

ASX Code: AUQ

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Non-Executive Chairman

Atmavireshwar Sthapak
Managing Director

Vikas Jain
Non-Executive Director

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CHIEF FINANCIAL OFFICER
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31 December 2020

Summary

- Oman general update
- Copper metal outlook
- Oman JV partner, Al Tasnim Infrastructure LLC, becomes a shareholder in Alara
- Project Execution update
- Metallurgical test work update

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Oman Activity Report

Project Developments

The Al Hadeetha Copper Gold Project consists of one mining license (Al Wash-hi – Majaza) and three exploration licenses (Al Wash-hi – Majaza, Mullaq and Al Ajal).

General Oman update

Covid-19 impacts

As of January 25 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 continued unrestricted during the COVID period and all the staff have been working from the Company's offices.

Government update

H.E. Dr. Mohammed bin Hamad al-Rumhi who has taken charge as Minister of Energy and Minerals (MEM) has 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 appraising 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 nationalize 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 / tonne levels. The London Metal Exchange currently projects \$8,000 per tonne plus and Goldman Sachs is forecasting US\$ 10,000 per tonne plus in early 2022. Alara expects a healthy copper price in the short to medium term of 1 to 5 years. We also highlight that producers also benefit in the short-term from the competitive TC/RC rates, which remains well below US\$60/tonne.

Al Tasnim Infrastructure LLC¹

Al Tasnim Infrastructure LLC became a substantial shareholder in the Company after executing an agreement to acquire 70,542,924 ordinary shares in November. Al Tasnim Infrastructure is one of Alara's two joint venture partners the Al Hadeetha Copper-Gold Project in Oman.

The Placement Shares are to be issued in two (2) equal tranches, each on payment of 50% of the Placement Amount. Tranche 1 was completed in November, with Tranche 2 to be issued on the date three months after Tranche 1. At the completion of both tranches, the Placement Shares will represent 10% of Alara's post-placement share capital.

¹ Refer to Alara's ASX Announcement dated 24th November titled: "10% SHARE PLACEMENT".

Al Hadeetha Project activity update

Project Engineering & Procurement:

Project Engineering by Debishikha Associates (DSA) under supervision of PMC (Progesys) continued during the quarter. The key highlights are:

- Cumulative engineering progress was 27.8% vs. 31.4% planned. (Figure 1)

