"> 1. In-house world leading alumina refinery design, engineering, manufacturing and construction capabilities. 	<ul style="list-style-type: none"> ▪ 40,000 full time employees. ▪ 6 research and development centres in China. ▪ Own manufacturing facilities in China.

¹ NFC and ORD own 51% and 49% respectively.
² CMBC’s Letter of Proposal announced on 26/5/2011.

2. A long history of successful project delivery.
 - Designed and built 60% of China's entire alumina refinery capacity. 26million tonnes out of 43million tonnes.
 - Experience in India, Iran, Jamaica and Guinea.
3. One stop shop approach including project financing
 - Fixed price, fixed term turn key EPC contract.
 - Preferential long term financing support from China Eximbank, China Development Bank, China Minshing Banking Corp.

If you have any questions please contact Frank Zhu, Head of Corporate Development via investor.relations@ord.com.au.

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