

Alara Resources

Half-Year Financial Report

31 December 2020



ASX Code: AUQ

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Corporate Directory

Directors

Stephen Gethin
Non-Executive Chairman

Atmavireshwar Sthapak
Managing Director

Vikas Jain
Non-Executive Director

Sanjeev Kumar
Non-Executive Director

Company Secretary

Dinesh Aggarwal

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ASX Limited
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ASX Code

AUQ

Directors' Report

The Directors present their report on Alara Resources Limited (**Company** or **Alara** or **AUQ**) and the entities it controlled at the end of or during the half year ended 31 December 2020 (the **Consolidated Entity**).

Alara has prepared a consolidated financial report incorporating the entities that it controlled during the financial half year.

DIRECTORS

The following persons were Directors of Alara during the half year to 31 December 2020 and up to the date of this report:

Stephen Gethin	(Non-Executive Director and Chairman)
Atmavireshwar Sthapak	(Managing Director)
Vikas Jain	(Non-Executive Director)
Sanjeev Kumar	(Non-Executive Director)
Justin Richard	(Managing Director – resigned 27 July 2020)
James Phipps	(Non-Executive Director and Chairman – resigned 4 September 2020)
Avi Sthapak	(Non-Executive Director – resigned 1 December 2020)

HALF-YEAR OVERVIEW

COVID-19 impacts

As of 25 January 2021, Oman has reported 133,253 cases of confirmed COVID-19 (Coronavirus) within its borders. 1,522 people have died while 126,334 have reportedly recovered.

Almost all Government offices and private businesses in the country are now open with protective measures such as wearing face masks in public, which are strictly followed. Most commercial international flights into and out of the Sultanate of Oman are operational. Travelers arriving in Oman from any destination are required to undergo a COVID-19 PCR test upon their arrival and again eight days later. Travelers are required to carry their negative test results and remain under quarantine for a minimum of seven days upon arrival.

Alara project operations in Oman have continued unrestricted during COVID-19 and all staff have been working from the Company's offices.

Government update

His Majesty, Sultan Haitham bin Tarek Al Said, through Royal Decrees reduced the number of Ministries from 26 to 19, and the overall size of the Government. High-profile Government entities such as the Supreme Council for Planning, Ithraa (Public Authority for Investment Promotion and Exports), the Public Authority for Mining, Financial Affairs and the Energy Resources Council were all abolished. The Public Authority for Mining was merged into the Ministry of Energy and Minerals. H.E. Dr. Mohammed bin Hamad al-Rumhi, who has taken charge as Minister of Energy and Minerals, commenced a review of various mining projects across the nation. A delegation of Al Hadeetha JV partners paid a courtesy visit to the offices of H.E. the Minister, apprising him of the Wash-hi – Majaza copper project.

Oman's expat population dropped to its lowest since 2015. The decrease comes as Oman continues its efforts to nationalise its workforce, hiring more Omanis in both private and public sector jobs than foreign nationals.

Copper metal price outlook

The copper price has increased significantly, breaching US\$8,000 per tonne. The London Metal Exchange currently projects \$8,000+ per tonne and Goldman Sachs is forecasting US\$10,000+ per tonne in early 2022. Alara expects a healthy copper price in the short to medium term of 1 to 5 years. Copper producers also benefit in the short term from competitive TC/RC rates, which remain well below US\$60/tonne.

Al Hadeetha Copper-Gold Project

Oman

(Alara – 51%, Al Hadeetha Investments LLC – 30%, Al Tasnim Infrastructure Services LLC – 19%)

Al Wash-hi – Majaza Mining Licence

The Al Hadeetha Copper-Gold Project consists of one mining licence (Al Wash-hi – Majaza) and three exploration licences (Al Wash-hi – Majaza, Mullaq and Al Ajal). Preparatory work for the construction of a 1mtpa¹ copper concentrate plant and mine continued during the reporting period. Key activities during the period² included:

Industrial Licence

The Company received the Industrial Licence for the Wash-hi – Majaza project.

Project Execution

Following a short pandemic-related hiatus, the project execution activities of the Al Hadeetha Copper Project at Wash-hi – Majaza were kickstarted by reactivation of the Project Management Consultancy Agreement with Progesys, the appointment of Debishikha Associates (**DSA**), India as lead project engineering consultants and the appointment of a CEO to the Company's 51% joint-venture vehicle Al Hadeetha Resources LLC (**AHRL**).

1 Refer Alara's ASX Announcement dated 24 January 2017. That announcement contains information required by ASX Listing Rule 5.16 regarding the stated production target. All material assumptions underpinning the production target as announced on that date continue to apply and have not materially changed.

2 And, where indicated, after the period.

Directors' Report

Project organisation

All key positions and the project team interface were delineated under the CEO, and key roles were identified and filled during the period. Figure 1 below shows the Project's current organisational chart.

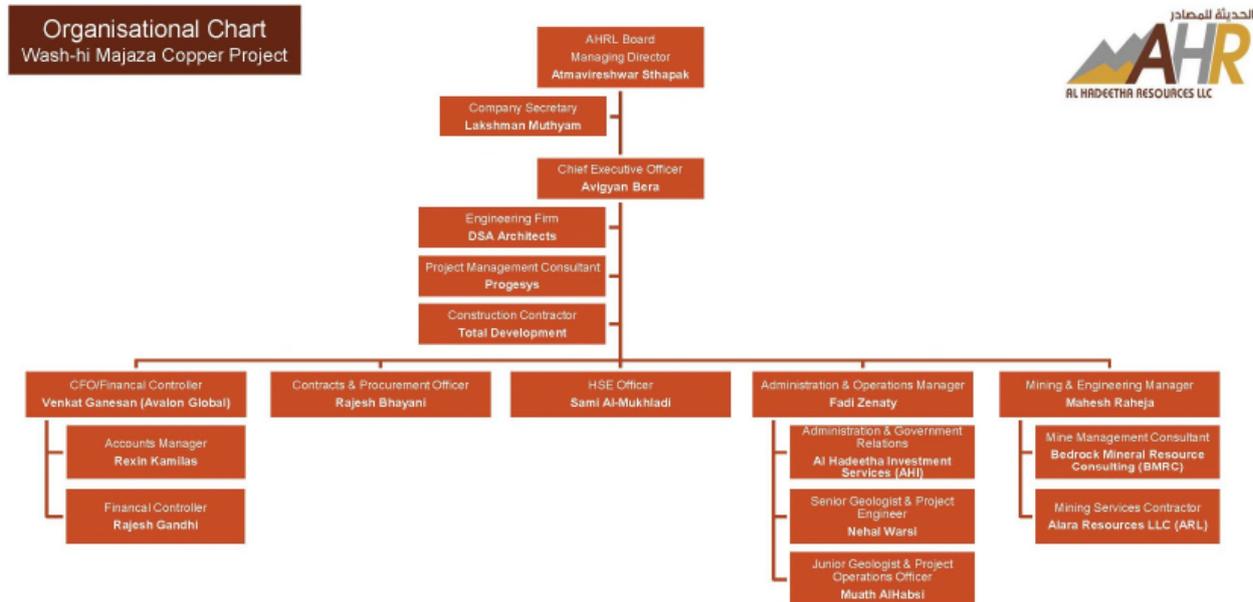


Figure 1: Project organisational chart

Project schedule

A detailed project schedule was developed, and milestones and the critical project path were defined. The target date for plant commissioning was set for Q1 2022.

The Project Milestone Table and Baseline Schedule as shown in Table 1 has been prepared and is being tracked for every activity.