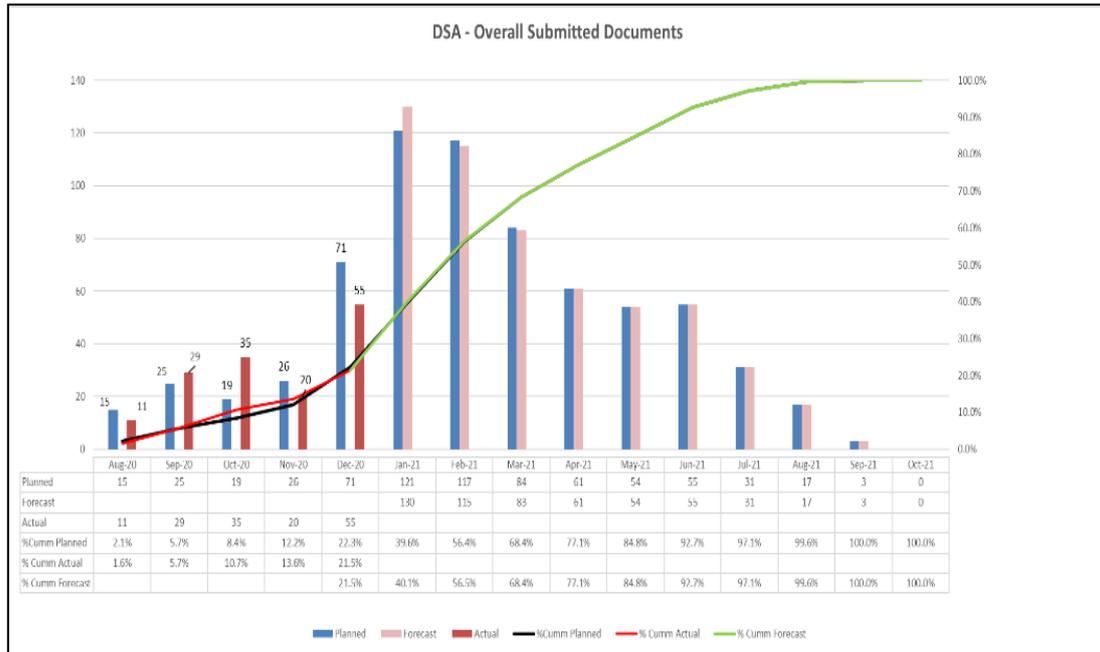


Figure 1: Engineering S Curve (calculated based on the drawings / documents submitted in the reporting period)

RFQs prepared & floated to various vendors for the following packages –

- SAG & BALL Mills
- Jaw Crushers
- Conveyor package
- Rock Breaker
- Apron feeder
- Pan Feeder
- Magnetic Separators
- Belt Weigher
- Hydro – cyclones
- Screens
- 11 KV Cables
- Camp Facilities, Admin Offices, Security Offices & Laboratory Building
- Approach Road Works
- Site Sampling Facilities

LOI Placed –

- SAG & BALL Mills
- Jaw Crushers

The balance of the required equipment is currently under commercial finalization.

PO's Placed -

- Inspection & Vendor QA services
- Consultant for Local Municipality Approvals
- Site Supervision Services by the Engineering Consultant
- Local Site Supervision Services
- Consultancy & Design Services for the Site Approach road
- Consultancy & Design Services for Power line from Al Mudhaibi to Site

Technical Specifications & datasheets prepared –

- Flotation Cells
- Slurry Pumps
- Froth pumps
- Structural Fabrication Package
- Reagent Pumps
- Water Pumps
- Agitators
- Re grind Mills
- Re grind Cyclones
- Flotation Air Blowers
- Thickeners

Project Milestone Table & Baseline Schedule as shown in Table1 and Figure 2 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	Contracts Award (Progesys & DSA)	15-Aug-20		15-Aug-20 (A)	
MS-1100	Industrial License 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 License	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	Exception 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-1130	Mine Commissioned	14-Dec-21	14-Feb-22		-62
MS-1140	Start Mining	15-Dec-21	15-Feb-22		-62
MS-1160	Water Supply & Power Line EPC Complete	14-Jan-22	18-Feb-22		-35
MS-1210	Tailings Management Permit & Environmental License 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

