



## **Listing an Exciting Large Bauxite/Alumina Growth Company on the ASX**

**Ord River Resources Limited (ASX: ORD)**

**03 May 2011**

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# Disclaimer

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## ***Forward Looking Statements***

These materials include forward looking statements. Forward looking statements inherently involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies, many of which are outside of the control of, and may be unknown to the company.

Actual results and developments may vary materially from that expressed in these materials. The types of uncertainties which are relevant to the company may include, but are not limited to, commodity prices, political uncertainty, changes to the regulatory framework which applies to the business of the company and general economic conditions. Given these uncertainties, readers are cautioned not to place undue reliance on such forward looking statements.

Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, the company undertakes any obligation to publicly update or revise any of the forward looking statements, changes in events, conditions or circumstances on which any such statement is based.

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## **I. IPO of SARCO**

# Key IPO Figures

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Key Components	Details
1. JORC Resource	▪ 130 million tonnes (SRK Consulting upgrading now)
2. Annual refinery capacity	▪ 600,000 tonnes
3. Future refinery capacity expansion	▪ 1,200,000 tonnes
4. Estimated CAPEX	▪ US\$600million
5. Estimated project financing	▪ 70% debt financing
6. Equity raising	▪ \$180-200million via IPO on the ASX
7. IPO timing	▪ End 2011 to early 2012

# IPO Delivers on Strategic Objectives





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## **The decision to IPO SARCO on the ASX meets all our strategic objectives:**

1. Unlock tremendous value by moving to mining and refinery.
2. ORD and NFC will retain substantial interests in SARCO for future value appreciation.
3. Diversified shareholder base via IPO improves overall risk profile.
4. Support from Chinese financial institutions will maximise benefits of project financing.
5. Attractive long-term growth profile will command premium valuation. Value is supported by a high level of certainty in long term off-take agreement.
6. Excellent market timing:
  - Increasing demand for alumina, especially from China is making pure alumina exposure more attractive and necessary for institutional investors. Investors see long term supply and demand for alumina mirror iron ore.
  - Equity investors are seeking more alumina exposure and the current lack of quality pure alumina companies on the ASX and overseas exchanges have caused a build up in demand.
  - Stable and improving global equity markets.
  - Lack of quality IPOs in Australia will draw interest from institutional investors.

**IPO of SARCO presents an exciting opportunity to deliver direct benefits to ORD shareholders.**

# A Strong Advisor Team

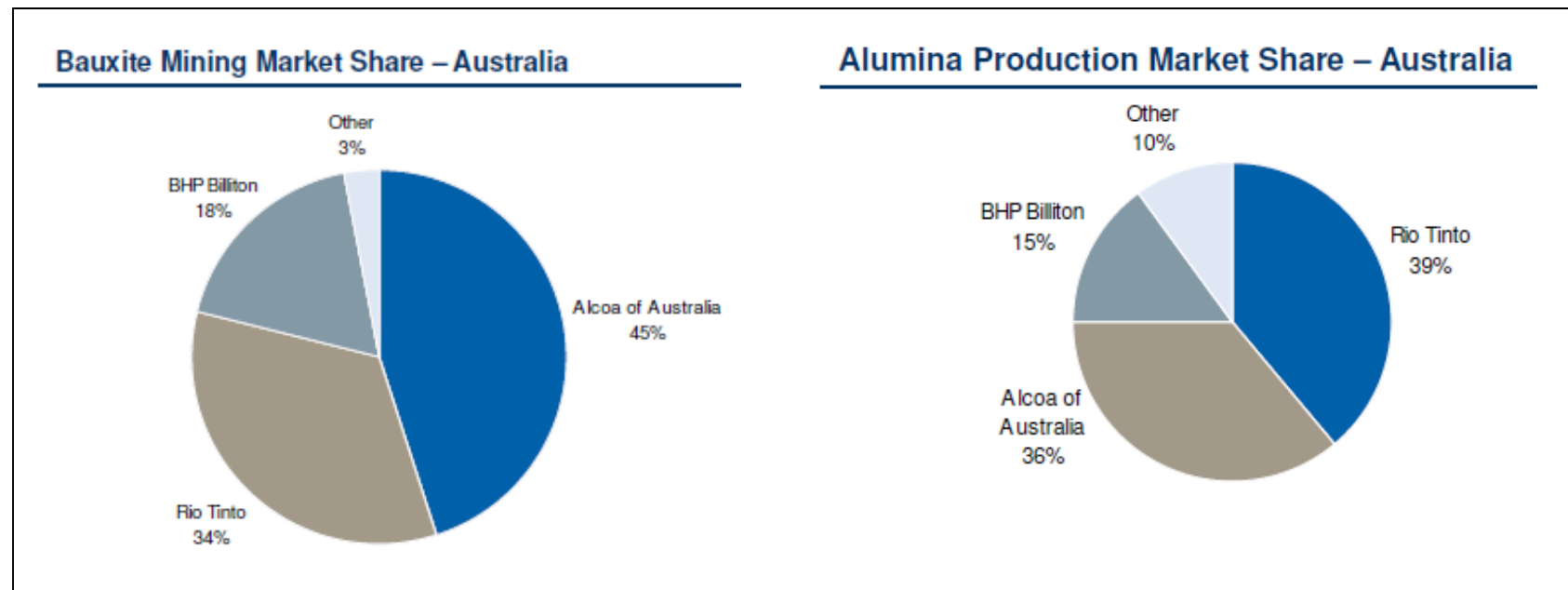
Financial Advisor	Technical	Legal and Accounting
 <ul style="list-style-type: none"> <li>✓ A top 15 global bank by market capitalisation</li> <li>✓ Global mining focused investment bank</li> <li>✓ Ranked 3rd in 2010 global mining league table</li> </ul>	 <ul style="list-style-type: none"> <li>✓ One of the most respected independent technical consulting firms in Australia and overseas for mining and resources</li> <li>✓ Deep knowledge base in bauxite exploration and mining</li> <li>✓ A multi-cultural team with offices in China and Australia</li> </ul>	 <ul style="list-style-type: none"> <li>✓ Australia's leading corporate law firm for equity markets and mining transactions</li> <li>✓ Offices in Vietnam and Singapore with deep Lao expertise and experience</li> </ul> <hr/>  <ul style="list-style-type: none"> <li>✓ Arguably number 1 accounting firm in Australia for mining and resources</li> <li>✓ Global reach and office in Laos</li> </ul>

