

Alara Resources

Half-Year Financial Report

31 December 2021

The information in this document should be read in conjunction with the Company's most recent annual financial report.



ASX Code: AUQ

Alara Resources Limited
A.B.N. 27 122 892 719

Registered Office

Suite 1.02, 110 Erindale Road
Balcatta 6021
Western Australia

T | +61 8 240 4211
E | info@alararesources.com
W | www.alararesources.com

Advanced Share Registry

110 Stirling Highway
Nedlands, Western Australia 6009

PO Box 1156,
Nedlands, Western Australia 6909

T | + 61 8 9389 8033
F | + 61 8 9262 3723
E | admin@advancedshare.com.au
W | www.advancedshare.com.au

Level 6, 225 Clarence Street
Sydney, New South Wales 2000

PO Box Q1736, Queen Victoria Building
New South Wales 1230

T | +61 2 8096 3502

Contents

Corporate Directory	2
Directors' Report.....	3
Auditor's Independence Declaration.....	11
Consolidated Statement of Profit or Loss and Other Comprehensive Income	12
Consolidated Statement of Financial Position	13
Consolidated Statement of Changes in Equity	14
Consolidated Statement of Cash Flows.....	15
Notes to the Consolidated Financial Statements	16
Directors' Declaration	22
Independent Auditor's Review Report	23
Forward-Looking Statements.....	25

Corporate Directory

Directors

Stephen Gethin
Non-Executive Chairman

Atmavireshwar Sthapak
Managing Director

Vikas Jain
Non-Executive Director

Sanjeev Kumar
Non-Executive Director

Devaki Khimji
Non-Executive Director

Farrokh Masani
Alternate Director for Devaki Khimji

Company Secretary

Dinesh Aggarwal

Registered Office and Business Address

Suite 1.02, 110 Erindale Road
Balcatta Western Australia 6021 AUSTRALIA
Telephone: + 61 8 9240 4211
E-mail: info@alararesources.com
Website: www.alararesources.com

Share Registry

Advanced Share Registry Services
110 Stirling Highway
Nedlands Western Australia 6009 AUSTRALIA
Telephone: +61 8 9389 8033
Facsimile: +61 8 9262 3723
E-mail: admin@advancedshare.com.au
Website: www.advancedshare.com.au

Auditors

Rothsay Auditing
Level 1, Lincoln Building
4 Ventnor Avenue
West Perth Western Australia 6005 AUSTRALIA
Telephone: +61 8 9486 7094
Website: www.rothsayresources.com.au

Stock Exchange

ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth Western Australia 6000 AUSTRALIA

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 2021 (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 2021 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)
Devaki Khimji	(Non-Executive Director - Appointed after the Reporting Period)

HALF-YEAR OVERVIEW

Copper metal price outlook

The copper price has recently breached the US\$10,000 per tonne level. Alara expects a healthy copper price to continue over at least the next 5 years. Copper producers also benefit in the short term from competitive TC/RC rates, which remain 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

Alara continued to progress development of the Al Wash-hi–Majaza Copper-Gold Joint Venture Project (**Project**) over the reporting period and to the date of this Report. Project construction is scheduled for final completion in November 2022. When operational, the Project will consist of a copper-gold mine and a 1 MPTA copper concentrate plant¹. Key Project DEVELOPMENT activities during the reporting period² included:

Pre-production activities commence at mining site

After formal commissioning of pre-stripping of Wash-hi–Majaza pit in February 2022, pre-production activities at mine site during the month continued to focus on the following:

- Topsoil over the first cut area of pit stockpiled and stored for post mine rehabilitation.
- First blast carried out under the supervision of THE Royal Oman Police, measuring the vibrations and sound impact over a 1km radius.
- Excavation and transport of overburden and construction of waste rock dump platforms.
- Extraction of top copper oxide ore and separate storage.
- Excavation of 1200m long water diversion channel and settling (decant) tanks.
- Construction of haul roads from the pit to ROM pad and waste dumping areas.

The images beginning over the page depict some of the recent progress achieved at the Project site.

[The remainder of this page is intentionally blank]

1 Alara's ASX Announcements dated 1 April 2016 (Definitive Feasibility Study results initial announcement), 24 January 2017 (DFS update), 28 June 2018 (NPV update) and 29 March and 7 April 2021 (NPV updates) contain the information required by ASX Listing Rule 5.16 regarding the production target. All material assumptions underpinning the production target as announced on those dates continue to apply and have not materially changed, except to the extent that a relevant assumption in an earlier announcement referred to above has been updated by an assumption in a later announcement referred to.