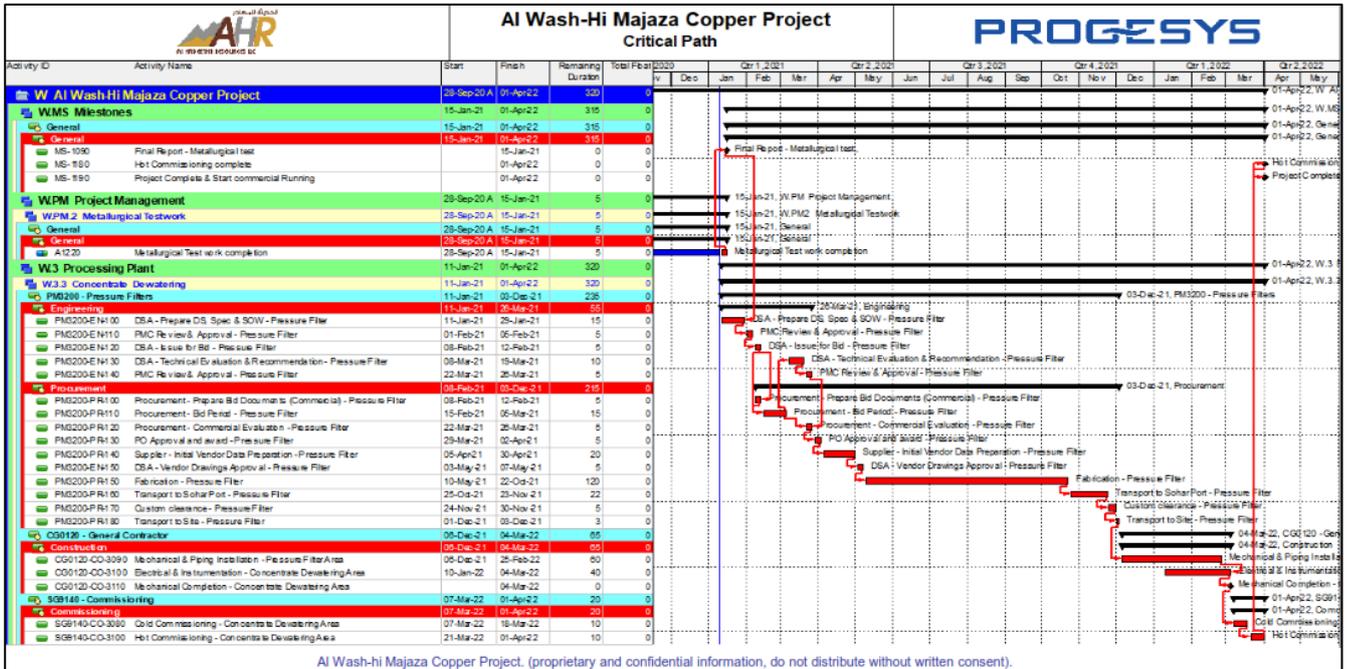


Figure 2: Wash-hi Majaza copper project schedule and critical path

Project organisational chart

Figure 3 below shows an updated project organisational chart. Mr. Sami Rashid joined as the HSE manager in AHRL team and shall take care of all HSE related activities for the project during construction and carry it forward to operations.

