

# Allied Gold

ASX:ALD TSX:ALG AIM:AGLD



## December Quarter Presentation



Gold Ridge



A Simberi Xmas



Simberi PNG

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### **Competent Persons**

The information in this announcement that relates to Mineral Resources, Project Financial modelling, Mining, Exploration and Metallurgical results, together with any related assessments and interpretations, has been approved for release by Mr C R Hastings, MSc, BSc, M.Aus.I.M.M., a qualified geologist and full-time employee of the Company. Mr Hastings 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 Exploration Results, Mineral Resources and Ore Reserves”. Mr Hastings consents to the inclusion of the information contained in this ASX release in the form and context in which it appears.

The information in this Presentation that relates to Mineral Resources has been compiled by Mr S Godfrey of Golder Associates who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Godfrey has had sufficient experience in Ore Resource estimation relevant to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Godfrey consents to the inclusion of the information contained in this Presentation in the form and context in which it appears.

# Summary - December Quarter



“Simberi near record quarter. Gold Ridge all in readiness”

## SIMBERI - PRODUCTION AT STEADY STATE READY FOR EXPANSIONS

**Dec Quarter:** 18,921 ounces. Total cash cost of US\$652/oz (including \$28/oz royalty)

**Dec Half:** 37,127 ounces. Total cash cost of US\$655/oz (including \$27/oz royalty)

**Plant:** Running at 2.4 Mtpa . Recoveries 88.5% for quarter and 89.9% for half.

## GOLD RIDGE - PROJECT ON TIME/BUDGET - FIRST GOLD ON HORIZON

**On Time On Budget:** Remaining costs are operations focused. First gold imminent, due in March quarter 2011 **Mining:** As at mid-January ~130kt on ROM Pad.