2 And, where indicated, after the period.



First controlled blast at Wash-hi Majaza site



First cut mining activities and overburden and limited oxide copper ore removal

Mining accommodation camp

Construction of the Project accommodation village was completed on schedule, after the reporting period. The village is designed to house 325 personnel from the construction, mining and plant operation crews. As the construction crew accommodation requirement diminishes, the camp will be progressively retrofitted to house permanent mine and process facility staff.



Accommodation village (wide-angle view)

Directors' Report

Accommodation village amenities include:

- Dining halls capable of serving cuisine for both Omani nationals and expat staff.
- Power grid connection ready, firefighting facilities, water supply, sewage processing, general store and other facilities needed to support high-quality village life.
- Playing field suitable for football, cricket and other sports and two halls incorporating various recreation facilities and gymnasiums.
- Prayer hall (mosque).
- Comprehensive first aid facilities, including a qualified nurse and standby ambulance.
- Offices for approximately 100 mining consultants, contractors, operations, maintenance and general AHRL staff.
- Fully equipped laboratory for in-house chemical and physical testing of mine and processing plant samples for QA/QC and other purposes.

Water Supply

In January 2022, after the reporting period, Alara's JV vehicle AHRL executed a binding agreement with Oman Water and Wastewater Services Company SAOC (**OWWSC**) to secure the process water supply for the life of the Project. Key highlights of the agreement are:

- OWWSC will provide daily water supply to AHRL's copper concentrate plant via a Sewage Treatment Plant (**STP**) located in close proximity to the Project site.
- Water will be priced at a fixed rate for the first five years of the agreement.
- AHRL will invest in upgrading the capacity of an STP, located near the Al Mudhaibi township, to 1800 cubic metres per day.
- AHRL's investment amount will be recovered over the life of the agreement via water charge discounts.
- AHRL will transport water from the STPs to the Project site in tankers.

Around 1200 cubic metres of processed water per day will be supplied to the Project. An 18,000 cubic metre water storage reservoir will be constructed on site. The agreement comes after AHRL was able to reduce the water supply requirements incorporated in the Project's definitive feasibility study by the adoption of a dry tailings system.

The agreement was signed in a ceremony attended by senior officials from the Omani Ministry of Commerce and Industry, as well as AHRL shareholders' representatives Sayyed Khaled Al Busaidi, Farrokh Masani and Atmavireswar Sthapak.



AHRL-OWWSC water supply agreement signing ceremony

Project procurement 70% complete

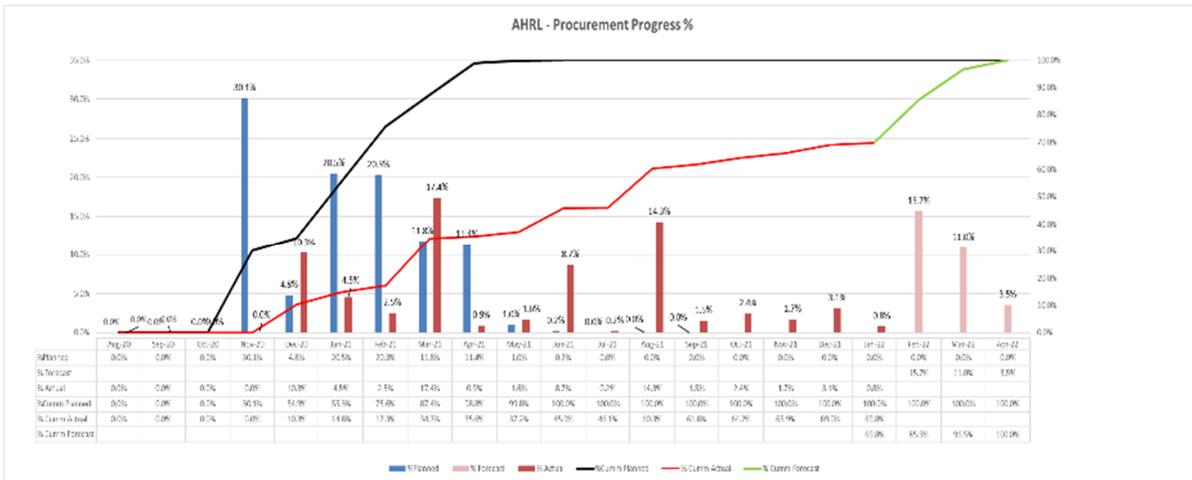
AHRL continued to draw down on its project finance facility, using the capital for a number of new purchase orders and contracts. Total cumulative Capex stood at US\$53.6 million in February 2022, which accounts for approximately 70% of total procurement packages. The table over the page provides details of equipment and contracts already ordered/awarded.