ID	Milestone	Baseline	Forecast	Actual	Var
MS-1000	Project Start	12-Aug-20		12-Aug-20 (A)	
MS-1010	Contract Award	15-Aug-20		15-Aug-20 (A)	
MS-1100	Industrial Licence obtained	4-Oct-20		04-Oct-20 (A)	
MS-1050	Procurement Packages for CR + Mill Areas complete	20-Oct-20		16-Oct-20 (A)	
MS-1220	QC/QA Contracts Starting	23-Nov-20		04-Dec-20 (A)	
MS-1200	MOH Licence	7-Dec-20	31-Jan-21		-55
MS-1080	PO for CR + Mill issued	8-Dec-20	1-Feb-21		-55
MS-1090	Final Report - Metallurgical test	21-Dec-20	15-Jan-21		-25
MS-1060	Tailings Dam Permit - Construction	25-Jan-21	10-Feb-21		-16
MS-1070	FEED complete	29-Jan-21	19-Mar-21		-49
MS-1110	Water Supply EPC Award	15-Feb-21	3-May-21		-77
MS-1120	Power Lines EPC Award	11-Mar-21	2-Apr-21		-22
MS-1230	Exemption for Import Duties complete	26-May-21	26-May-21		0
MS-1030	Detailed Engineering & Procurement complete	26-Nov-21	17-Dec-21		-21
MS-1150	Reception of all Equipment complete	7-Dec-21	22-Dec-21		-15
MS-1160	Water Supply & Power Line EPC complete	14-Jan-22	18-Feb-22		-35
MS-1210	Tailings Management Permit & Environmental Licence Update complete	1-Feb-22	17-Feb-22		-16
MS-1170	Cold Commissioning complete	1-Mar-22	18-Mar-22		-17
MS-1180	Hot Commissioning complete	15-Mar-22	1-Apr-22		-17
MS-1190	Project complete & Start commercial running	15-Mar-22	1-Apr-22		-17

Table 1: Project milestones

Project Engineering and Procurement

During the reporting period, cumulative engineering progress was 27.8% vs. 31.4% planned. (Figure 2)

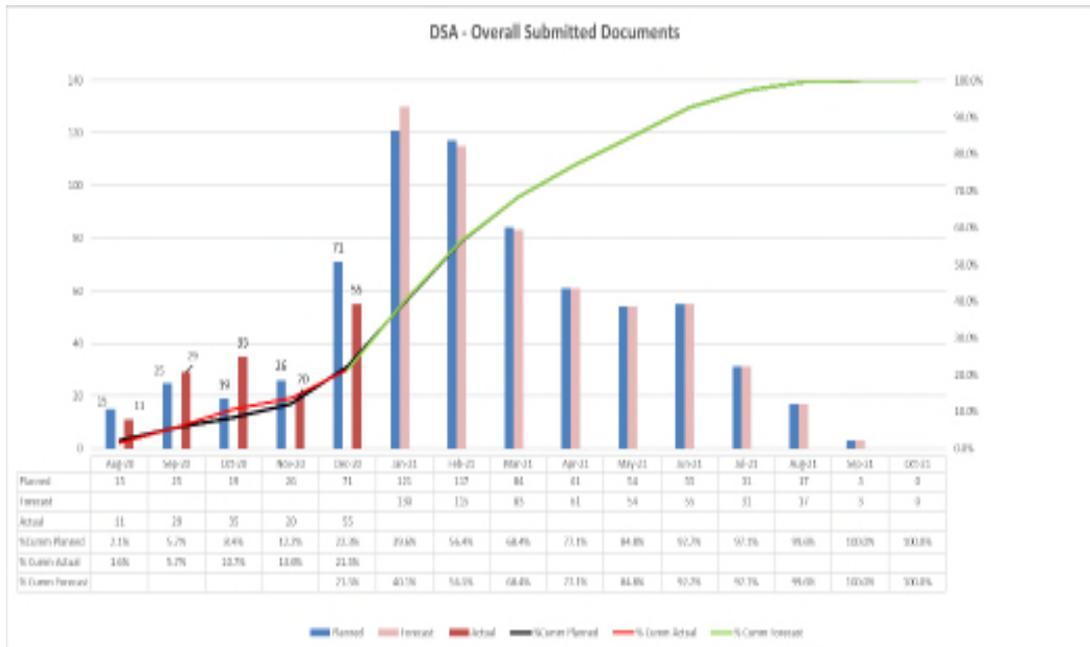


Figure 2: Engineering S Curve (calculated based on the drawings/documents submitted in the reporting period)

RFQs were prepared and floated to various vendors for packages including but not limited to SAG and ball mills, jaw crushers, conveyors, hydro-cyclones, screens, 11 KV cables and camp facilities, administration offices, security offices and laboratory buildings.

An Lol was issued for SAG and ball mills and jaw crushers. The balance of the required equipment is currently under commercial finalisation.

Purchase orders were placed to appoint consultants for inspection and vendor QA services, local municipality approvals, site supervision services, design services for the site approach road and design services for the powerline from Al Mudhaibi to the Project site.

In addition, technical specifications and datasheets were prepared for flotation cells, slurry pumps, froth pumps, water pumps, agitators, regrind mills, cyclones, air blowers, thickeners and other equipment.

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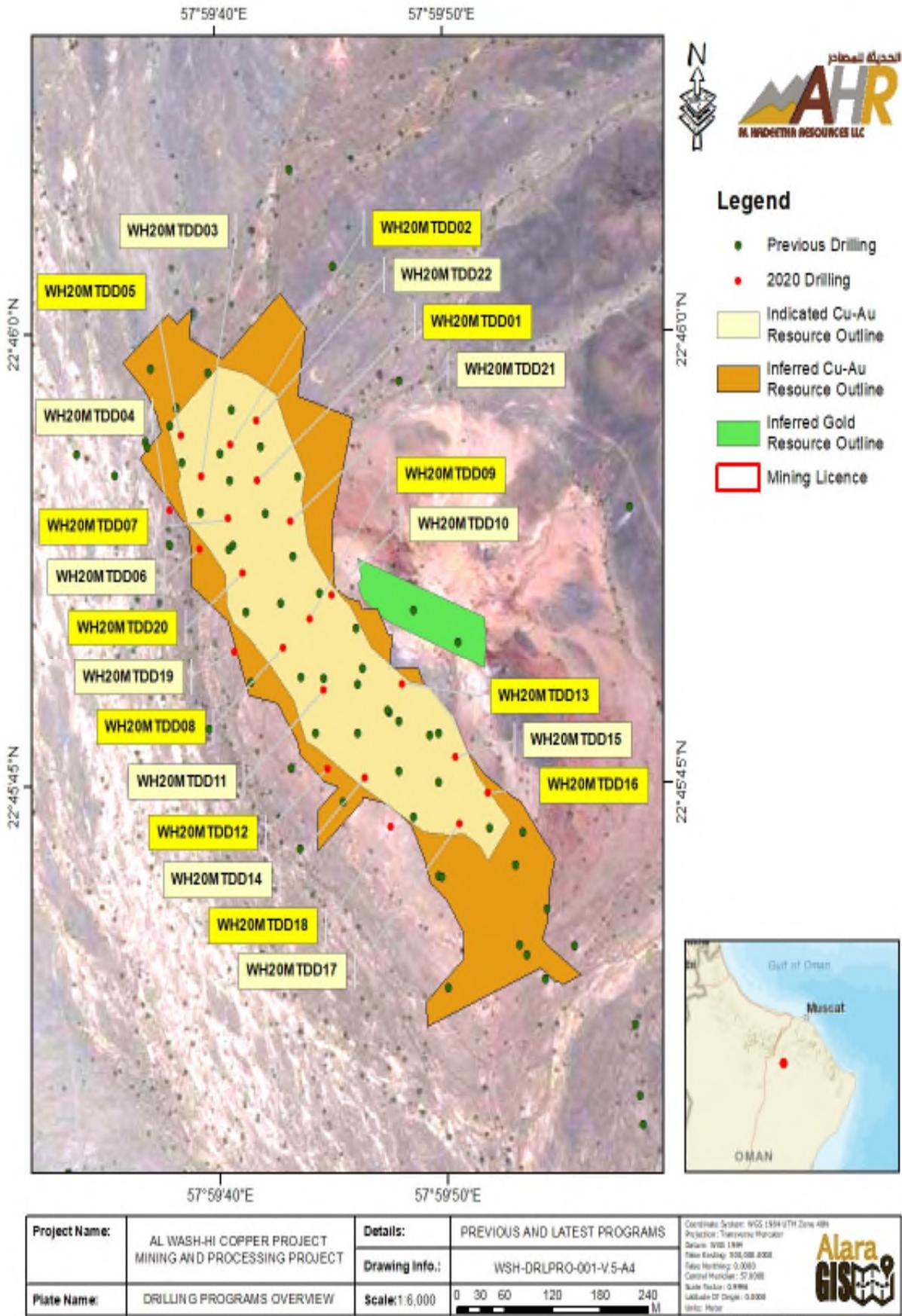
Metallurgical drilling

Metallurgical drilling was completed at Wash-hi deposit. A total of 3,434.7 metres were drilled in 22 holes. Table 2 provides the drillhole details and Figure 3 shows the drillhole locations.