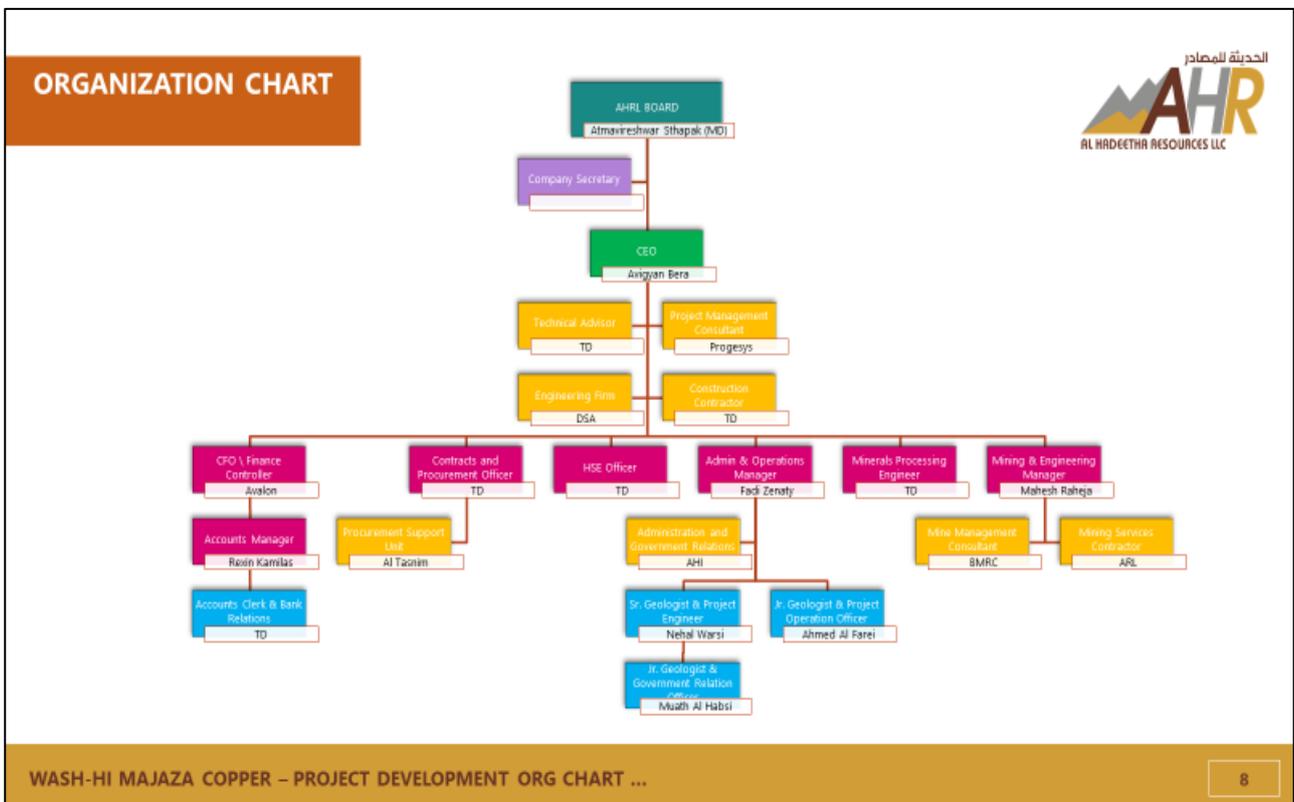


Figure 3: Project Organisational Chart

Metallurgical Test Work Update

Mr. Gary Patrick, MAusIMM, CP (Met) has been appointed to oversee the metallurgical test work program of Wash-hi Majaza ore, being carried out by Wardell Armstrong International, UK.

Testing was ongoing at Wardell Armstrong International during the 4th Quarter. This test work is basically to revalidate the earlier test work carried out by ALS Ammtec (ALS) and to reconfirm the equipment sizes and selection criteria and most importantly to configure the flotation circuit.

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 2 below.

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

Table 2: 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 Quarter 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 2 to 4 and Figure 4 shows composite sample zones within 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 optimize copper recovery to a fixed copper concentrate grade based on discussions with metal traders.

Test work carried out at Wardell Armstrong has confirmed:

1. The Wash-hi Majaza ores exhibit low abrasiveness and moderate grinding characteristics;
2. Flotation tests confirm the optimum primary grind size as a P₈₀ of 75µm;
3. The flotation circuit is fairly conventional with rougher / scavenger circuit, followed by regrinding of the rougher / scavenger concentrates, and 2-stage cleaning to produce a saleable copper concentrate, with minor gold credits; and
4. An optimum regrind size of P₈₀ of 25µm is required to ensure selectivity between chalcopyrite and pyrite.

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

Testing at Wardell 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 3: North Upper Ore Zone – LCT 1

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 4: 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 5: Central-South Ore Zone – LCT 1