Directors' Report

No	Package/equipment Details	Supplier	Country
1	Ball Mill, SAG Mill, Crusher	CITIC	China
2	Rock Breaker	Metso-OT	Finland & India
3	Apron Feeder	L&T	India
4	Pan Feeders	Metso-OT	India
5	Magnetic Separators	ElectroZavod	India
6	Accommodation Cabins Refurbished	Al Tasnim	Oman
7	Accommodation Camp Construction	Al Naba Infrastructure	Oman
8	New Cabins - Dining, Offices etc.	Al Rehwan	Oman
9	Fencing	Al Naba Infrastructure	Oman
10	Conveyors	Al Tasnim	Oman
11	Belt Weigher and Vibrating Screens	Schenck	India
12	Hydrocyclones	Weir	UAE
13	Conveyor safety switches	Smart SAA	India
14	Construction of Access Road	Al Naba Infrastructure	Oman
15	Pressure Filters	Matec	Italy
16	Regrinding Mill	Metso Outotec	USA
17	Electrical Packages - Panels, Motors, Telecom	ABB	India
18	Transformers	Voltamp	Oman
19	Dust Collector	Stratgem Projects	India
20	Powerlines	ONEIC	Oman
21	Agitator	Afromix	SA
22	Sampling and Analyzing System	Metso Outotec	USA
23	Air Compressor	Bin Salim	Oman
24	Froth, Slurry and Sump Pumps	Metso Outotec	Turkey
25	Flotation Cells	Innovator	Polland
26	Air Blower	Continental Industrie	France
27	Plant Control System	CAS (ABB)	India
28	Workshop - Material (Prefab Bldg)	Kirby	Kuwait
	Workshop - Civil and MEP design	DSA	India
	Workshop - Erection	Emmar	Oman
29	Cooling Tower	BEC	Oman
30	Density Meter (Online Instr. Package)	IST Platform	Qatar
31	Accommodation Cabin and Office Furniture	Canary Furniture	Oman
	Accommodation Cabin Furniture	Al Tasnim	Oman
	Water Heaters	Concept Intl	Oman
32	Air Conditioners	Majid Group	Oman
33	General Construction- Civil Works	Al Naba	Oman
	General Construction- E&I and Mechanical	Al Tasnim	Oman
34	Tanks - Fabrication	Al Tasnim	Oman
35	Structural Steel	Al Tasnim	Oman
36	Project Management	Progesys International LLC	Oman
37	Pre-stripping	Alara Resources LLC	Oman