Hole ID NO	East	North	RL	Type	Core	EOH	Azimuth	Inclination
WH20MTDD01	602138.071	2517880.078	456.343	MET	HQ	144.00	48	-70
WH20MTDD02	602105.110	2517918.042	456.306	MET	HQ/NQ	159.00	48	-70
WH20MTDD03	602068.292	2517885.426	456.091	MET	HQ	225.00	48.7	-69.5
WH20MTDD04	602025.902	2517847.181	455.989	MET	HQ/NQ	249.00	48.7	-70
WH20MTDD05	602043.341	2517923.759	456.282	MET	HQ/NQ	191.75	48.7	-69.4
WH20MTDD06	602064.951	2517809.851	455.884	MET	HQ	258.00	48.7	-69.9
WH20MTDD07	602101.556	2517842.886	456.082	MET	HQ	199.10	48.7	-69.6
WH20MTDD08	602168.266	2517710.372	455.729	MET	HQ	170.45	48.6	-70.3
WH20MTDD09	602201.528	2517739.164	456.980	MET	HQ	123.00	48.7	-69
WH20MTDD10	602230.256	2517763.804	458.589	MET	HQ	75.60	48.6	-67.6
WH20MTDD11	602222.174	2517668.314	456.570	MET	HQ	150.00	48.7	-69.3
WH20MTDD12	602226.171	2517586.889	454.792	MET	HQ	187.50	47.4	-70.3
WH20MTDD13	602318.794	2517672.811	465.209	MET	HQ	103.30	47.4	-69.6
WH20MTDD14	602272.989	2517577.296	455.213	MET	HQ	144.00	48.5	-69.4
WH20MTDD15	602387.123	2517597.715	457.943	MET	HQ	72.00	48.7	-70
WH20MTDD16	602426.596	2517562.716	455.872	MET	HQ	84.00	48.7	-71.6
WH20MTDD17	602393.604	2517529.295	454.825	MET	HQ	114.00	48.7	-69.6
WH20MTDD18	602304.736	2517527.227	454.535	MET	HQ	141.00	48.7	-69.8
WH20MTDD19	602106.259	2517703.053	455.380	MET	HQ	255.00	48.7	-69.7
WH20MTDD20	602117.609	2517787.414	455.830	MET	HQ	181.00	48.7	-69.8
WH20MTDD21	602178.182	2517840.214	456.416	MET	HQ	106.00	48.7	-70.3
WH20MTDD22	602134.521	2517939.017	456.452	MET	HQ	102.00	49	-68.3

Table 2: Metallurgical drillhole table

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Project Name:	AL WASH-HI COPPER PROJECT MINING AND PROCESSING PROJECT	Details:	PREVIOUS AND LATEST PROGRAMS	Coordinate System: WGS 1984 UTM Zone 48R Projection: Transverse Mercator Datum: WGS 1984 False Easting: 500,000.0000 False Northing: 0.0000 Central Meridian: 57.5000 Scale Factor: 0.9999 Latitude Of Origin: 0.0000 Units: Meter
		Drawing Info.:	WSH-DRLPRO-001-V.5-A4	
Plate Name:	DRILLING PROGRAMS OVERVIEW	Scale: 1:6,000	0 30 60 120 180 240 M	

Figure 3: Wash-hi copper deposit and metallurgical drillhole location map

Metallurgical testwork

Mr Gary Patrick, MAusIMM, CP (Met) was appointed to oversee the metallurgical testwork program being carried out by Wardell Armstrong International, UK.

Sample selection

ALS Jeddah performed geochemical analysis on 1,862 core samples, including QC samples.

Comminution samples were selected to represent the three main host rock types, namely MET001C, MET002C & MET003C. Drillhole intervals were selected to prepare master composites for ore characterisation testing.

Sample intervals for flotation verification tests were selected to represent the:

- Starter pit shell – North deposit (MET001C)
- Final pit shell – North deposit (MET002C)
- Central/South deposits (MET003C)

Comminution tests results

A full suite of ore characterisation tests was carried out on each of the main host rock types including:

- SMC tests
- Abrasion tests
- Crushing Work Index tests
- Bond rod mill Work Index tests
- Bond ball mill Work Index tests

Results of the ore characterisation tests are summarised in table 3 below.

Test Description	MET ID	MET001C	MET002C	MET003C
	Lithology ID	BAS/ BAS+MST	MM/SMS+ MNBST	MNBST
	Units			
Ai	G	0.0374	0.5903	0.2171
CWi	kWh/t	6.76	7.13	5.57
BRWi	kWh/t	14.92	13.12	13.40
BBWi	kWh/t	14.06	14.42	14.96

Table 3: Results of the ore characterisation tests

Major observations

The testing showed the average Bond Crusher Work Index values to range from 5.57kWh/t for the MET003C Composite to 7.13kWh/t for the MET002C Composite. Based on the classification criteria provided, the MET001C and MET003C Composites were determined to be “very easy” with respect to crushability whilst the MET002C Composite was identified as being “easy”.

The results of the SMC testing showed the Axb values to range from 41.81 for the MET001C Composite to 53.52 for the MET004C Composite. The SCSE values ranged from 8.54 kWh/t for the MET004C Composite to 10.39 kWh/t for the MET002C Composite.

The results showed the Abrasion Index values range from 0.0374 for the MET001C Composite to 0.5903 for the MET002C Composite. Based on the standard classification criteria, the MET001C Composite was classified as being “non-abrasive”, the MET002C Composite was classified as being “slightly abrasive” and the MET003C Composite was classified as being “medium abrasive”.

The results of the Bond Rod Mill Work Index tests showed the Work Index values to range from 13.12kWh/t for the MET002C Composite to 14.92kWh/t for the MET001C Composite. On this basis the MET002C and MET003C Composites were classified as being “medium” with respect to ore hardness/grindability. The MET001C was classified as being “hard” with respect to ore hardness/grindability.

The results showed that the Bond Ball Mill Work Index values range from 14.06kWh/t for the MET001C Composite to 14.96kWh/t for the MET003C Composite. The three samples were classified as “hard” with respect to fine ore grindability.

Heavy Medium Separation (HMS)

To verify HMS tests conducted in 2013, fresh float-sink tests were carried out on the lower-grade Central-South Composite (MET03F). The Composite sample was initially screened into the optimum size fraction of -3.35mm+500µm, and the test carried out at a specific gravity of 2.8.

Results of the float-sink analysis are summarised in Table 4 below.

Size Fraction	SG Separation	Mass		Assay			Distribution (%)		
		G	%	Cu %	Au ppm	TS %	Cu	Au	TS
-3.35 mm	-2.8 / Floats	13,878	60.95	0.16	0.08	3.49	15.91	11.00	17.52
+ 500µm	+2.8 / Sinks	8,890	39.05	1.32	1.01	25.65	84.09	89.00	82.48
(Feed Testwork)	DMS Feed	22,768	100.00	0.61	0.44	12.14	100.00	100.00	100.00

Table 4: HMS Test results

Results show that 61% of the feed reported to the floats (rejects) fraction. However copper and gold losses to the rejects fraction were high at 16% and 11% respectively.

As a result of these high metal losses to the rejects fraction it was decided not to progress with any further evaluation of HMS technology.

Flotation

Flotation testing was carried out during the reporting period on the three (3) main composites. Flotation test parameters were taken from the previous testing undertaken by ALS. The ALS flotation circuit was also used as the base case for testing and the results were found to be in close proximity only.

Batch rougher optimisation tests were carried out investigating float residence times, reagent addition rates and alternate collectors. Open cycle cleaner tests were carried out with and without a regrinds stage and varying 1st cleaner float times.

A single locked-cycle test was carried out on each of the master composites to determine the final metallurgical performance. Results of the locked cycle tests are summarised in Tables 5 to 7 and Figure 4 shows composite sample zones within the orebody.

The final metallurgical performance for the different metallurgical composites is:

- North Upper: copper recovery of 85% at a final concentrate grade of 28.4%Cu
- North Lower: copper recovery of 92% at a final concentrate grade of 25.1%Cu
- Central-South: copper recovery of 87% at a final concentrate grade of 20.1%Cu

The results show high copper recoveries can be achieved to a saleable concentrate grade of >20%Cu.

A trade-off between copper grade and recovery can be made to optimise copper recovery to a fixed copper concentrate grade based on discussions with metal traders.

