

# Kupang Resources<sup>Ltd</sup>

30 July 2013

## COMPANY PRESENTATION

Australian resources company Kupang Resources Ltd (ASX: KPR) (**Kupang or Company**) is pleased to attach a copy of a presentation which will be delivered by Company management at a road show commencing in Singapore today.

**ENDS**

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ASX Code: **KPR**



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# Kupang Manganese Project

*Near term high grade  
Manganese producer*

## “Kupang is an investment with near term Manganese production, infrastructure & low capital requirement

### Premium Manganese (Mn) Product

- High Grade Mn endowment
- Low impurities
- Supply Agreement
- Approvals export & process in place

### Infrastructure

- Established deep water port
- Sealed roads
- Process & port equipment 100% owned
- Port Agreement in place

### Environmental & Social Impact

- Dry screen process has low environmental impact
- Local ownership (45%)
- Firm relationships at key authority levels

### Financial

- First mover advantage
- Fully funded
- Solid shareholder support
- Exclusive access to port infrastructure

Mn investment with exploration upside – funded to DFS



# Corporate Overview

## Corporate Snapshot

<b>ASX Code</b>	KPR
<b>Shares</b>	238,383,958 <sup>1</sup>
<b>Share Price</b>	A\$0.135
<b>Market Cap</b>	A\$29M

<b>Cash</b>	Australia	A\$2.0M <sup>2</sup>
	Kupang JV	A\$2.5M <sup>3</sup>

## Options on Issue

3.0M ex. @ \$0.066 (exp 31/12/13)
3.6M ex. @ \$0.15 (exp 30/06/14)
17.5M ex. @ \$0.10 (exp 01/11/14)
2.0M ex. @ \$0.20 (exp 01/11/14)

## Major Shareholders <sup>4</sup>

Cape Lambert Resources Ltd	12.47%
Jusse Tampubolon	6.73%

## Projects

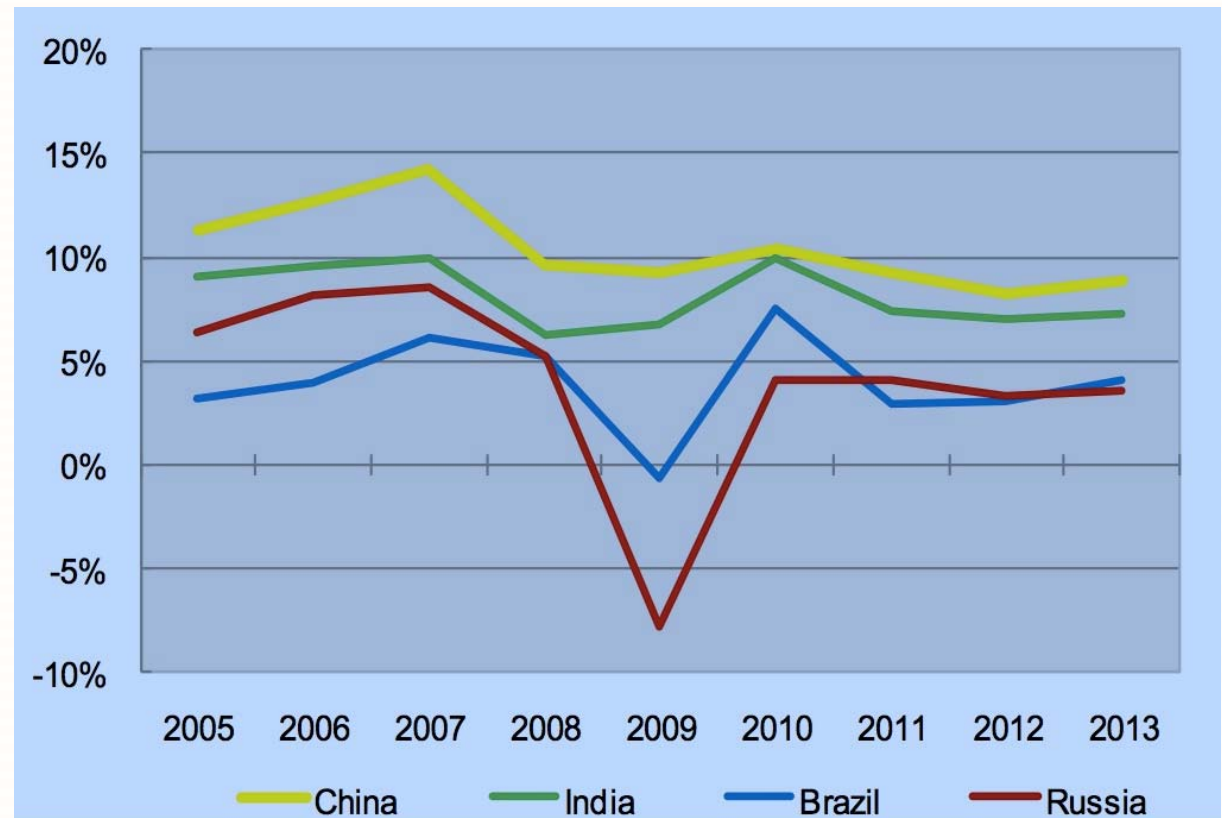
Kupang – Manganese (55% owned by KPR)  
Palm Springs - Gold