## EXPLORATION - PNG and SOLOMON ISLANDS

**Simberi:** Botlu (27m@5.26g/t Au + 33m@2.15g/t Au) additional sulphide potential.

**Tatau:** Mt Letam no significant assays. Core drilling moved to other prospects.

**Gold Ridge:** Encouraging pit margin step out drilling. IP Survey completed.

## FINANCE - A\$36M CASH AT BANK and NO HEDGING

**Sales:** 16,621oz at US\$1370/oz for quarter and 33,556oz at US\$1296/oz for Dec half.

**Cash as at 31 Dec:** A\$36.4 M inclusive of IFC draw down of US\$35 M

**Inventory Adjustment:** -\$US139/oz due to 100kt of scats and rise of gold in circuit

# Outlook - March 2011 Quarter

Gold Ridge activity to accelerate



**SIMBERI** - Currently 72k ozpa moving to 100k ozpa in late 2011

**Guidance:** Aiming 18koz in March quarter at US\$650/oz.

**Inventory Adjustment:** Gold in circuit to be lower in coming quarter.

**Oxide Expansion:** 2 tanks in March quarter. SAG Mill in Sept quarter.

**Sulphides:** BFS work continues. Simberi Ox/Sulp Resource later in year.



**GOLD RIDGE** - 120k ozpa on the horizon

**Construct:** In January finish reline of SAG Mill, crusher and gold room.

**Commission:** In February-March with first gold in March quarter.

**Grade:** Expect slightly higher grade than LOM due to Nam/Valeh pits.

**Recoveries:** To start in mid-70% before moving to LOM 82% in late 2011.

**Ramp Up:** 3-4 months to get to 10,000 oz per month (120kozpa).



## EXPLORATION

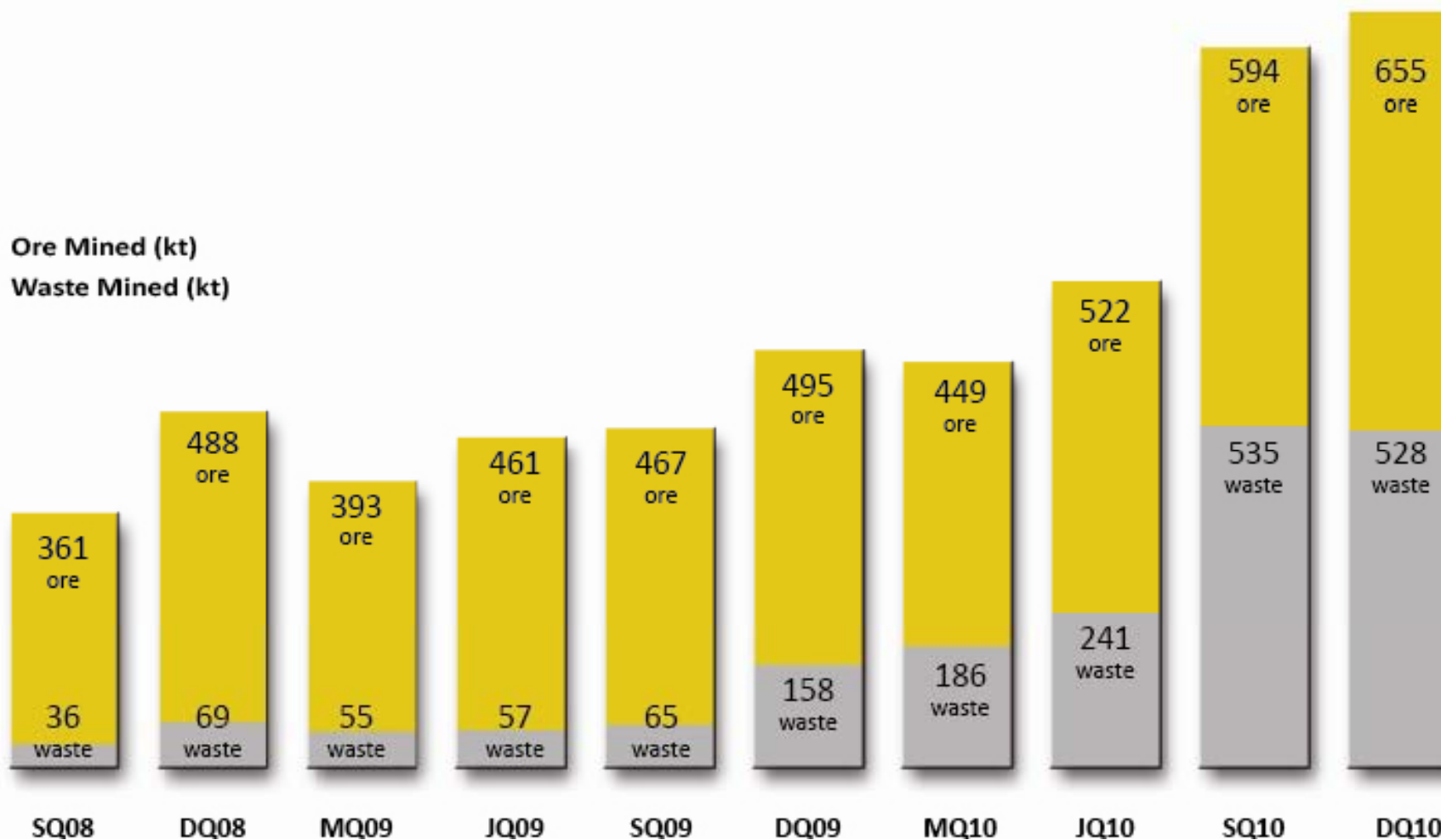
**Tatau, PNG** - On Tatau shift core drilling from Mt Letam/Talik to Mt Tiro, Pepewo, Seraro prospects. On Tabar, line cutting and soil sampling for IP survey at Banesa prospect.