Test work carried out at Wardell Armstrong has confirmed:

- The Wash-hi – Majaza ores exhibit low abrasiveness and moderate grinding characteristics
- Flotation tests confirm the optimum primary grind size as a P80 of 75µm
- The flotation circuit is fairly conventional with a rougher/scavenger circuit, followed by regrinding of the rougher/scavenger concentrates, and two-stage cleaning to produce a saleable copper concentrate, with minor gold credits
- An optimum regrind size of P80 of 25µm is required to ensure selectivity between chalcopyrite and pyrite

At the time of writing this Report, dewatering testing (thickening and filtration) was still ongoing at Wardell Armstrong.

Testing at Wardell Armstrong confirmed that the overall metallurgical performance is dependent on the copper head grade to the plant, i.e. a higher copper grade results in a higher copper recovery to the final copper concentrate. The process plant is designed to treat a head grade of 1.3%Cu, for which a copper recovery of 92.1% at a concentrate grade of 24.6% Cu, and mass pull of 4% by weight is obtained. Latest process technologies will be investigated to further improve the metallurgical performance of Cu and Au.

Product	Cycle	Weight (g)	Weight (%)	Assay (%)			Distribution (%)		
				Cu	Au	S _(TOT)	Cu	Au	S _(TOT)
Cleaner 2 Conc	5+6	126.71	3.17	28.42	3.77	38.34	84.59	19.33	6.03
Cl 1 Tailings	5+6	483.34	12.09	0.78	1.09	27.74	8.83	21.32	16.64
Rougher Tailings	5+6	3388.24	84.74	0.08	0.43	18.39	6.59	59.35	77.33
Feed		3998.29	100.00	1.06	0.62	20.15	100.00	100.00	100.00

Table 5: North Upper Ore Zone – LCT 1

Directors' Report

Product	Cycle	Weight (g)	Weight (%)	Assay (%)			Distribution (%)		
				Cu	Au	S(TOT)	Cu	Au	S(TOT)
Cleaner 2 Conc	5+6	156.80	3.96	25.11	1.36	39.87	92.21	33.49	13.27
Cl 1 Tailings	5+6	649.03	16.37	0.31	0.28	28.98	4.78	28.82	39.93
Rougher Tailings	5+6	3157.94	79.67	0.04	0.08	6.98	3.01	37.69	46.80
Feed		3963.77	100.00	1.08	0.16	11.88	100.00	100.00	100.00

Table 6: North Lower Ore Zone – LCT 1

Product	Cycle	Weight (g)	Weight (%)	Assay (%)			Distribution (%)		
				Cu	Au	S(TOT)	Cu	Au	S(TOT)
Cleaner 2 Conc	5+6	125.72	3.16	20.11	2.00	36.93	86.62	15.06	9.16
Cl 1 Tailings	5+6	507.30	12.74	0.41	0.72	18.21	7.16	21.87	18.22
Rougher Tailings	5+6	3348.85	84.10	0.05	0.32	10.99	6.22	63.07	72.62
Feed		3981.87	100.00	0.73	0.42	12.73	100.00	100.00	100.00

Table 7: Central-South Ore Zone – LCT 1

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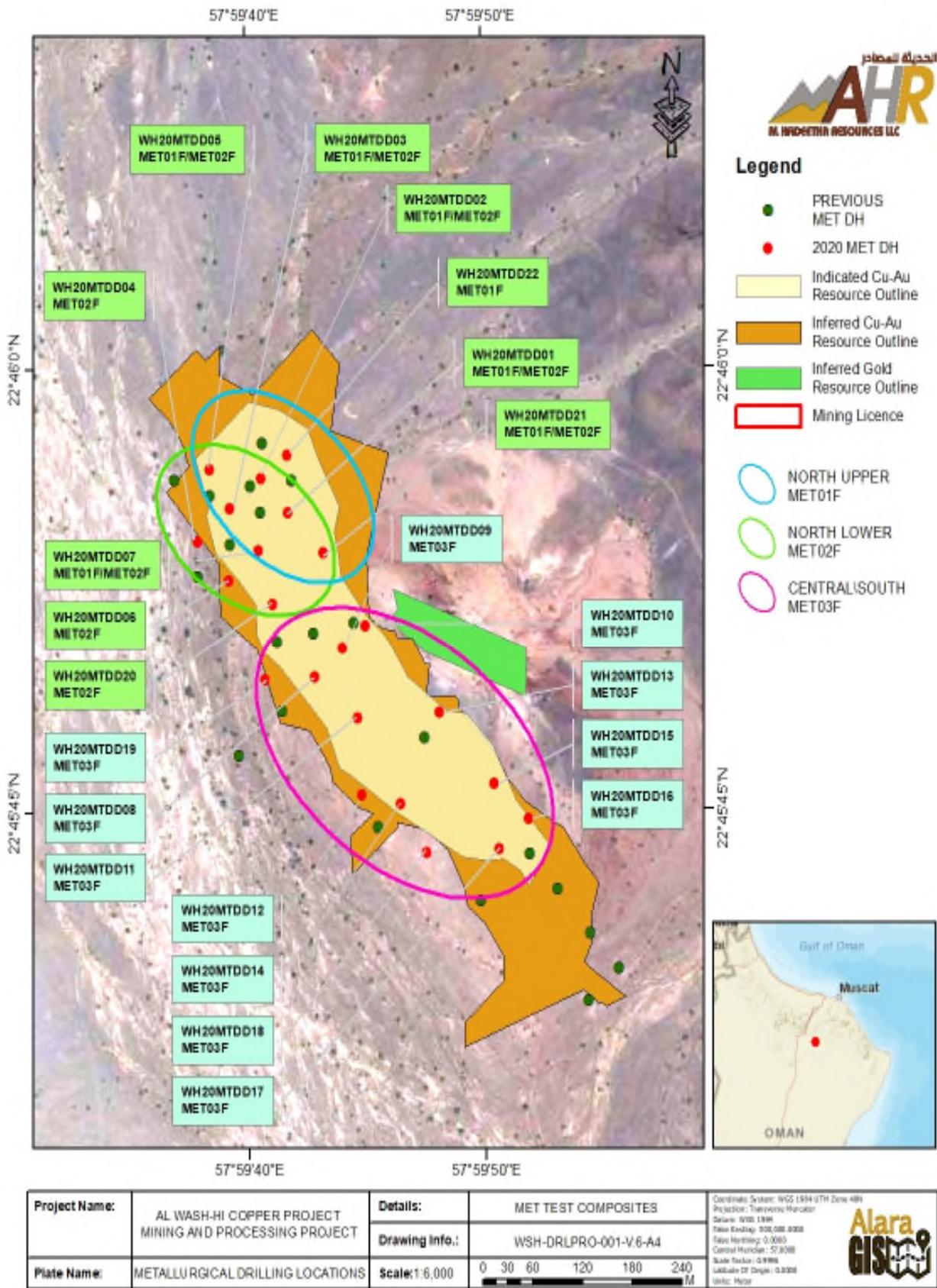


Figure 4: Locations of met samples and drillholes

Mining Contractor and mine management consultants

Following the entry of a preliminary commercial agreement in the previous quarter, Al Hadeetha Resources LLC (**AHRL**) and Alara Resources LLC (**ARL**) agreed terms for a ten-year mining contract by way of a letter of intent (**LoI**). Execution of this mining contract is expected to follow in the next quarter.

Al Hadeetha has executed a mine operation and ore-grade management service agreement with Bedrock Mineral Resources Consulting (**BMRC**). For a fixed monthly fee, BMRC will provide key resources and software required for all day-to-day mine management activities related with ore and waste production, mine planning, grade control and statutory JORC reporting.

Mr Ravi Sharma, Managing Director of BMRC, is a Chartered Member of The Australasian Institute of Mining and Metallurgy. Mr Sharma was a principal consultant to Alara Resources Limited who undertook definition of Wash-hi copper deposit as a Competent Person as defined in the JORC Code, 2012 edition.

Project water supply

AHRL is exploring different options to secure the water requirement for the Project. New Technology has been adopted for tailings management for better recirculation of the water which will reduce the consumption of the fresh water in the plant.

Haya Waters Oman had already confirmed the required water quantity from Nizwa STP however building a pipeline from Nizwa to the Project site presents a challenge both in terms of time and cost. AHRL is also exploring the availability of water from Al Mudhaibi STP via pipeline or through tankers.

Project power supply

Local firms have been appointed by AHRL to provide consultancy and engineering services for the power line supply project. Designs and drawings had been prepared and the same is under approval at various ministries.

PSS and powerline tender documents preparation has been started and they are expected to be issued in Q1 2021, after which the construction bidding process will commence.