# Potentially ASX's 2nd Largest Alumina Company

## Direct Exposure to Long Term Growth of the Bauxite and Alumina Sector

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1. Australian bauxite and alumina markets are concentrated in the hands of major diversified miners. This severely limits investors' choices for investing directly in the long term growth of alumina.



Source: RBC

2. SARCO will provide investors a real alternative with 100% exposure to bauxite and alumina growth. Expansion of refinery capacity from 600,000tonnes a year to 1,200,000tonnes a year is already in SARCO's long term plan.
3. **The large size of the refinery should rank SARCO immediately behind Alumina Ltd in size. SARCO will close the gap by moving into production, expanding refinery capacity and acquiring new projects.**

# Major Milestones in Progress

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Milestones	Details
1. New JORC Resource Statements	▪ SRK Consulting is working with Sinomines Exploration Co., Ltd in China and Laos to produce new JORC Resource Statements for both tenements
2. Feasibility study for mining and refinery	▪ NFC and Sinomine will produce the feasibility study reports for both the mine and refinery.
3. Mining and Production Agreement	▪ With local partner's support SARCO is negotiating with Lao central government to secure attractive terms and conditions.
4. Project financing	▪ SARCO is negotiating attractive financing terms with several Chinese banks. 70% project financing is achievable with low interest rate.
5. EPC contract	▪ SARCO is reviewing EPC proposals from NFC. It will be fixed price and fixed term. Estimated to take 2 years to complete construction.
6. Off-take agreement	▪ SARCO is negotiating off-take agreement with Chinese buyers to secure market competitive prices.
7. Supply arrangements	▪ SARCO is discussing various supply arrangements with providers in Laos including power, water, road transportation and labour.

## **II. SARCO Investment Highlights**

# Investment Highlights

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## High Quality Asset with Significant Growth

- ✓ 130mt JORC Indicated Resource. 32%+ alumina grade and 2% silica. **Resource upgrade expected near term.**
- ✓ Open cut low cost mining with a long life.
- ✓ Access to essential infrastructure.
- ✓ Fixed price and term turnkey EPC contract<sup>1</sup>.
- ✓ Attractive project financing terms<sup>2</sup>.
- ✓ Long term off-take<sup>2</sup>.
- ✓ Future expansion planned.

## Laos - A Strategic Location for Export

- ✓ As an investment destination Laos has improved its risk profile substantially to provide comfort and familiarity to investors.
- ✓ Stable government. Access to power, water and roads.
- ✓ A big advantage in being closer to China than other alumina supplying countries.
- ✓ China is committed to building a trans-Laos and Cambodia railway network in the foreseeable future.

## Robust Industry Fundamentals

- ✓ Alumina supply and demand are following the path of iron ore.
- ✓ Long term growth in global demand for alumina will continue as China's domestic supply is being exhausted.
- ✓ This underpins a bullish long term alumina price curve.