Equipment ordered/awarded

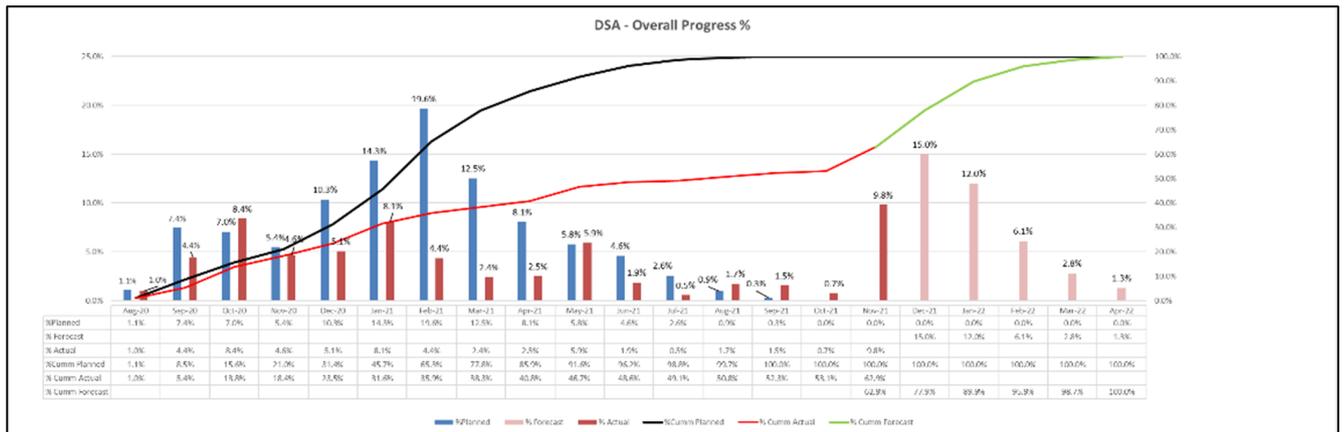
Directors' Report



Procurement progress

Project engineering advances

With progress on ordering plant equipment and availability of key OEM data on equipment specifications advancing detailed engineering to near completion, basic engineering and detailed drawings are being prepared. Civil drawings of the two major areas have been released and structural and tank fabrication drawings are in progress. In addition, a considerable amount of progress has been achieved in vendor drawing/document engineering. Manufacturing of all major items has commenced, and inspections have been completed for many key electrical components, including crushers and others, which are in the pipeline in March 2022.



Overall engineering progress

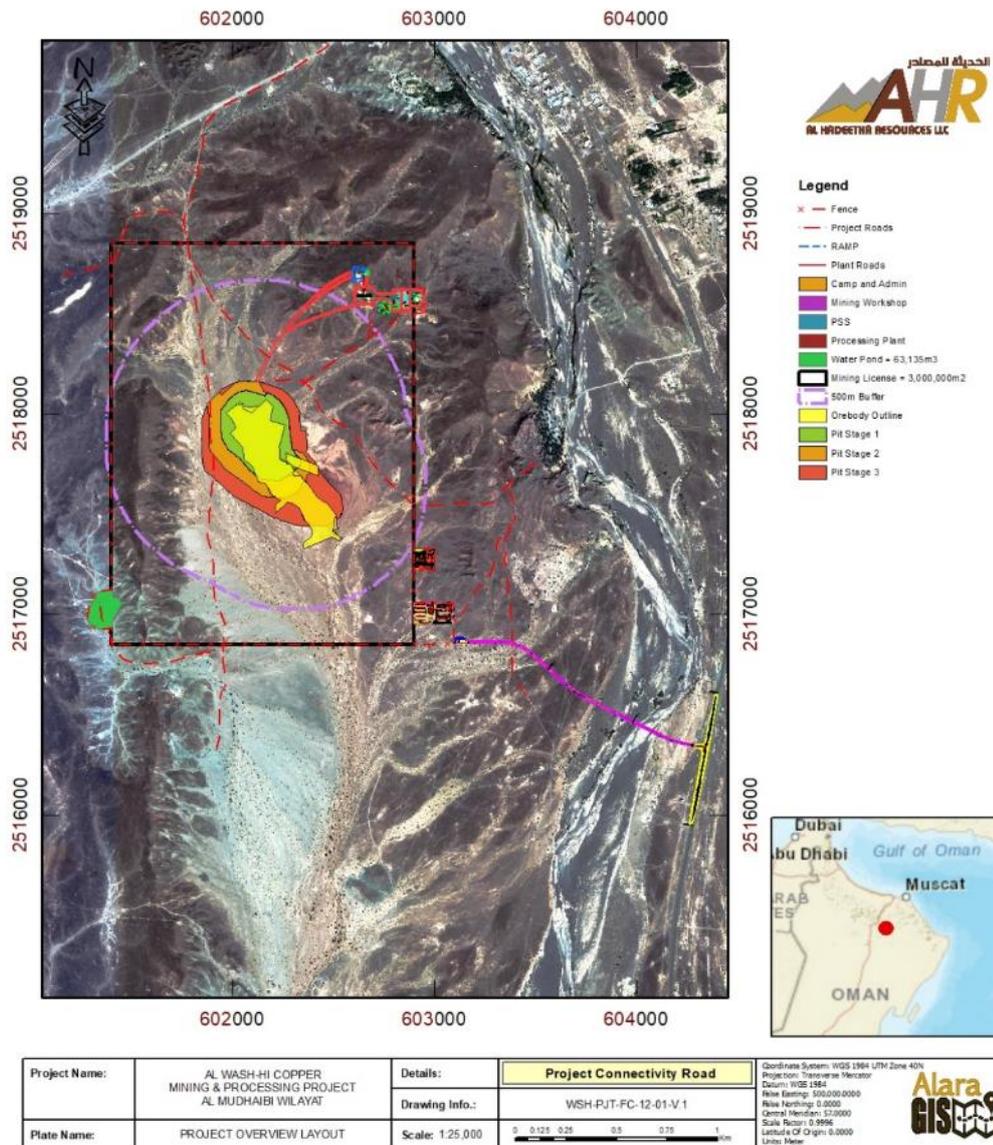
Project general construction contracts have now been awarded and site preparatory works have begun.