Road connectivity

A local design group has been appointed by AHRL to provide consultancy and engineering services for the approach road project. The most efficient road route has been selected and all approvals applications have been submitted and are expected to be fully granted by Q1 2021.

Tender documents have been completed and floated, and the expected timeline for closing the construction contract is Q1 2021.

Mullaq and Al Ajal exploration licences

Renewal of Exploration Licences at these sites is with the Ministry of Energy and Minerals in Oman. Discussions on exploration expense commitments are underway in the context of Al Hadeetha Resources obtaining mining licence grants over existing copper/gold mineralisation.

Daris Copper-Gold Project

Oman

(Alara – 50% with option to increase to 70%, Al Tamman Trading Establishment LLC – 50%, of Daris Resources LLC (**DRL**))

The Daris Project consists of two high-grade deposits within the 587km² Block 7 exploration licence. Within the exploration licence area are two mining licence applications covering 4.5km² (Daris East and Daris 3A5). The Project fits well with a “hub and spoke” model, which provides for processing of Daris ore at the proposed Al Hadeetha copper concentrate plant to be built 100km to the south. Other processing options are also being investigated, which would see Daris operate as a stand-alone project if it became more beneficial to do so.

The Daris East Mining License application, which covers an area that includes measured, indicated and inferred JORC copper resources (see the table below) was opposed by the Ministry of Housing due to its proximity to recently allotted residential land. Decision on review of application is pending at Ministry of Energy and Minerals.

The Daris 3A5 application for a Mining License is also progressing with the Government. The Ministry of Environment and Climate Affairs has sought changes to proposed ML boundary.

Awtad Copper-Gold Project

Oman

(Alara – 10% interest with option to increase to 70%, 30% Awtad Copper LLC, of Awtad Copper LLC (**ACL**))

The Awtad Project, which lies adjacent to the Daris Project to the East, has favourable geology and significant exploration potential for new discoveries of copper mineralisation. Alara previously explored some parts of the 497km² Block 8 licence area and identified some geophysical anomalies requiring further work.

Renewal for the Exploration Licence remains pending at the Ministry of Energy and Minerals.

Other Developments

Alara Resources LLC

ARL's first mining contract is with Al Hadeetha Resources LLC, as mentioned above. ARL has submitted a tender to a major Omani industrial mineral company for the exploration drilling contract.

Directors' Report

Saudi Arabia

The Khnaiguiyah Zinc-Copper Project is located approximately 170km south-west of the Saudi Arabian capital city of Riyadh. The mining licence (held by a former JV partner) was cancelled in December 2015. Alara, as sole funder of the Definitive Feasibility Study, is poised to restart the project once the licence is reissued and is working with relevant parties in both the private and public sectors to prepare for this.

Discussion with interested parties of private and public sectors is ongoing to reactivate the project by reissuing the required licences according to the new Saudi mining regulations which were launched in January 2021. Discussions confirm that the project is on a priority list of the Ministry and it is a vital part of the Saudi 2030 vision for the exploration and mining sector development.

The Ministry of Industry and Minerals Resources is opening doors for local and international investors to participate in the new mining vision with more commercial and technical facilities.

FINANCIAL

Cash Position

The Company's cash position as at 31 December 2020 was A\$5,665,710 (30 June 2020: A\$7,674,616).

The Company's total liabilities as at 31 December 2020 were A\$961,591 (30 June 2020: A\$982,717) which includes a A\$620,002 (30 June 2020: A\$684,411) loan from Al Hadeetha Investments LLC to Al Hadeetha Resources LLC. This loan from Al Hadeetha Investments LLC is repayable (dollar for dollar) alongside the Alara and its controlled entities loan to Al Hadeetha Resources totalling \$17.2m, reducing the effective liability to nil. However, pursuant to AASB 139 "Financial instruments: Recognition and Measurement" and AASB 127 "Consolidated and Separate Financial Statements" the Alara loan of A\$17.2m from the Consolidated Entity to Al Hadeetha Resources LLC is not shown in the assets of the Consolidated Entity.

CORPORATE

Securities on issue – as at 11 March 2021

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	705,429,239	-	705,429,239
Total	705,429,239		705,429,239

2020 Annual General Meeting

At the Company's Annual General Meeting³ held on 30 November 2020⁴:

- (1) The Consolidated Entity's 2020 Remuneration Report was passed;
- (2) Mr Stephen Gethin was elected as a Director;
- (3) The issue of 4 million options to Stephen Gethin as part of his remuneration as Chairman was approved;
- (4) The issue of 5 million options to Atmavireswar Sthapak as part of his remuneration as Managing Director was approved;
- (5) Mr Vikas Jain was re-elected as a Director;
- (6) Mr Sanjeev Kumar was elected as a Director;
- (7) Mr Justin Richard was not elected as a Director;
- (8) The payment of US\$110,000 to former Chairman James Phipps as a retirement benefit was approved;
- (9) The issue of 4,951,737 shares to Progesys International FZC was approved;
- (10) A 10% placement facility was approved.

Major Shareholders

Refer to Securities Information on page 30.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* forms part of this Directors' Report and is set out on page 14.

Signed for and on behalf of the Directors in accordance with a resolution of the Board:



Atmavireswar Sthapak

Managing Director
15 March 2021

³ Refer Notice of 2020 AGM and Proxy Form lodged on ASX on 2 November 2020.

⁴ Refer ASX announcement dated 30 November 2020 entitled "Results of AGM".

Auditor's Independence Declaration



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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of the review of Alara Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Alara Resources Limited and the entities it controlled during the half-year.

Rothsay Auditing

A handwritten signature in black ink that reads 'Dalla'.

Daniel Dalla
Partner

15 March 2021



Liability limited by a scheme approved under Professional Standards Legislation

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2020

	Note	31 Dec 2020 \$	31 Dec 2019 \$
Revenue	2	10,674	76,804
Personnel		(888,826)	(149,729)
Occupancy costs		(24,435)	(25,850)
Finance expenses		(1,314)	(65,108)
Corporate expenses		(27,712)	(82,195)
Share of profit/(losses) of associates and joint ventures		(23,032)	(36,042)
Administration expenses		(323,181)	(162,656)
PROFIT/(LOSS) BEFORE INCOME TAX		(1,277,826)	(444,776)
Income tax benefit		-	-
PROFIT/(LOSS) FOR THE HALF YEAR		(1,277,826)	(444,776)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(2,098,585)	457,170
Total other comprehensive income		(2,098,585)	457,170
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE HALF YEAR		(3,376,411)	12,394
Loss attributable to:			
Owners of Alara Resources Limited		(1,228,712)	(234,253)
Non-controlling interest		(49,114)	(210,523)
		(1,277,826)	(444,776)
Total comprehensive (loss)/income for the half year attributable to:			
Owners of Alara Resources Limited		(3,327,297)	222,917
Non-controlling interest		(49,114)	(210,523)
		(3,376,411)	12,394
Loss per share:			
Basic loss per share cents	3	(0.19)	(0.04)
Diluted loss per share cents	3	(0.19)	(0.04)

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Financial Position as at 31 December 2020

	Note	31 Dec 2020	30 Jun 2020
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	5,665,710	7,674,616
Trade and other receivables		46,975	30,633
Other current assets		60,139	377,578
Financial assets	5	7,728	8,661
TOTAL CURRENT ASSETS		5,780,552	8,091,488
NON-CURRENT ASSETS			
Financial assets	5	432,747	422,342
Investments in associates	6	169,796	192,827
Property, plant and equipment	7	35,442	39,810
Mine properties & development assets	7	10,265,858	9,926,151
Exploration & evaluation	8	4,704,875	5,161,876
TOTAL NON-CURRENT ASSETS		15,608,718	15,743,006
TOTAL ASSETS		21,389,270	23,834,494
CURRENT LIABILITIES			
Trade and other payables		260,961	267,734
Unearned income		7,867	8,817
Provisions		28,659	21,755
TOTAL CURRENT LIABILITIES		297,487	298,306
NON-CURRENT LIABILITIES			
Financial liabilities	11	664,104	684,411
TOTAL NON-CURRENT LIABILITIES		664,104	684,411
TOTAL LIABILITIES		961,591	982,717
NET ASSETS		20,427,679	22,851,777
EQUITY			
Issued capital	9	67,292,637	66,340,323
Reserves	10	8,964,079	11,062,664
Accumulated losses		(55,669,137)	(54,440,424)
Parent interest		20,587,579	22,962,563
Non-controlling interest		(159,900)	(110,786)
TOTAL EQUITY		20,427,679	22,851,777