1. Includes the Company's proposed issue of 22,222,222 Shares (**Placement Shares**) to sophisticated and professional investors at an issue price of \$0.09 per Share to occur in two tranches (**Placement**). 6,666,666 Placement Shares will be issued using the Company's remaining capacity under Listing Rule 7.1 and 7.1A (**Tranche 1**). The balance of 15,555,556 Placement Shares will be issued subject to receipt of shareholder approval to be sought at a general meeting of Kupang shareholders (**Tranche 2**).
2. Includes proceeds from Tranche 1 and Tranche 2 of the Placement.
3. As at 30 June 2013.
4. Includes Tranche 1 Placement Shares issued under the Company's remaining capacity under Listing Rule 7.1 and 7.1A. Excludes Tranche 2 Placement Shares to be issued under the Placement subject to receipt of shareholder approval to be sought at a general meeting of Kupang shareholders .

# Manganese Market

## Developing World GDP 2005 - 2013

- Demand for Mn aligned with steel & infrastructure growth
- Record global crude steel production of 1,527Mt in 2011
- India & Chinese growth >7%  
Indonesia ideally positioned
- Exponential Mn growth potential as input to battery production
- Reference Mn Price, BHP HG Lump US\$5.35/dmtu  
46% Mn (August 2012)



Source AME Steel Outlook Aug12

Strong future for Mn tied to Global Infrastructure Growth



# Regional Information

## West Timor

Region East Nusa Tenggara (ENT)

Population 1.8m  
(92% Christian)<sup>1</sup>

Capital Kupang, 35% population

Socio-economic 80% unemployment  
30% poverty  
Average wage AU\$110/m<sup>1</sup>

Industry

- Agriculture – slash & burn
- Timber – in decline
- Tourism – nascent

Security

- Navy senior service
- Army base

Enforcement of Mn export Licenses

- Artisanal miners building stockpiles
- Mn export in sea containers
- No bulk Mn export licenses