[The remainder of this page is intentionally blank]

Directors' Report

Project access road

The design for the permanent, two-kilometre Project access road connecting the site with the State Highway, shown in the figure below, was approved by authorities earlier. A contract to build the access road was let during Q2 2022 FY. For temporary connectivity, a four-kilometre graded access road was opened to allow the camp and site vehicles access the Project site.



Al Wash-hi–Majaza copper-gold JV Project connecting access road

Mineral Tenements

The current status of all mineral tenements and applications for the Al Hadeetha Project are detailed in the table below.

Licence Name	Licence Owner	Alara JV Interest	Exploration Licence				Mining Licence within EL		
			Area	Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Wash-hi–Majaza ML 10003075.	AHRL	51%	39km ²	Jan 2008	Nov 2016	Active*	3km ²	2013	Active
Mullaq	AHRL	51%	41km ²	Oct 2009	Nov 2016	Active*	1km ²	Jan 2013	Pending
Al Ajal	AHRL	51%	25km ²	Jan 2008	Nov 2016	Active*	1.5km ²	Jan 2013	Pending

Status of mineral tenements and applications for the Al Hadeetha Project

*Pursuant to Ministerial Decree 38/2013. This Decree provides that an exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence. In that case, the period for the exploration licence is extended until the date that a decision is made on the mining licence application.

Directors' Report

Daris Copper-Gold Project

Oman

(Alara – 50%, Al Taman Trading Establishment LLC – 50%, of Daris Resources LLC (DRL))

The Daris project comprises two high-grade copper deposits within the 587km² exploration licence, which includes two mining licence applications covering 4.5km². This project fits well with Alara's preferred "hub and spoke" model, which provides for processing of Daris ore at the Wash-hi-Majaza copper concentration plant to be built by AHRL 100km to the south.

The Daris East Mining Licence application, which covers an area that includes measured, indicated and inferred JORC copper resources³, was opposed by the Ministry of Housing due to its proximity to recently allotted land. Review of a petition supporting the application lodged by Daris is now underway at the Ministry of Energy and Minerals.

The Daris 3A5 Mining Licence application is progressing with the Government. The current status of all mineral tenements and applications for the Daris and Awtad Projects are presented in the table below.

Block Name	Licence Owner	Alara JV Interest	Area	Exploration Licence			Mining Licences within EL		
				Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Block 7	Al Tamman Trading Est. LLC	50%	587km ²	Nov '09	Feb 2016	Active*	Daris 3A5 & Resubmitted 2018 East	Pending	

Daris Project mineral tenement status

*Pursuant to Ministerial Decree 38/2013. This Decree provides that an exploration licence ends when its duration ends, unless the licensee has submitted an application for a mining licence. In that case, the period for the exploration licence is extended until the date that a decision is made on the mining licence application.

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 comprises an area of approximately 497 km² (Block 8) and is located immediately adjacent to the Block 7 (Daris Copper-Gold Project). Alara has a right to an initial 10% interest (increasing to 50-70%+) in the concession owner, Awtad Copper LLC.

Exploration previously undertaken at this project includes:

- 86-line kilometres of airborne VTEM, 14 line kilometres of ground IP, 169 line kilometres of ground magnetics and 202 line kilometres of high-resolution ground magnetics.
- 76 RAB drill holes totalling 1,747m and 11 core drill holes totalling 299m.
- Drilling results (including some undertaken across the Al Mansur Prospect) were low grade in general and inconclusive.

Previous exploration identified anomalies worthy of further exploration. The fact that prospective geological formations within the licence area are under cover of alluvial and aeolian deposits enhances the chances of further copper mineralisation.

Detailed work plans have been submitted to the Ministry of Energy and Minerals for renewal of the exploration licence, which currently remain pending.