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2020

	Note	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Transactions with Minority Interest	Non-Controlling Interest	Total
		\$	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2019		66,107,405	20,000	1,627,215	(54,714,409)	8,593,853	178,165	21,812,229
Foreign currency translation reserve		-	-	457,172	-	-	-	457,172
Net income and expense recognised directly in equity		-	-	457,172	-	-	-	457,172
Transaction with minority interests		-	-	-	-	-	-	-
Disposal of subsidiary		-	-	-	-	-	-	-
Additional non-controlling interest arising on disposal of interest in Al Hadeetha Resources LLC profit/(loss) for the half year		-	-	-	(234,253)	-	(210,525)	(444,778)
Total comprehensive loss for the half year		-	-	457,172	(234,253)	-	(210,525)	12,394
Transactions with owners in their capacity as owners:								
Share placement		-	-	-	-	-	-	-
Share placement costs		-	-	-	-	-	-	-
Options issued during the half year		-	-	-	-	-	-	-
Balance as at 31 Dec 2019		66,107,405	20,000	2,084,387	(54,948,662)	8,593,853	(32,360)	21,824,623
Balance as at 1 July 2020		66,340,323	-	2,468,811	(54,440,424)	8,593,853	(110,786)	22,851,777
Foreign currency translation reserve		-	-	(2,098,585)	-	-	-	(2,098,585)
Net income and expense recognised directly in equity		-	-	(2,098,585)	-	-	-	(2,098,585)
Loss for the half year		-	-	-	(1,228,713)	-	(49,114)	(1,277,827)
Total comprehensive loss for the half year		-	-	(2,098,585)	(1,228,713)	-	(49,114)	(3,376,412)
Transactions with owners in their capacity as owners:								
Share placement		952,314	-	-	-	-	-	952,314
Balance as at 31 Dec 2020		67,292,637	-	370,226	(55,669,137)	8,593,853	(159,900)	20,427,679

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Cash Flows for the half year ended 31 December 2020

	Note	31 Dec 2020	31 Dec 2019
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		10,000	-
Payments to suppliers (inclusive of GST)		(313,648)	(178,924)
Payments to employees		(863,359)	(538,549)
Interest received		800	24,952
NET CASHFLOWS USED IN OPERATING ACTIVITIES		(1,166,207)	(692,521)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		(3,199)	(1,721)
Proceeds/(Payments) for development expenditure		(1,140,468)	(615,276)
Proceeds from loan from other entities		-	216,117
Proceeds from disposal and redemption of financial assets		-	382,457
NET CASHFLOWS USED IN INVESTING ACTIVITIES		(1,143,667)	(18,423)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		952,314	-
NET CASHFLOWS PROVIDED BY FINANCING ACTIVITIES		952,314	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(1,357,560)	(710,944)
Cash and cash equivalents at beginning of the financial half year		7,674,616	7,562,407
Effect of exchange rate changes on cash		(651,346)	13,110
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	4	5,665,710	6,864,573

The accompanying notes form part of this consolidated financial statement.

1. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The half-year financial statements are a general-purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". These half-year financial statements do not include notes of the type normally included in the annual financial statements and shall be read in conjunction with the most recent annual financial statements and the Company's ASX announcements released from 1 July 2020 to the date of this report.

Basis of preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Going Concern Assumption

The half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

During the period, the Consolidated Entity incurred an operating loss before tax of \$1,277,826 (31 December 2019 loss: \$444,776) net cash outflows from operating activities of \$1,166,207 (31 December 2019: \$692,521) and had a working capital surplus position of \$5,483,065 (30 June 2020: \$7,793,182). Other than the work that is being performed by Alara staff that is already budgeted for, there are no minimum exploration commitments required to be spent during the next 12 months.

To enable the Consolidated Entity to develop its projects, it would be required to raise funds from debt or equity sources. Should the Consolidated Entity not be able to obtain this funding, it has the ability to defer these plans and meet its contractual commitments and manage cash flow in line with its available funds.

As part of the joint venture (JV) arrangement, the Group entered into an unsecured loan agreement with Al Hadeetha Investments LLC on 16 April 2017 for a maximum of USD 2 million to assist in the working capital funding requirements. As at balance date, the Consolidated Entity has drawn down OMR 184,533 (USD 477,962) and has USD 1,522,038 available for drawdown.

The Directors have prepared a cashflow forecast which indicates the Consolidated Entity has sufficient funds to meet all contractual commitments and corporate costs for a period of at least 12 months from the date of this interim financial report. The Directors consider the basis of going concern to be appropriate given the current cash position exceeds the minimum contractual commitments to be spent over the next 12 months.

New Standards, Interpretations and Amendments

In the half-year ended 31 December 2020, the Group has reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2020.

It has been determined that there is no material impact of the new and revised Standards and Interpretations on the financial position or performance of the Group.

Impact of standards issued but not yet applied by the Group

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2020. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change was necessary to Group accounting policies.

Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Consolidated Entity's last annual financial statements for the year ended 30 June 2020.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

2. REVENUE

	31 Dec 2020	31 Dec 2019
	\$	\$
Revenue		
Interest	674	76,804
Other income	10,000	-
	10,674	76,804

3. EARNINGS/(LOSS) PER SHARE

	31 Dec 2020	31 Dec 2019
	\$	\$
Basic earnings/(loss) per share cents	(0.19)	(0.04)
Diluted earnings/(loss) per share cents	(0.19)	(0.04)
Profit/(loss) \$ used to calculate earnings/(loss) per share	(1,228,712)	(234,253)
Weighted average number of ordinary shares during the period used in calculation of basic earnings/(loss) per share	641,978,946	629,017,589
Weighted average number of ordinary shares during the period used in calculation of diluted earnings/(loss) per share	641,978,946	629,017,589

Under AASB 133 "Earnings per share", potential ordinary shares such as options will only be treated as dilutive when their conversion to ordinary shares would increase loss per share from continuing operations.

4. CASH AND CASH EQUIVALENTS

	31 Dec 2020	30 Jun 2020
	\$	\$
Cash in hand	316	239
Cash at bank	5,539,665	7,467,091
Term deposits	125,729	207,286
	5,665,710	7,674,616

The effective interest rate on short-term bank deposits was 0.35% (30 June 2020: 1.15%) with an average maturity of 90 days.

5. FINANCIAL ASSETS

	31 Dec 2020	30 Jun 2020
	\$	\$
Non-Current		
Loan to other entities – interest-free loan	432,747	422,342
Current		
Bank deposits	7,728	8,661
	440,475	431,003

6. INVESTMENT IN ASSOCIATE

	31 Dec 2020	30 Jun 2020
	\$	\$
Investment in associate	169,796	192,827
	169,796	192,827

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

7. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Plant and Equipment	Mine Properties & Development Assets	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2020					
Carrying amount at beginning	17,005	21,297	1,192	6,534,088	6,573,582
Additions	-	9,146	-	3,250,026	3,259,172
Disposal	-	-	-	-	-
Write-offs	-	-	-	-	-
Depreciation expense	(2,674)	(6,485)	(416)	-	(9,575)
Exchange difference	437	272	36	142,037	142,782
Closing amount at reporting date	14,768	24,230	812	9,926,151	9,965,961
Year ended 30 June 2020					
Cost or fair value	30,125	179,954	23,552	9,926,151	10,159,782
Accumulated depreciation	(15,357)	(155,724)	(22,740)	-	(193,821)
Net carrying amount	14,768	24,230	812	9,926,151	9,965,961
Half Year ended 31 December 2020					
Carrying amount at beginning	14,768	24,230	812	9,926,151	9,965,961
Additions	-	3,197	-	1,363,597	1,366,794
Disposal	-	-	-	-	-
Write-offs	-	-	-	-	-
Depreciation expense	(1,068)	(3,612)	(130)	-	(4,810)
Exchange difference	(1,519)	(1,157)	(79)	(1,023,890)	(1,026,645)
Closing amount at reporting date	12,181	22,658	603	10,265,858	10,301,300
Half Year ended 31 December 2020					
Cost or fair value	26,879	179,707	21,014	10,265,858	10,493,458
Accumulated depreciation	(14,698)	(157,049)	(20,411)	-	(192,158)
Net carrying amount	12,181	22,658	603	10,265,858	10,301,300

8. EXPLORATION AND EVALUATION

	31 Dec 2020	30 Jun 2020
	\$	\$
Opening balance	5,161,876	4,919,660
- Exploration and evaluation expenditure	264,682	107,644
- Exchange differences	(721,683)	134,572
Closing balance	4,704,875	5,161,876

Alara Oman Operations Pty Limited (a wholly owned Australian subsidiary) gained a 70% shareholding interest in a jointly controlled company, Al Hadeetha Resource LLC (Oman) on 23 November 2011. Further, on 24 December 2018 the Group disposed of a 19% interest in Al Hadeetha Resources LLC to Al Tasnim Infrastructure Services LLC, reducing its continuing interest to 51%. The Principal activity of the company is exploration, evaluation and development of mineral licences in Oman.