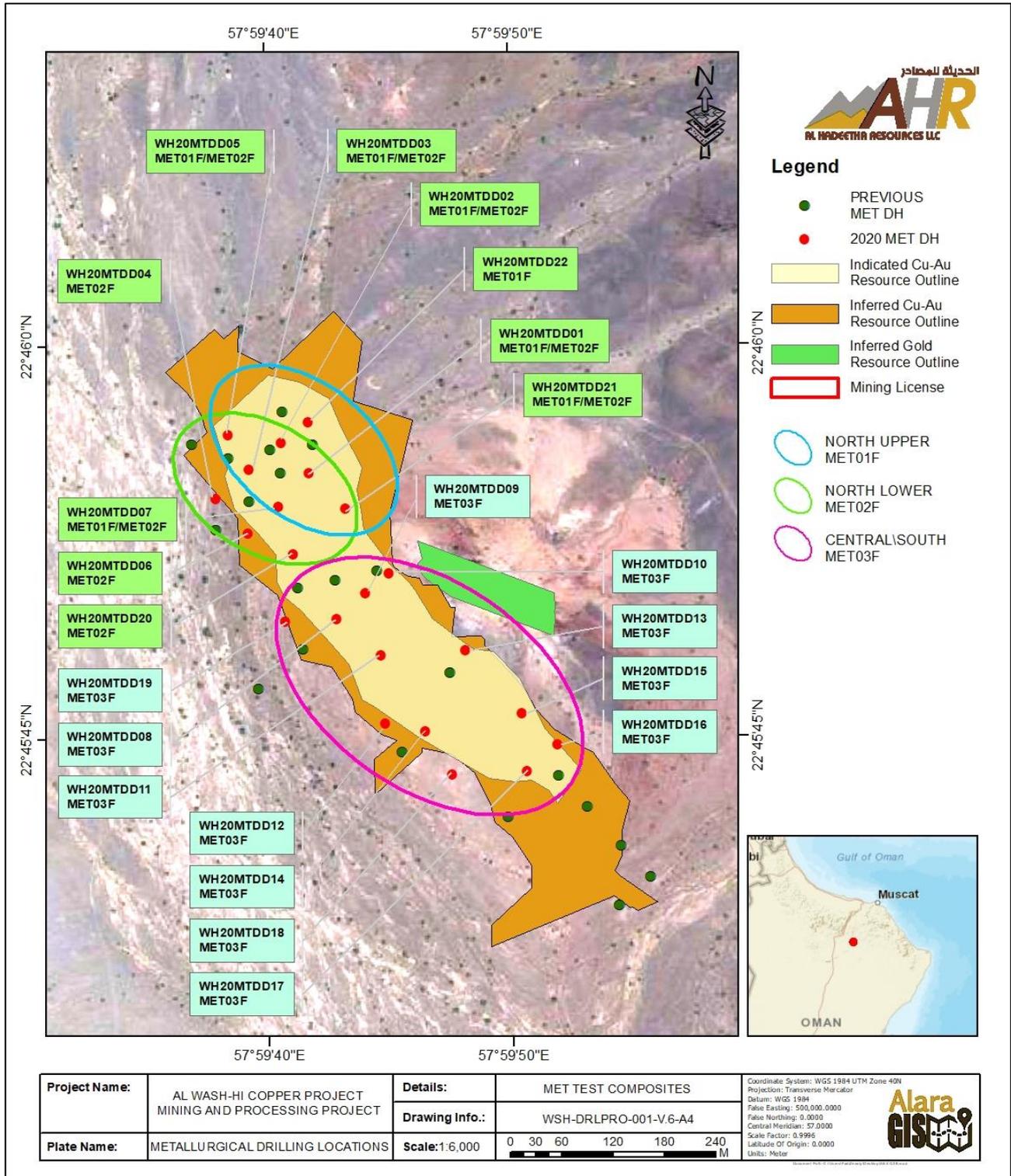


Figure 4: Locations of met samples and drill holes

Mining Contractor and mine management consultants

Following the entry of a preliminary commercial agreement in the previous quarter, Al Hadeetha Resources LLC (AHL) 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 mine operation and ore grade management service agreement with Bedrock Mineral Resources Consulting (BMRC). On a fixed monthly fees 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 had been adopted for tailings management for better recirculation of the water which will reduce the consumption of the fresh water in the plant.

Haya had already confirmed the required water quantity from Nizwa STP however, building a pipeline from Nizwa to Site remains a challenge both in terms of time and cost. AHRL is also exploring the availability at Al Mudhaibi STP and after a joint visit with Haya CEO, they had agreed to confirm the final quantity that can be made available for the plant. AHRL is also exploring the possibility of arranging water through tankers instead of constructing a pipeline.

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 started which expected to be issued by the first week of February 2021, then construction bidding process will start.

Road Connectivity:

A local design group have 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 application has been submitted and expected to be fully granted by the first week of February.

Tender documents completed and floated & expected timeline for closing the construction contract is 3rd week of February.

Oman Copper Consolidation

The Company is actively pursuing opportunities and discussions are underway for consolidation of copper projects involving the Daris and Block 8 licenses in Oman.

Alara Resources LLC (ARL)

ARL's first mining contract is with Al Hadeetha Resources LLC, as detailed above. Tender proposals have been prepared and submitted to other prospective contractors.

ARL has submitted a tender to a major Omani industrial mineral company for exploration drilling contract.

Alara Operations LLC (AOL)

The Management Services Agreements between Al Hadeetha Resources LLC and Alara Resources LLC has now been transferred to Alara Operations LLC. The purpose of this transfer was to bring the Management Services Agreement back within the consolidated entity.

Expenditure Summaries

Mining production and development

During the quarter, the consolidated entity incurred expenditure of \$601,000 on mining production and development activities.

Mining exploration

During the quarter, the consolidated entity incurred expenditure of \$nil on mining exploration activities.

Related-Party Payments

Director's remuneration

During the Quarter, the consolidated entity made payments totalling \$263,000 to related parties, as disclosed in item 6.1 in the Company's Appendix 5B. These payments were for Directors' remuneration. No other payment was made to any related party or the associate of a related party.