## Institutional Investor Demand

- ✓ Institutional investors are hungry for pure exposure to the alumina growth play. Currently limited choices on the ASX and overseas for investors.
- ✓ The large size of the refinery guarantees satisfaction of key investment size criteria set by institutional investors.

<sup>1</sup> In negotiations.

# SARCO's NFC Advantages

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Advantages	Highlights
1. In-house world leading alumina refinery design, engineering, manufacturing and construction capabilities.	▪ 40,000 full time employees.
2. Leading large scale stream line refinery capacity and cutting edge technology.	▪ 6 research and development centres in China.
3. A long history of successful project delivery.	▪ Own manufacturing facilities in China.
4. One stop shop approach including project financing	▪ 400,000, 600,000 and 800,000 tonne capacity.
5. High profile	▪ World's first production line with fly ash.
6. Strong project management experience	▪ Designed and built 60% of China's entire alumina refinery capacity. 26million tonnes out of 43million tonnes.
	▪ Experience in India, Iran, Jamaica and Guinea.
	▪ Fixed price, fixed term turn key EPC contract.
	▪ Preferential long term financing support from China Eximbank, China Development Bank, China Minshing Banking Corp.
	▪ NFC is one of few remaining central government owned and controlled entity in China.
	▪ Special benefits are provided to NFC such as financing.
	▪ SARCO will have a world class international management team.

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# Foreign Investments Develop Laos for Export

## Long Term Benefits to SARCO

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**China and Laos enjoy a very close relationship. China is investing heavily in Laos to help it develop a mining export industry.**

1. Kunming to Vientiane railway will be constructed by China Rail Corp by 2014/15. This will open up northern part of Laos for mining and industrial development.
2. China has already surveyed possible rail routes linking Vientiane and Parkse in the south where SARCO is based.
3. China Rail Corp is building railways in Cambodia to the south of Laos. It can extend into Parkse to enable SARCO to ship alumina via Cambodia.

**Investments from other Asian countries are adding to Laos' infrastructure expansion.**

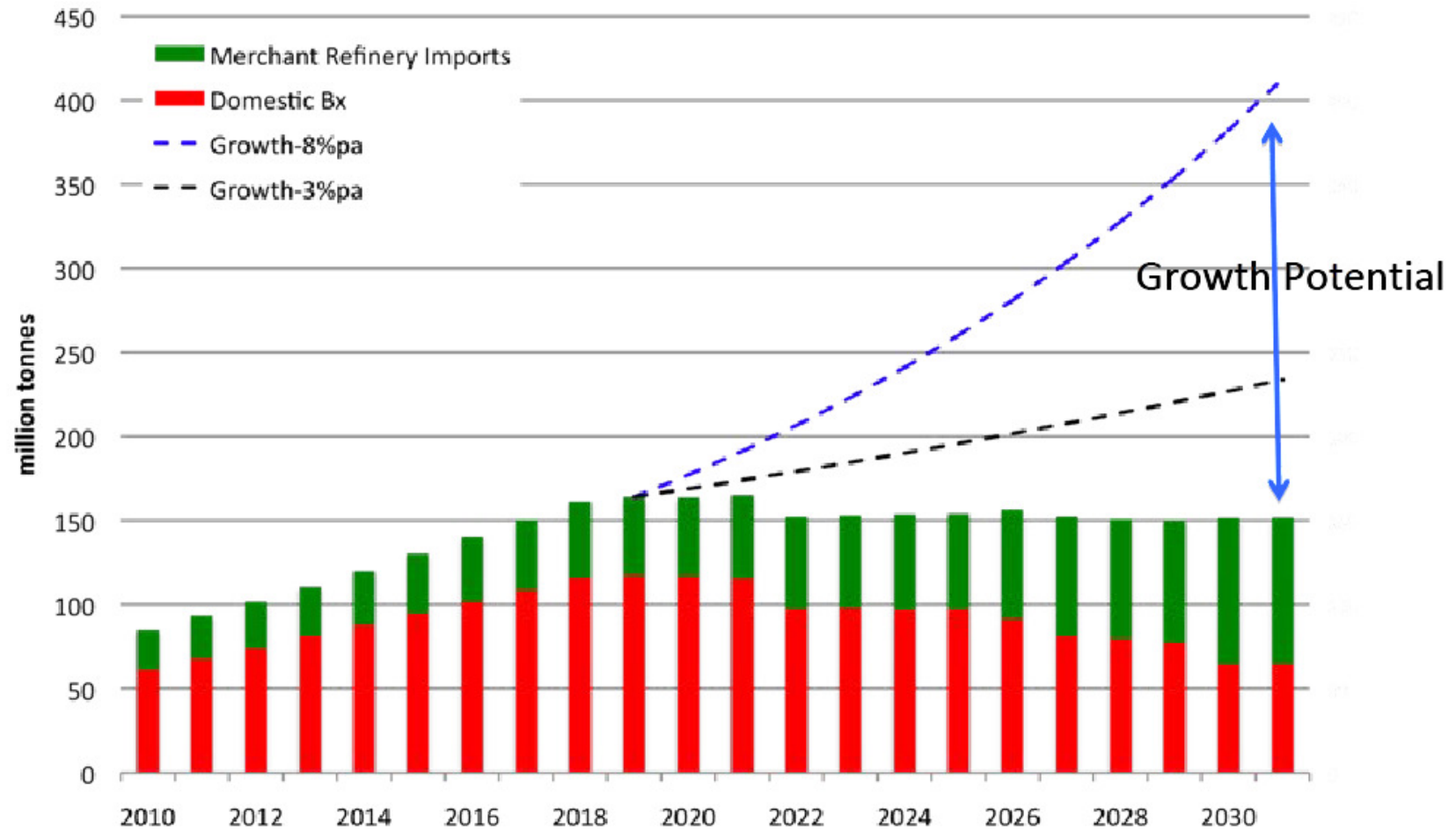
1. South Korea is negotiating to build a 400MW hydro power station close to SARCO's mining site.
2. Both Korea and Japan have invested heavily in Laos' timber industry and agriculture.
3. Japan is investing in Laos' transport industry.