Alara Oman Operations Pty Limited (a wholly owned Australian subsidiary) gained a 50% shareholding interest in a jointly controlled company, Daris Resources LLC (Oman), on 1 December 2010. The principal activity of this company is exploration, evaluation and development of mineral licences in Oman. The Consolidated Entity has a valid and legally enforceable contractual right to commercially exploit the Daris Project held by Daris Resources LLC (in which the Consolidated Entity has a 50% shareholding interest) and does not hold the legal title to the mineral exploration licence

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

(which is held by the other 50% shareholder of Daris Resources LLC). The financial statements have been prepared on this basis. Should these legal rights not be enforceable, the carrying value of Exploration and Evaluation Expenditure attributable to the Daris Project would be impaired.

Impairment of non-financial assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

9. ISSUED CAPITAL

	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	№	№	\$	\$
Fully paid ordinary shares	670,157,777	634,886,315	67,292,637	66,340,323

30 Jun 2020	№	\$
Balance as at 1 July 2019	629,017,589	66,107,405
- Share movement during the 2020 financial year	5,868,726	232,918
Balance as at 30 June 2020	634,886,315	66,340,323
31 Dec 2020	№	\$
Balance as at 1 July 2020	634,886,315	66,340,323
- Share movement during the period	35,271,462	952,314
Balance as at 31 December 2020	670,157,777	67,292,637

Each fully paid, ordinary share carries one vote per share and the right to participate in dividends. Ordinary shares have no par value and the Company does not have a limit on the amount of its capital.

10. RESERVES

Note	31 Dec 2020	30 June 2020
	\$	\$
Opening balance		
Movement in foreign exchange translation	370,226	2,468,811
Transactions with minority interests	8,593,853	8,593,853
Total	8,964,079	11,062,664

11. FINANCIAL LIABILITIES

	31 Dec 2020	30 Jun 2020
	\$	\$
Non-Current		
Loan with unrelated third party	620,002	684,411
Insurance premium funding	44,102	-
	664,104	684,411

- (i) Pursuant to the Shareholders' Agreement with Al Hadeetha Investments LLC (AHI), Al Hadeetha Resources LLC (AHR) (a controlled entity of Alara Resources Limited) executed a Loan Agreement of up to USD 2 million with AHI on 16 April 2017. As at 31 December 2020, the loan balance was OMR 184,533 (AUD 620,002) (30 June 2020: OMR 181,753 (AUD 684,411)). Under the Loan Agreement, interest accrues at a rate of LIBOR plus 2%. The loan is repayable (alongside the loan of OMR 5,110,123 (AUD 17,169,168) (30 June 2020: OMR 5,087,524 (AUD 19,157,656.25)) from Alara Resources Limited and its controlled entities, which has been eliminated on consolidation of these financial statements) from profits of AHR prior to any dividends being issued to the shareholders of AHR, or in the event that AHI ceases to be a shareholder of AHR. AHI and/or Alara Resources Limited may elect to convert all or part of the loan into equity in AHR.

The Company had not made any drawdowns from AHI during the 6-month period ending 31 December 2020 (30th June 2020: NIL).

- (ii) On 26 October 2017 AHI gave a bank guarantee of OMR 30,000 to the Omani Ministry of the Environment as security for performance of the environmental obligations of AHR in connection with the Al Hadeetha Project mining licence. AHI was required to deposit the amount of the face value of the bank guarantee with its bank as security in the event that the bank guarantee is called upon. Pursuant to an agreement between the Consolidated Entity and AHI, the Consolidated Entity paid OMR 20,000 to AHI on or about that date, representing an

Notes to the Consolidated Financial Statements for the half year ended 31 December 2020

approximation of its share of liability to contribute to the costs of remediating any unmet environmental obligations of AHR. This amount will be returned to the Consolidated Entity in the event that AHR performs its environmental obligations in relation to that mining licence.

12. SEGMENT INFORMATION

The Board has considered the activities/operations and geographical perspective within the operating results and has determined that the Consolidated Entity operates in the resource exploration, evaluation and development sector within geographic segments - Australia, Oman and Saudi Arabia.

	Australia \$	Oman \$	Saudi Arabia \$	Total \$
6 months to 31 Dec 2020				
Total segment revenues	10,444	230	–	10,674
Total segment loss before tax	(902,837)	(354,737)	(20,252)	(1,277,826)
Total segment assets	2,774,350	18,614,920	–	21,389,270
Total segment liabilities	(530,329)	(431,262)	–	(961,591)
6 months to 31 Dec 2019				
Total segment revenues	64,896	11,908	–	76,804
Total segment loss before tax	(214,521)	(231,349)	1,093	(444,777)
Total segment assets	2,708,615	21,967,460	–	24,676,075
Total segment liabilities	(276,880)	(2,574,572)	–	(2,851,452)

Reconciliation of segment information	31 Dec 2020 \$	30 Jun 2020 \$
(i) Total segment assets		
Total Assets as per Statement of Financial Position	21,389,270	23,834,494
(ii) Total segment revenues		
Total Revenue as per Statement of Profit or Loss and Other Comprehensive Income	10,674	642,852
(iii) Total segment profit/(loss) before tax		
Total Consolidated Entity profit/(loss) before tax	(1,277,826)	(14,966)

13. COMMITMENTS

	31 Dec 2020 \$	30 June 2020 \$
(a) Lease Commitments		
Non-cancellable operating lease commitments:		
Within 1 year	21,184	8,376
1-5 years	–	–
After 5 years	–	–
Total	21,184	8,376
The Group leases office space under a non-cancellable operating lease. On renewal, the terms of the lease are renegotiated. The Group does not have an option to purchase the leased asset at the expiry of the lease period.		

There are no material changes to capital commitments since those reported as at 30 June 2020.

14. CONTINGENT ASSETS AND LIABILITIES

There are no changes to contingent assets and liabilities since 30 June 2020.

15. SUBSEQUENT EVENTS

The Directors are not aware of any matters or circumstances at the date of this Directors' Report, other than those referred to in this Directors' Report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company and Consolidated Entity in subsequent financial years.

Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and accompanying notes as set out on pages 15 - 24, are in accordance with the *Corporations Act 2001* and:
 - (a) Comply with Australian Accounting Standards (AASD 134: Interim Financial Reporting) and the Corporations Regulations 2001; and
 - (b) Give a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made pursuant to section 303(5) of the *Corporations Act 2001*.



Atmavireshwar Sthapak
Managing Director

15 March 2021



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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ALARA RESOURCES LIMITED**

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Alara Resources Limited ("the Company"), and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of this auditor's review report.



Liability limited by a scheme approved under Professional Standards Legislation



Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in black ink that reads 'Rothsay'.

Rothsay Auditing

Dated 15 March 2021

A handwritten signature in black ink that reads 'Daniel Dalla'.

**Daniel Dalla
Partner**

JORC Statements

AL HADEETHA AND DARIS COPPER-GOLD PROJECTS

Alara has joint venture interests in five copper-gold deposits located within five Exploration Licences in Oman extending over 1,200km².

The Al Wash-hi – Majaza/Mullaq5 prospects are located ~160km south-southwest of Muscat (the capital of Oman) and the Al Ajal Prospect is located about 65km southwest of the capital. The Daris Copper-Gold Project⁶ is located ~150km west of Muscat. Both projects are located very close to high-quality bitumen roads.