**Gold Ridge:** Diamond drilling in late March to follow up IP Survey interpretation. In pit RC drilling to continue.



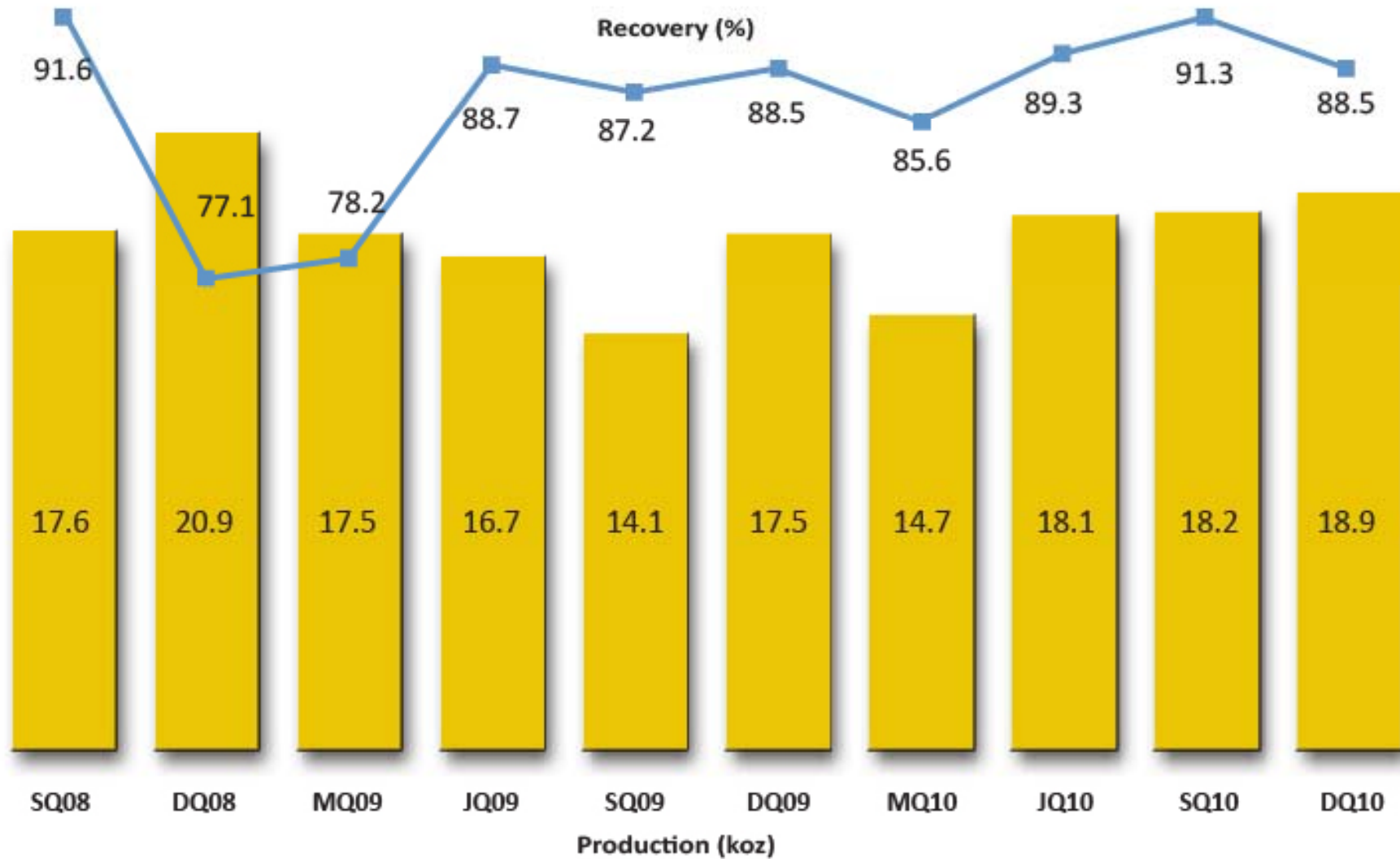
# Simberi Material Movement

Plant Running 2.4 Mtpa. Strip ratio now 1:1



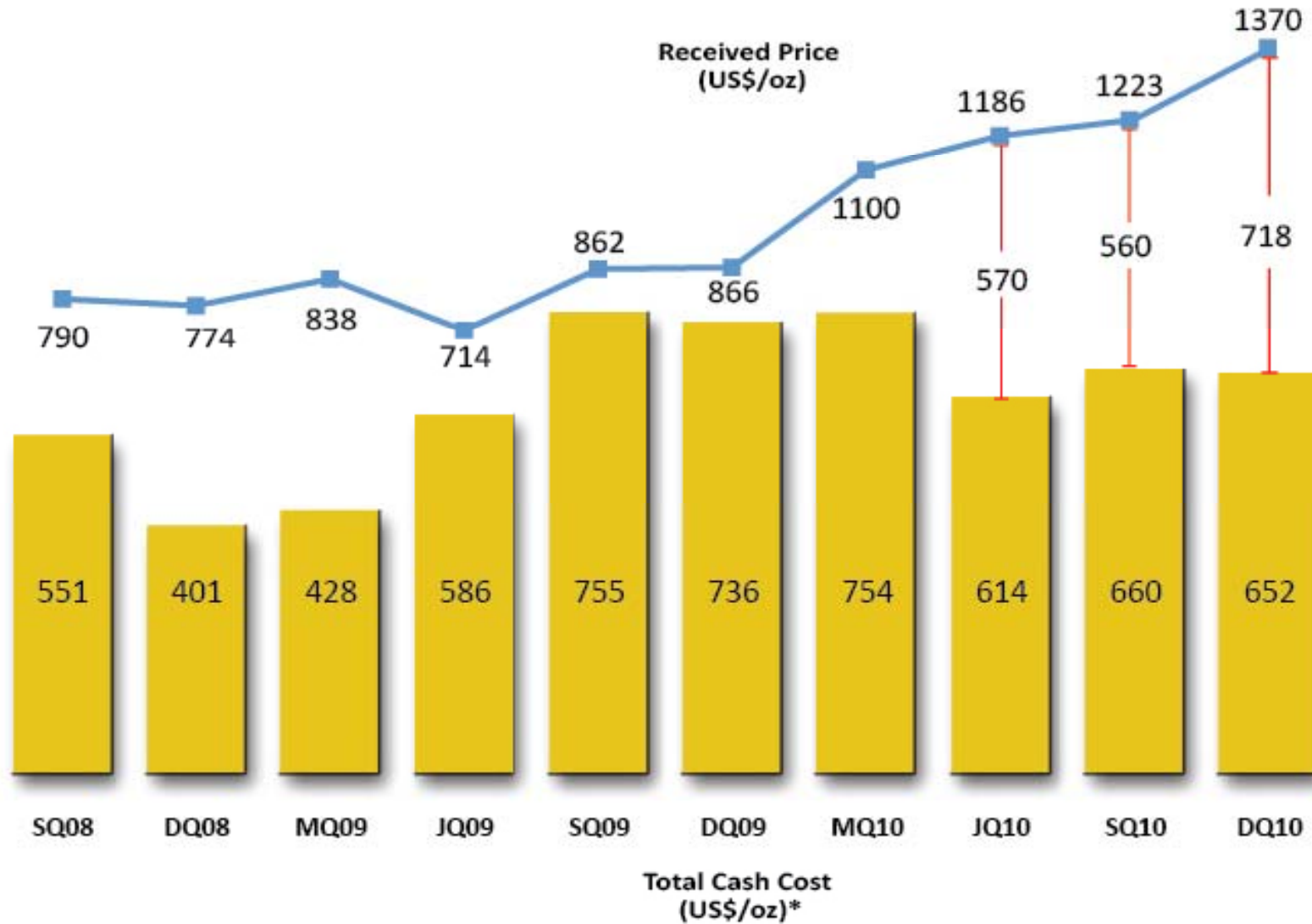
# Simberi Production

Currently ~ 18koz quarter, towards 25koz quarter in late 2011



# Cost & Margins

Hedge book extinguished in March 2010



# Simberi Plant Expansions

At 100kozpa by end 2011 then step changes



**OXIDES - Expansion to 3.5 Mtpa (100k ozpa) by end 2011**

*Allied has approved A\$32m expansion to nameplate 3.5 Mtpa*

**Tankage:** Commence construction two new leach tanks in February

**Thickener:** Commence construction Sept quarter

**SAG Mill:** On site footings (June qtr) and installation (Sept quarter).

**Fleet:** New Haulmax trucks on site. Three by mid year.



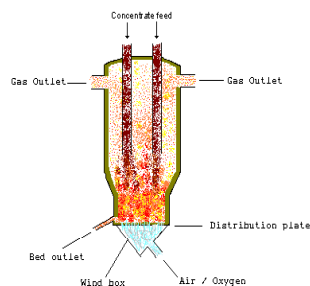
**OXIDES - Review of 5 Mtpa option (~130-150k ozpa)**