1. Source; Indonesian Govt. Census 2010 Census



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# Key Advantages

## Product

High grade and low impurities = premium customers and price

Supply Agreement providing to stockpiled Mn ore

Supply Agreement with Mn Society

## Production

All approvals for mining, processing and exporting in place

Sole access to only bulk export facility for MnO<sub>2</sub>

Provide future funding for exploration

## Local Ownership

Ensuring local alignment

No impact of foreign ownership requirement

Compliance with Indonesian foreign ownership requirement

## Infrastructure

Port and process equipment in place

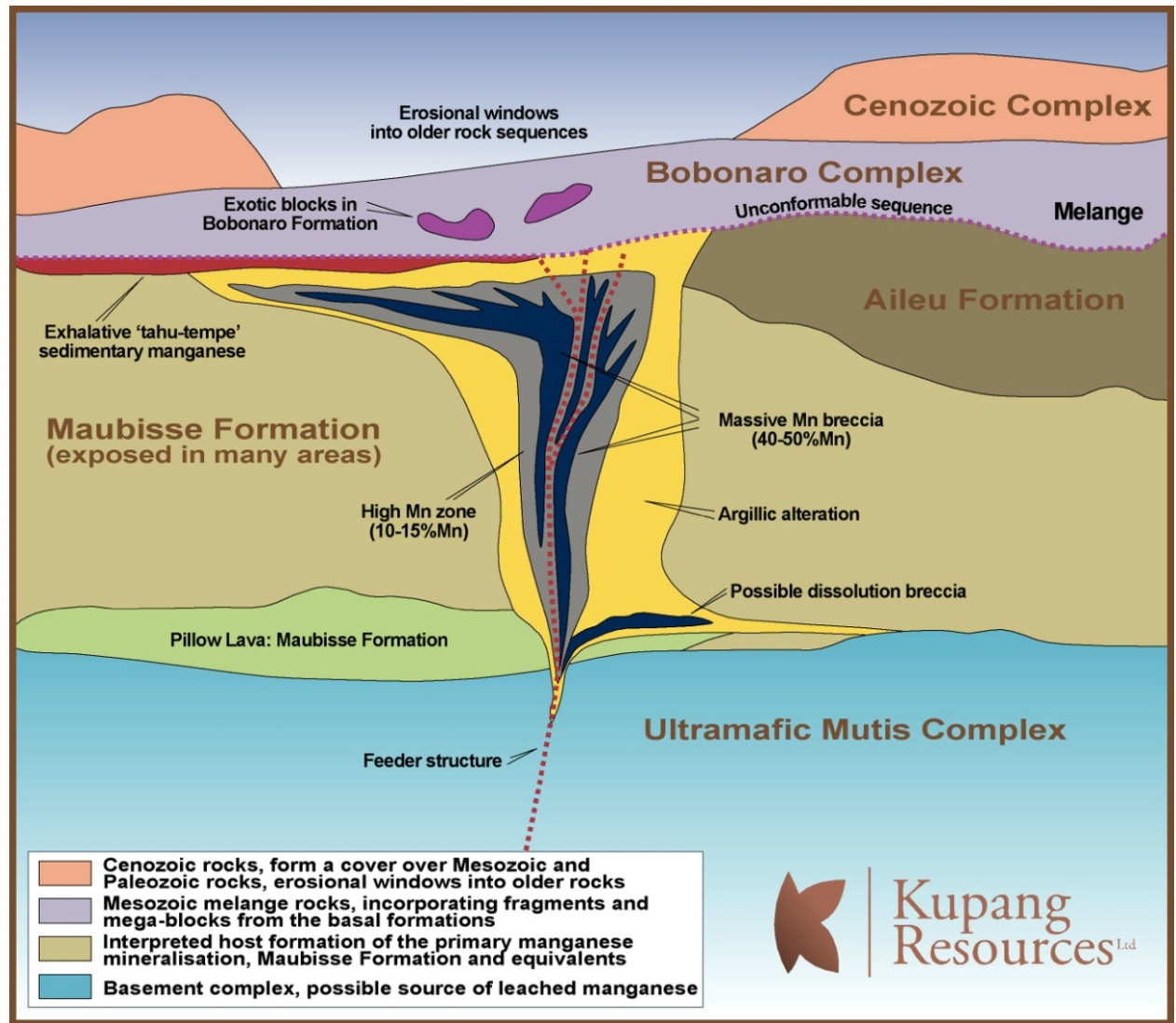
Mains power and sealed roads to site

Deep water port near site

Existing High Grade Ore stockpiles & bulk export facilities

# Geology is Key

- Mn in Bobonaro Complex viewed as seafloor tectonic/sedimentary in origin
- Prolific local high grade stockpiles not understood
- Anomalous high grade low impurity Mn doesn't fit model
- Island arc related primary endowment is recent view
- JORC resource requires clear definition through exploration techniques including:
  - Mapping
  - Geophysics
  - Drilling & Modeling



Interpretation explaining presence Mn – More drilling required



# Exploration upside



- No current resource
- New understanding of primary Mn endowment
- Evidence of breccias indicative of primary mineralization
- Requires quantitative & further qualitative data collection
- Geophysical survey using Magnetics/ IP/ Seismic
- Wildcat handheld drilling program to establish target size
- Exciting prospect of contemporary scale surface mining operation

Nearly pure MnO<sub>2</sub> – Exploration funded by trial marketing

# Existing Stockpiles

- No JORC resource; stockpiles & mining/processing for export giving cash flow
- Stockpiles grid sampled and sized prior to analysis to simulate process
- Bulk samples simulate product; screened & analysed
- Bulk sample post-process grade:

Mn	Fe	Alumina	P	Silica
55%	1.5%	1.5%	0.07%	6-8%

- Estimated tonnage in stockpiles is 50-100kt<sup>2</sup>

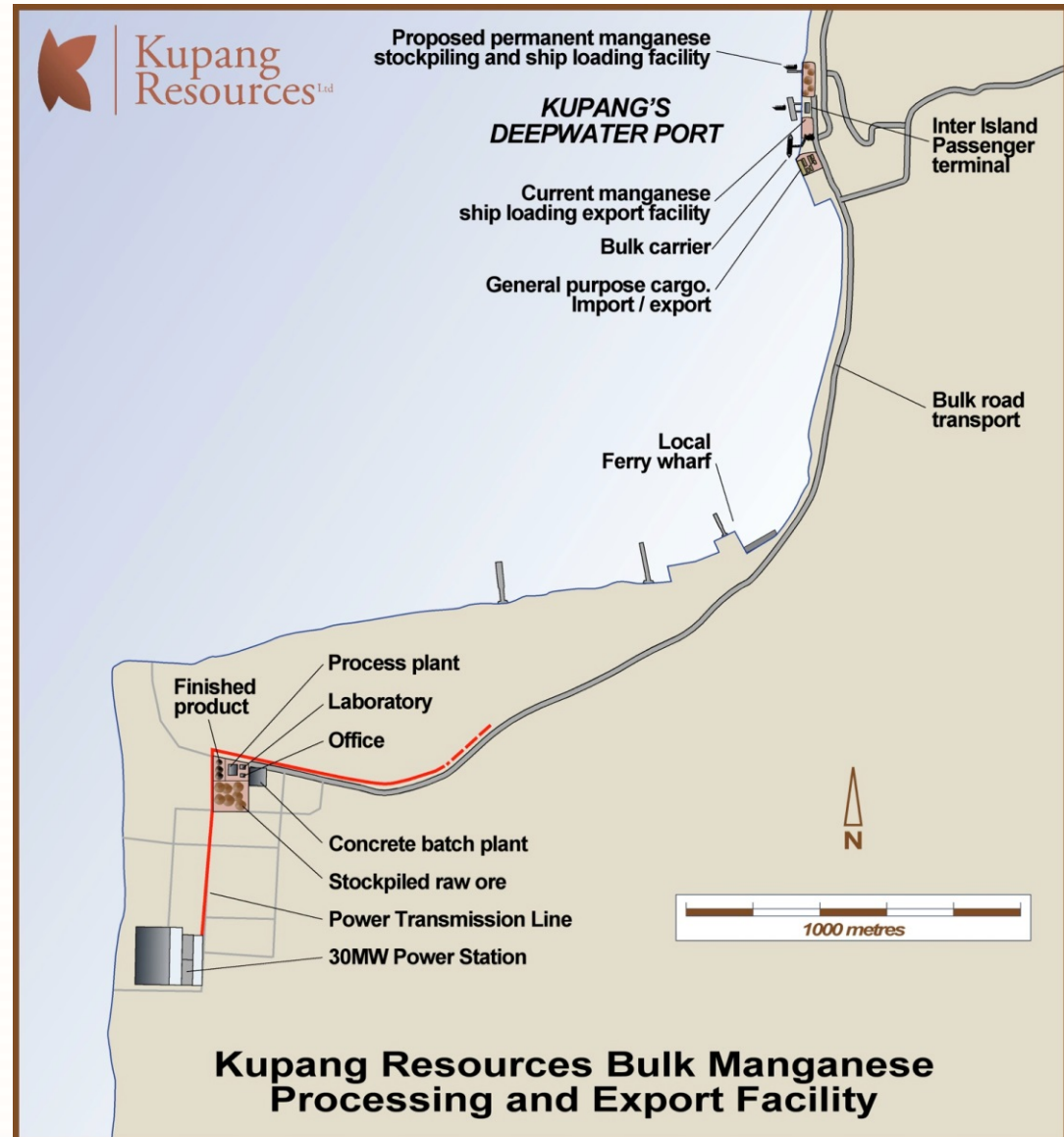


2. Kupang Manganese Society Chairman Letter of Understanding

Sufficient stockpiles to supply process until mining re-starts

# Infrastructure

- Infrastructure
  - 100% Sealed road to port
  - 100% owned bulk loading equipment
  - Tenau Port capable of 100kt ships
  - New 30MW Power station
  