Al Hadeetha Copper-Gold Project

Table 1: Wash-hi JORC Mineral Resources

Cut off Cu %	Indicated Resource			Inferred Resource		
	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t	Tonnes (Million)	Copper (Cu) %	Gold (Au) g/t
0.20	12.40	0.89	0.22	3.70	0.78	0.23
0.25	12.40	0.89	0.22	3.70	0.79	0.23
0.30	12.40	0.89	0.22	3.70	0.79	0.23
0.40	12.20	0.90	0.22	3.50	0.81	0.24
0.50	11.40	0.93	0.23	3.00	0.88	0.25

Table 2: Gossan Hill Mineralisation - Gold⁷

Cut off Au g/t	Inferred Resource		
	Kilo Tonnes (kt)	Gold (Au) g/t	Ounces k/Oz
0.05	439.00	0.41	5.74
0.10	420.31	0.42	5.69
0.15	405.58	0.43	5.63
0.20	346.93	0.48	5.31
0.25	307.60	0.51	5.03
0.30	274.40	0.54	4.73
0.35	257.40	0.55	4.55
0.40	220.48	0.58	4.09
0.45	197.79	0.60	3.79
0.50	147.82	0.64	3.02

Notes

1. Mineral Resources are not Mineral Reserves. There is no certainty that all or any part of the Mineral Resources estimated will be converted into Mineral Reserves.
2. Mineral Resources reported in accordance with the JORC Code 2012.
3. Resource for Cu-Au is stated at 0.25% Cu cut-off grade; the mineral resource for gold in the Gossan hill (outside main ore body) has been stated at 0.25g/t Au.
4. Mineral resource tonnages have been rounded to reflect the accuracy of the estimate.
5. 1 ounce of Au = 31.1035 grams.

Table 3: Summary of Wash-hi Copper Gold Mineral Resources @ 0.25% Cu Cut-off⁸

Resource classification	Tonnes Mt	Copper (Cu) %	Gold (Au) g/t
Indicated	12.4	0.89	0.22
Inferred	3.7	0.79	0.23
Grand total	16.1	0.87	0.22

Indicated Resources were converted to a Probable Ore Reserve after the application of modifying factors, including pit optimisation, mine design and an economic evaluation⁹. The Ore Reserve estimate (based on a 0.3% Cu cut-off) and in pit mineral inventory are shown in Tables 4 and 5 below.

5 Refer to Alara's 8 December 2011 ASX Announcement: Project Acquisition - Al Ajal-Wash-hi-Mullaq Copper-Gold Project in Oman.

6 Refer to Alara's 30 August 2010 ASX Announcement: Project Acquisition - Daris Copper Project in Oman.

7 Refer Alara's 19 September 2016 ASX Announcement: 5.55MT Increase in Indicated Resource - Al Hadeetha Project.

8 Refer Alara's 15 December 2016 ASX Announcement: Maiden JORC Ore Reserves – Al Hadeetha Copper-Gold Project.

9 Details of the modifying factors supporting the Ore Reserve are contained in Appendix 1 (JORC Code, 2012 Edition - Table 1) of the 15 December 2016 announcement: Maiden Ore Reserve – Al Hadeetha Copper-Gold Project.

JORC Statements

Table 4: Wash-hi Ore Reserve

Classification	Ore reserve		
	Tonnes Mt	Copper (Cu) %	Gold (Au) g/t
Probable	9.7	0.88	0.22

Table 5: Wash-hi Mining Inventory

Classification	Tonnes Mt	Copper (Cu) %	Gold (Au) g/t
Probable reserve	9.7	0.88	0.22
Inferred resource	0.35	0.65	0.25
Total	10.05	0.87	0.22

Daris Copper-Gold Project

Table 6: Daris-East JORC Mineral Resources

Ore type	Cut-off grade Cu%	Measured			Indicated			Measured and Indicated			Inferred		
		Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t	Tonnes	Cu%	Gold (Au) g/t
Sulphides	0.5	130,000	2.48	0.23	110,000	2.24	0.51	240,000	2.37	0.43	30,000	2.25	0.55
Oxides	0.5	100,000	0.77	0.03	90,000	0.66	0.14	180,000	0.72	0.08	2,000	0.61	0.97

The information in these JORC Resource tables was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Khnaiguiyah Zinc-Copper Project

Historical JORC statements for the Khnaiguiyah Zinc-Copper Project (listed in the Company's 2013 Annual Report) are not included here following a \$33,906,473 provision in the Company's 2016 financial statements.

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Competent Person's Statements

JORC Competent Persons Statements

The information in this announcement that relates to the feasibility study of the Al Hadeetha Copper-Gold Project is based on information compiled by Mr Atmavishwar Sthapak, who is a Member of the Australasian Institute of Mining and Metallurgy, and director of Alara Resources. Mr Sthapak has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sthapak consents to the inclusion in the announcement of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to Ore Reserve of the Al Hadeetha Project was compiled by Mr Harry Warries, who is a Fellow of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Warries 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 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' In assessing the appropriateness of the Ore Reserve estimate, Mr Warries has relied on various reports, from both internal and external sources, in either draft or final version, which form part of or contribute to the Al Hadeetha Project Feasibility Study. These reports are understood to be compiled by persons considered by Alara to be competent in the field on which they have reported. Mr Warries consents to the inclusion in the report of the information in the form and context in which it appears.

The information in this announcement that relates to JORC Resources of the Washi-hi Majaza & Daris Copper-Gold Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Ravi Sharma, who is a Chartered Member of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Sharma has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking to qualify as a Competent Person as defined in the JORC Code, 2012 edition. Mr Sharma approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this announcement that relates to metallurgical testwork on Wash-hi – Majaza Project (Oman) is based on, and fairly represents, information and supporting documentation prepared by Mr Gary Patrick, who is a Chartered Member of the Australasian Institute of Mining and Metallurgy, and a consultant to Alara Resources. Mr Patrick approves and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward-Looking Statements

This report contains 'forward-looking statements' and 'forward-looking information', including statements and forecasts which include without limitation, expectations regarding future performance, costs, production levels or rates, mineral reserves and resources, the financial position of Alara, industry growth and other trend projections. Often, but not always, forward-looking information can be identified by the use of words such as 'plans', 'expects', 'is expected', 'is expecting', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates', or 'believes', or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might', or 'will' be taken, occur or be achieved. Such information is based on assumptions and judgements of management regarding future events and results. The purpose of forward-looking information is to provide the audience with information about management's expectations and plans. Readers are cautioned that forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Alara and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, among others, changes in market conditions, future prices of gold and silver, the actual results of current production, development and/or exploration activities, changes in project parameters as plans continue to be refined, variations in grade or recovery rates, plant and/or equipment failure and the possibility of cost overruns.

Forward-looking information and statements are based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date such statements are made, but which may prove to be incorrect. Alara believes that the assumptions and expectations reflected in such forward-looking statements and information are reasonable. Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Alara does not undertake to update any forward-looking information or statements, except in accordance with applicable securities laws.

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Securities Information as at 11 March 2021

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	705,429,239	-	705,429,239
Personnel options		9,000,000	9,000,000
Total	705,429,239		714,429,239

Distribution of Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	865	288,498	0.041%
1,001 - 5,000	261	605,216	0.086%
5,001 - 10,000	126	1,054,511	0.149%
10,001 - 100,000	324	12,686,913	1.798%
100,001 - and over	264	690,794,101	97.925%
Total	1,840	705,429,239	100%

Top 20 Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Al Tasnim Infrastructure LLC	70,542,924	10.00
2.	Mr Vikas Malu	57,142,050	8.100
3.	Ms Meng Meng	41,824,437	5.929
4.	Mr Vikas Jain	37,745,930	5.351
5.	Citicorp Nominees Pty Limited	35,552,899	5.040
6.	Al Hadeetha Investment Services LLC	31,500,000	4.465
7.	Metal Corners Holdings Co	31,012,217	4.396
8.	Mr Justin Richard	30,668,398	4.347
9.	Mr Piyush Jain	24,199,437	3.430
10.	Whitechurch Developments Pty Ltd <Whitechurch S/F A/C>	20,575,550	2.917
11.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	20,452,779	2.899
12.	Mr Tyrone James Giese	17,456,189	2.475
13.	BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH DRP>	17,132,073	2.429
14.	Ferguson Superannuation Pty Ltd	12,600,000	1.786
15.	Mr Pradeep Kumar Goyal	11,781,549	1.670
16.	Mr Mohammed Saleh Alalshaikh	11,347,387	1.609
17.	Mr Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C>	9,649,544	1.368
18.	Mr Peter Kelvin Rodwell	9,422,858	1.336
19.	Mr Warren William Brown + Mrs Marilyn Helena Brown	8,664,286	1.228
20.	Mr Farrokh Jimmy Masani	8,494,215	1.204
Total		507,764,722	71.979%