*Allied continues to review optionality of expanding to 5 Mtpa*

**Tankage:** Would require 5 extra tanks.

**Thickener:** An additional thickener. **Fuel:** HFO

**Fleet:** Fleet, road and haulage options would be reconsidered.



**SULPHIDES - BFS to focus on 2.5 Mtpa (~150k ozpa)**

*PFS in Nov 2010 focused on 1.5Mtpa roaster. BFS will focus on 2.5 Mtpa.*

**Reserves:** Continue to grow inventory. New resource due Sept-2011.

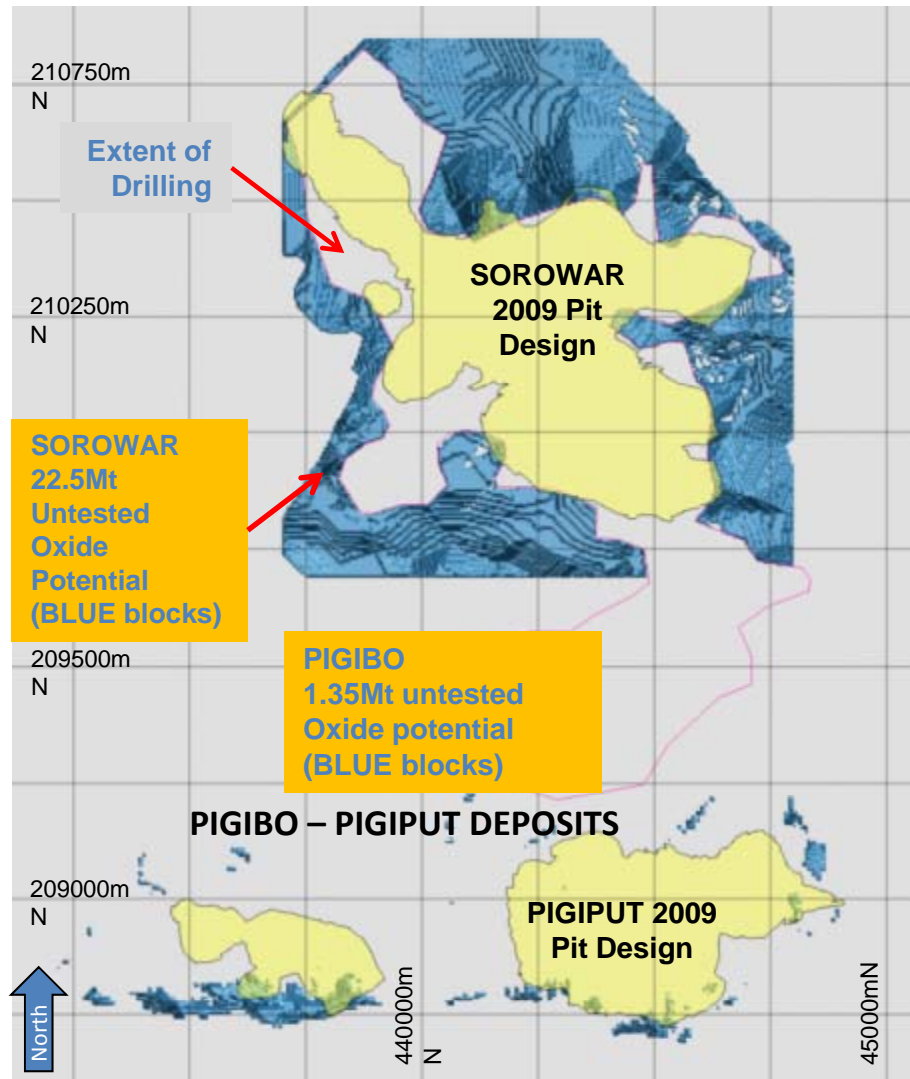
**Roaster:** Roaster pilot plant trials 2011.

**Timing:** 2011 BFS. 2012 Decided/Permits. 2013-14 Build. 2015 Gold.



# Simberi - Oxide Potential

Recent drilling outside pits highlights incremental oxide additions



Sorowar

## At Pigibo,

assays from RC 1833 of 32metres @ 2.68 g/t from 21m in oxide confirmed the down dip continuity of previously reported RC181 (36m @ 2.38g/t Au from 0m) reported in Sept quarter