**SARCO is well positioned to access new infrastructure being developed throughout Laos to expand capacity and reduce cost base.**

### **III. China's Demand for Alumina**

# Chinese Bauxite Consumption Outlook

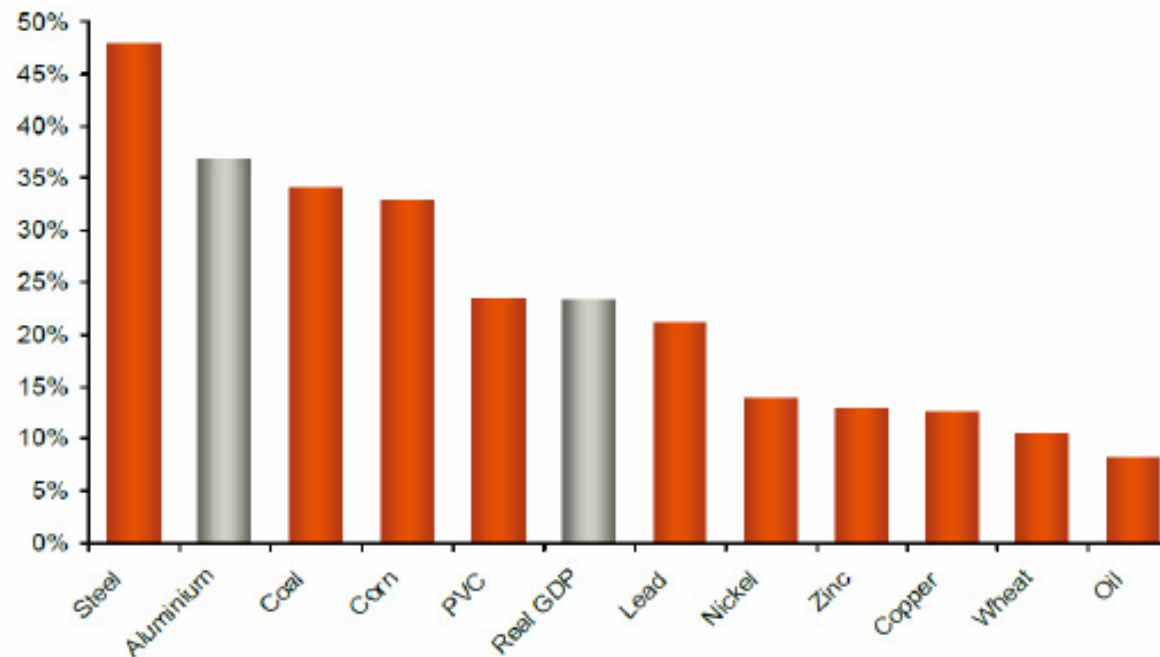
(source: Alumina Ltd presentation dated 10/8/2010)



# Aluminium Demand is Strong

(source: Alumina Ltd presentation dated 10/8/2010)

## Commodity Demand Growth % Cumulative increase in global markets (2000 to 2009)



Source: BHP Billiton, EIU, USDA, CMAI, MEPS, Brook Hunt, IEA, EIA.  
Estimates are used for coal and PVC consumption in 2009