Next Quarter

Expected developments in the next Quarter include:

- Continue with Wash-hi project engineering and begin placing procurement orders for major equipment through bank loan draw down.
- Progress with metallurgical test work.
- LOI with ARL converted into a mining contract.

Tenement Status

Oman 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/Mullaq² prospects are located ~160km south-southwest of Muscat (the capital of Oman) and the Al Ajal Prospect is located about 65 km southwest of the capital. The Daris Copper-Gold Project³ is located ~150km west of Muscat. Both projects are located very close to high-quality bitumen roads.

Al Hadeetha Copper-Gold Project

The current status of all licences/applications for this project is presented in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Area	Date of Grant	Status	Mining Area	Date of Application	Status
Wash-hi-Majaza ML 10003075.	Al Hadeetha Resources LLC	51%	39km ²	Jan 2008	Active	3km ²	2013	Active
Mullaq	Al Hadeetha Resources LLC	51%	41km ²	Oct 2009	Active*	1km ²	Jan 2013	Pending
Al Ajal	Al Hadeetha Resources LLC	51%	25km ²	Jan 2008	Active*	1.5km ²	Jan 2013	Pending

*Pursuant to Ministerial decree (38/2013) which declares that the exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence, in which case the duration for the exploration licence extends until the date that a determination is made on the mining application.

Daris and Awtad Copper-Gold Projects

The current status of all licences/applications for this project is presented in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Area	Date of Grant	Status	Mining Area	Date of Application	Status
Block 7	Al Tamman Trading and Est. LLC	50% (earn in to 70%)	587km ²	Nov 2009	Active*	Daris 3A5 & East	Resubmitted 2018	Pending
Block 8	Awtad Resources LLC	10% (earn in to 70%)	597km ²	Nov 2009	Renewal pending	NA	NA	NA

*Pursuant to Ministerial decree (38/2013) which declares that the exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence, in which case the duration for the exploration licence extends until the date that a determination is made on the mining application.

Saudi Arabia - Khnaiguiyah Zinc-Copper Project

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 re-issued 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 re-issuing the required licenses according to the new Saudi mining regulations which has been

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

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

launched in January 2021. Discussions confirm that the project is on priority list of the ministry and it would be a vital part of the Saudi 2030 vision for exploration and mining sector development.

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.

Additional Tenement Information

Mining tenement disposals and acquisitions

The consolidated entity did not acquire or dispose of any interest in any mineral tenement during the quarter.

Farm-in and farm-out agreements

The consolidated entity did not enter or terminate any farm-in or farm-out agreement during the quarter.

The consolidated entity holds its percentage interests in the mineral tenements disclosed under the heading *Daris and Awtad Copper-Gold Projects* under farm-in agreements with the respective Licence Owners disclosed there.

Securities Information

as at 22 January 2021

Issued Securities

	Quoted on ASX	Unlisted	Total
Fully paid ordinary shares	670,157,777	-	670,157,777
Total	670,157,777		670,157,777

Distribution of Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	868	289,521	0.043%
1,001 - 5,000	261	605,216	0.090%
5,001 - 10,000	125	1,047,073	0.156%
10,001 - 100,000	319	12,453,788	1.858%
100,001 - and over	256	655,762,179	97.852%
Total	1,829	670,157,777	100%

Top 20 Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1.	Mr Vikas Malu	57,142,050	8.527
2.	Ms Meng	41,824,437	6.241
3.	Mr Vikas Jain	37,745,930	5.632
4.	Citicorp Nominees Pty Limited	35,546,470	5.304
5.	Mr Justin Richard	35,319,526	5.270
6.	Al Tasnim Infrastructure LLC	35,271,462	5.263
7.	Al Hadeetha Investment Services LLC	31,500,000	4.700