# Simberi - Sulphides

Recent drilling outside pits highlights for further sulphides

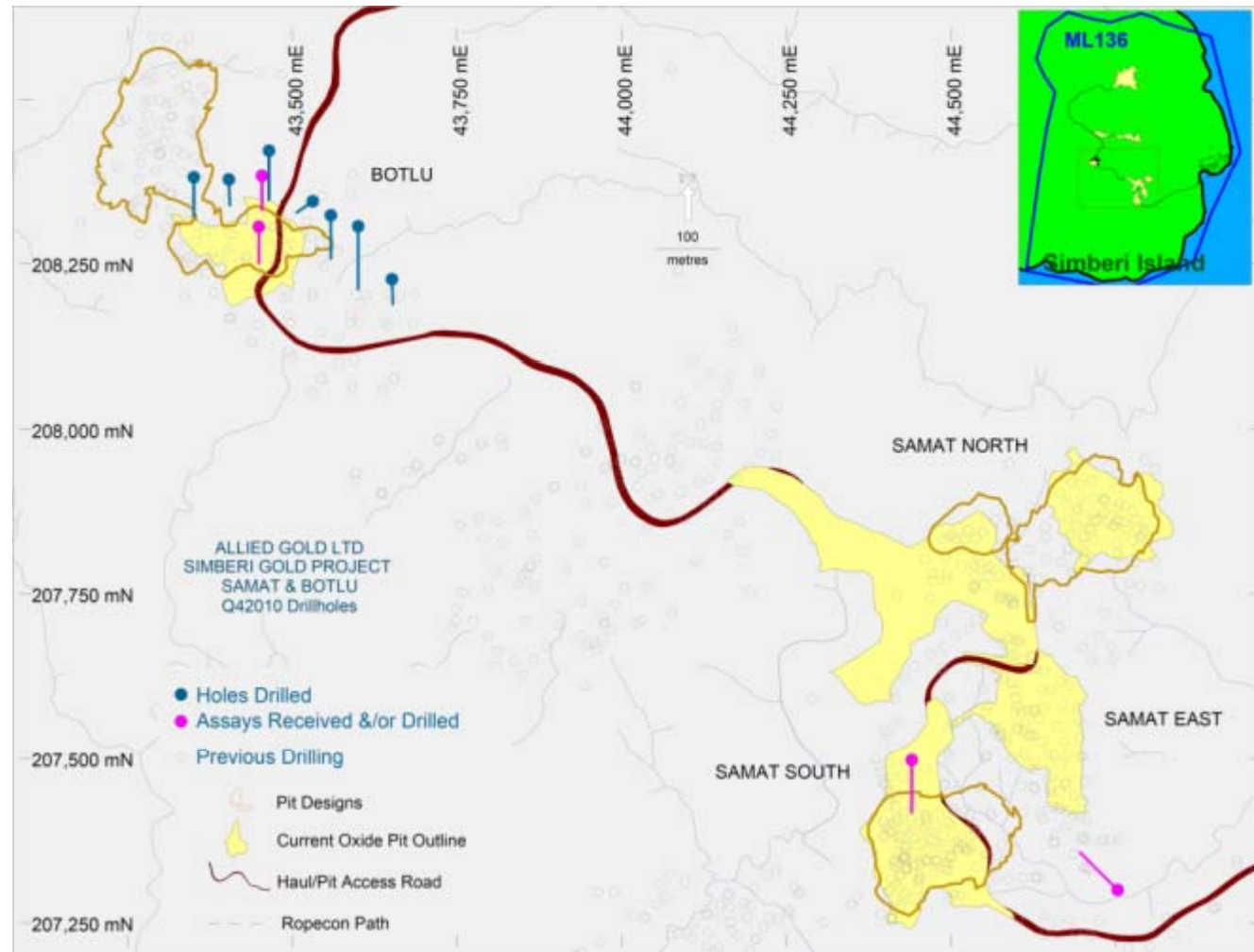


**Botlu Deposit** - two notable sulphide assays;

- 27m @ 5.26g/t Au from 40m, incl 2m @ 43.3g/t Au from 64m, (SDH142) and
- 33m @ 2.15g/t Au from 119m (SDH163)