- Process Plant
  - Being commissioned
  - 30,000t per month capacity
  - 5 Hectare site under 30-year lease
  - Back-up Gensets at Port and Process
  
- Tanau Port
  - Deep water Port
  - 80,000t/month capacity
  - 1000t/hour bulk loading
  - Port stockpile area
  - Current Wharf Handi size



Established new and growing Infrastructure base

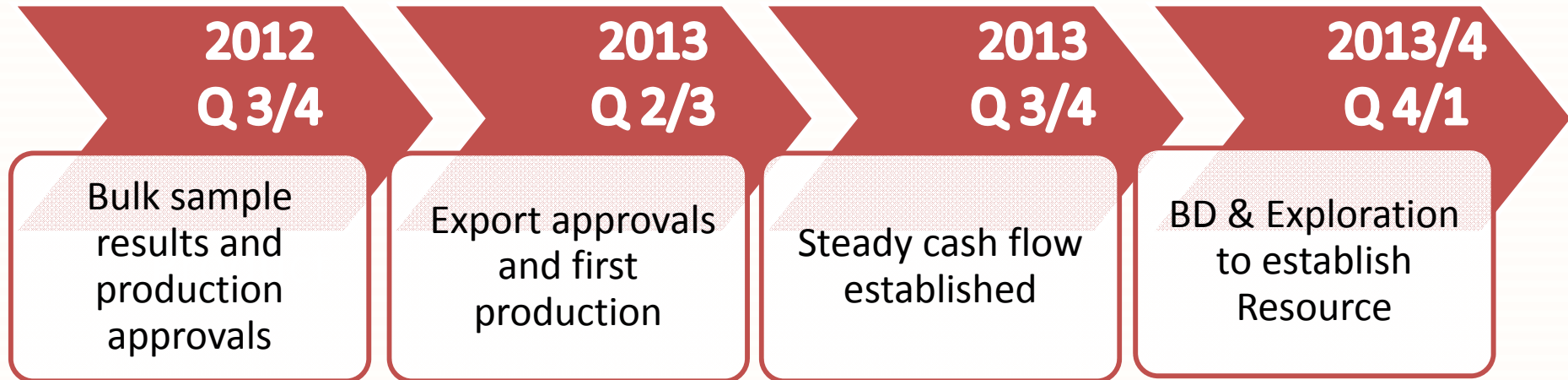
# Pilot Production & Trial Marketing

- Results indicative of high grade product from artisanal production
- Supply MOU indicating 30,000t/month minimum
- Measured stockpiles, consistent geologically indicating 30,000t of production
- Indicative product is highly sort after by Ferro Mn smelters
- Potential is for 50-100,000t of available artisanal stockpiles



Opportunity to de-risk project funding & 1<sup>st</sup> bulk exporter

# Proposed Schedule & Budget



## Project Budget

- Artisanal project budget \$6M; target opex US\$2/dmtu
- Exploration spend in FY 2013/14 \$3M
- Projected Balance EoCal Year \$>5M

Mn investment with exploration upside – funded to DFS

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**Thank you**

Remaining slides are for your  
information



# Sedimentary Mn



- View of a typical “tahu-tempe” style of mineralization hosted in the scaly clay of the Bobonaro Formation rocks. The chaotic nature of the manganese beds is due to strong folding and faulting within the *mélange* rocks that make up this formation. (Pit 1 and Pit 2 location)



# Manganese Rock Types

- Two Manganese Oxide (**MnO<sub>2</sub>**) styles in Timor:
  - Sedimentary Manganese (prolific)
  - Massive/Breccia Manganese
- Primary mineralisation resulted from exhalation of manganese-rich fluids from sea-floor fissures & permeable zones
- Feeder structures are ideal sites for build-up of massive bodies of manganese with breccia in-fill
- Sedimentary MnO<sub>2</sub>
  - easy to excavate, hosted in clay-like siltstone, thin massive beds <10cm thick
- A number of these occurrences may in fact be mega-blocks of older rocks hosted within the Bobonaro Formation, rather than the Bobonaro Formation being the exact host of the sedimentary manganese



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# Infrastructure in place



Dry Commissioning Kupang  
Process Plant - 30 Jun13



Kupang's Bulk Mobile Ship-loading  
equipment constructed at Tenau  
port - Jun13



Process Plant  
Construction  
Complete May-  
13

Prepared for high grade Manganese production and export