8.	Metal Corners Holdings Co	31,012,217	4.628
9.	Mr Piyush Jain	24,199,437	3.611
10.	Whitechurch Developments Pty Ltd <Whitechurch S/F A/C>	20,575,550	3.070
11.	Mr Tyrone James Giese	17,456,189	2.605
12.	BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH DRP>	17,068,622	2.547
13.	Mr Jay Hughes + Mrs Linda Hughes <Inkese Super A/C>	15,000,000	2.238
14.	Ferguson Superannuation Pty Ltd	12,500,000	1.865
15.	Mr Pradeep Kumar Goyal	11,781,549	1.758
16.	Mr Mohammed Saleh Alalshaikh	11,347,387	1.693
17.	Mr Anthony Cullen + Mrs Sue Cullen <AC&SJ Cullen Super Fund A/C>	9,649,544	1.440
18.	Mr Peter Kelvin Rodwell	9,422,858	1.406
19.	Mr Warren William Brown + Mrs Marilyn Helena Brown	8,664,286	1.293
20.	Mr Farrokh Jimmy Masani	8,494,215	1.267
Total		471,521,729	70.358%

Disclaimer

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 resources, and studies. 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’, ‘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 readers 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 copper, 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.

About Alara Resources

Alara Resources Limited (ASX: AUQ) is an Australian minerals exploration company with a portfolio of projects in the Middle East. Alara has completed Bankable Feasibility Studies for the Al

Hadeetha Copper Project in Oman and the Khnaiguiyah Zinc-Copper Project in Saudi Arabia and an Advanced Scoping Study on the Daris Copper-Gold Project in Oman. In June 2018, Al Hadeetha Resources became the first international joint venture company to be awarded a copper mining licence in the Sultanate of Oman. The Company is now establishing itself a mine developer and producer of base and precious metals. For more information, please visit: www.alararesources.com.



‘Alara’ is generally regarded as the founder of the Napatan royal dynasty by his Nubian successors. During his lengthy reign, King Alara was responsible for unifying the upper kingdom, with precious metals becoming an important part of the kingdom’s flourishing economy.

Image: Cartouche of Alara

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

ALARA RESOURCES LIMITED

ABN

27 122 892 719

Quarter ended ("current quarter")

31 December 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	214	437
1.2 Payments for	-	-
(a) exploration & evaluation (if expensed)		
(b) development	(601)	(1,323)
(c) production	-	-
(d) staff costs	(425)	(1,025)
(e) administration and corporate costs	(230)	(395)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,042)	(2,307)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(2)	(3)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	952	952
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	952	952

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	6,188	7,675
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,042)	(2,307)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	952	952

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(431)	(651)
4.6	Cash and cash equivalents at end of period	5,665	5,666

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	5,539	6,074
5.2	Call deposits	126	114
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	5,665	6,188

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1*
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

263

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments .

- 1) The amount in 6.1 is comprised of Directors' salaries, fees and entitlements of A\$263,000

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities – Al Hadeetha Investments LLC	2,594	759
7.2	Loan facilities – Alizz Islamic Bank	33,598	-
7.3	Loan facilities – Bank Nizwa	33,598	-
7.4	Credit standby arrangements	-	-
7.5	Total financing facilities	69,790	759
7.5	Unused financing facilities available at quarter end		69,031
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.1.	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 31st December 2020, the loan balance was OMR 184,113 (A\$618,592). Under the Loan Agreement, interest accrues at a rate of LIBOR plus 2%. The loan is repayable (alongside the loan of OMR 5,110,122 (A\$17,169,168) 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.		
7.2.	Pursuant to the ASX Announcement dated 03.02.2020, the company has accepted an offer from Alizz Islamic Bank (Alizz), for finance of OMR 10 Million (A\$33 Million). The profit rate for Alizz is in the range of 5.92 – 6.92% Per annum, reviewable annually. Also, OMR 100,000 (A\$400,000) have been paid has facility fees to the bank for the finance offer.		
7.3.	Pursuant to the ASX Announcement dated 10.03.2020, the company has accepted a club finance offer from Bank Nizwa, for finance of OMR 10 Million (A\$33 Million). The profit rate is a minimum of 6.75% Per annum, reviewable annually. Also, OMR 100,000 (A\$400,000) have been paid has facility fees to the bank for the finance offer.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(1,042)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	-
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,042)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	5,665
8.5 Unused finance facilities available at quarter end (Item 7.5)	69,031
8.6 Total available funding (Item 8.4 + Item 8.5)	74,696
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	71.68
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	

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1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29th January, 2021

By the Board of Directors

Authorised by:
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.