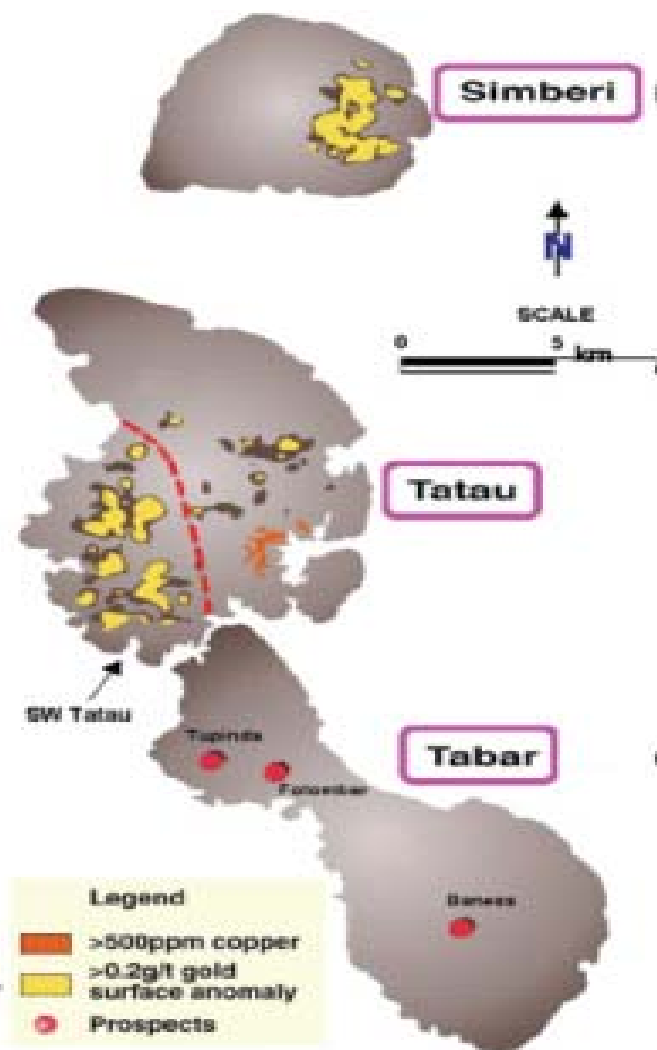
These help confirm, and will add to new 3D sulphide resource model.

Targeting Simberi sulphide resource upgrade in mid-year as part of BFS work.



# Tatau & Tabar Islands, PNG

Exploration - Multiple targets, attention turns to Mt Tiro



## Results in December quarter

Six core holes (1171m) at Mt Letam and Talik prospects. Possible source of the geophysical anomaly identified but no assays of significance to date.

## Focus in coming quarters

*Tatau* - Move core drilling from Mt Letam/Talik to Mt Tiro, Pepewo and Seraro prospects.

*Tabar* - Line cutting and soil sampling for IP survey at Banesa prospect.



# Gold Ridge, Solomon Islands

A\$150m on time and on budget for March 2011



# Gold Ridge: On Budget

As at end December 86% committed, very low chance of capex increase



Committed & Incurred <b>A\$115M</b> (76%)	Committed & Not Incurred <b>A\$15 M</b>	Uncommitted <b>A\$20 M</b> (14%)
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Of the A\$150m capex, some A\$130m has been committed through a combination of fixed price EPC contract (A\$65m) and major items bought by Allied such as fleet (\$20m), camp, and staff costs. The remaining uncommitted funds are predominantly operations costs in readiness for commissioning.

## EPC Work ~A\$65m

Crushing	Grinding	Reagents
Leach/Absorb/ Gold Recovery		
Utilities & Power Reticulation		
Civils	Workshop	
EPCM Services	Tailings	
Contingency & Other		

## Allied Owners Cost ~A\$85m

Access & Haul Roads	Mine Fleet	
Village Relocation	Offices & Camp	TSF
Project Staff	Pre Ops Staff	Freight
First Fills	Construction Equip & items	
Site Establish & IT	Other Pre Prod.	
Insurance & Contingency & Other		



# Gold Ridge: ROM pad in readiness

175,000 tonne ROM pad for blending flexibility



The ROM pad was expanded to 175,000 tonnes to provide more stockpile and blending capability.

As at mid-Jan 2011 there was approx 130,000 tonnes of ore on ROM pad and a separate low-grade (0.2 g/t) stockpile.



# Gold Ridge Timetable

Firmly on schedule for gold in March quarter



Work	
<b>EPC - Fixed Contract</b> A\$65 million	Work by GRES almost at end. GRES will stay on site for commissioning and warranty. Planned practical completion date is late Feb 2011
<b>Owners Costs</b> A\$85 million	Allied has paid for fleet, camp, village, first fills, ops team. \$20m uncommitted remains is for commissioning/ops costs
<b>Process &amp; Plant</b>	Three new leach tanks and thickener installed. SAG Mill relined by late January. Ore feed in February.
<b>Mining</b>	Began in November 2010. Running 24/7. ROM Pad 130kt.
<b>Village relocations</b>	Commenced in August 2010. Ongoing during 2011.
<b>Power</b>	Generators installed fully automated power in January.
<b>Commissioning</b>	Dry and wet commissioning in Feb/March 2011
<b>Ramp Up</b>	Three months. Recoveries in early quarters low-mid 70%
<b>Production</b>	120,000 ounces per annum at target of US\$650/oz.



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