Mineral Tenements

The current status of all mineral tenements and applications for the Daris and Awtad Projects are presented in the table below.

Block Name	Licence Owner	Alara JV Interest	Area	Exploration Licence			Mining Licences within EL		
				Date of Grant	Date of Expiry	Status	Area	Date of Application	Status
Block 8	Awtad Resources LLC	10% (earn in to 70%)	597km ²	Nov '09	Oct 2013	Renewal pending	NA	NA	NA

Awtad Project mineral tenement status

Other Developments

Alara Resources LLC (ARL)

(Alara – 35%)

ARL's first mining contract is a contract to perform mining activities for the Al Hadeetha Resources LLC Wash-hi Majaza project, detailed above.

Exploration drilling contract

Alara Resources LLC has been awarded an exploration drilling contract at the Al Rimal limestone project in southern Oman. Two drill rigs and crew have been mobilized to the site to complete 3500m of drilling in the first phase.

³ The Company has disclosed full details of these resources to investors on various occasions in a form which complies with the 2012 edition of the JORC Code. See, for example, the Company's 2021 Annual Report to shareholders.



ARL drill rigs en route to the Al Rimal limestone project

Saudi Arabia

The Khnaiguiyah Zinc-Copper Project is located approximately 170km south-west of the Saudi Arabian capital city of Riyadh (**Khnaiguiyah Project**). A mining licence for the Khnaiguiyah Project (held by a former Alara JV partner) was cancelled in December 2015. The Government of Saudi Arabia proposes to reactivate the project by issuing an exploration licence for an area which includes the former mining licence area, in a bidding process.

Alara, with its detailed knowledge of the mineralisation and economics of the Khnaiguiyah Project from its earlier involvement in conducting a Definitive Feasibility Study into the former mining licence area, is well positioned in the bidding process for the new exploration licence.

FINANCIAL **Cash Position**

The Company's cash position as at 31 December 2021 was A\$3,236,441 (30 June 2021: A\$4,241,815).

The Company's total liabilities as at 31 December 2021 were A\$8,501,937 (30 June 2021: A\$1,813,450) which includes a A\$681,816 (30 June 2021: A\$651,442) 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 (a controlled entity in the Alara Resources Limited group) totalling \$18.3m, 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\$18.3m from the Consolidated Entity to Al Hadeetha Resources LLC is not shown in the assets of the Consolidated Entity.

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 11.

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

Atmavireshwar Sthapak
Managing Director

16 March 2022

Auditor's Independence Declaration



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

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 2021, 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, appearing to read 'Dalla', written over a horizontal line.

Daniel Dalla
Partner

16 March 2022



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 2021

	Note	31 Dec 2021 \$	31 Dec 2020 \$
Revenue	2	10,016	10,674
Personnel		(327,964)	(888,826)
Occupancy costs		(22,419)	(24,435)
Finance expenses		(6,580)	(1,314)
Corporate expenses		(94,879)	(27,712)
Share of profit/(losses) of associates and joint ventures		(30,070)	(23,032)
Administration expenses		(221,506)	(323,181)
PROFIT/(LOSS) BEFORE INCOME TAX		(693,402)	(1,277,826)
Income tax benefit		-	-
PROFIT/(LOSS) FOR THE HALF YEAR		(693,402)	(1,277,826)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		1,839,636	(2,098,585)
Total other comprehensive income		1,839,636	(2,098,585)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE HALF YEAR		1,146,234	(3,376,411)
Loss attributable to:			
Owners of Alara Resources Limited		(586,885)	(1,228,712)
Non-controlling interest		(106,517)	(49,114)
		(693,402)	(1,277,826)
Total comprehensive (loss)/income for the half year attributable to:			
Owners of Alara Resources Limited		1,252,751	(3,327,297)
Non-controlling interest		(106,517)	(49,114)
		1,146,234	(3,376,411)
Loss per share:			
Basic loss per share cents	3	(0.08)	(0.19)
Diluted loss per share cents	3	(0.08)	(0.19)

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Financial Position as at 31 December 2021

	Note	31 Dec 2021	30 Jun 2021
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	3,236,441	4,241,815
Trade and other receivables		154,065	38,566
Other current assets		4,165,105	23,869
Financial assets	5	1,032,419	1,030,168
TOTAL CURRENT ASSETS		8,588,030	5,334,418
NON-CURRENT ASSETS			
Financial assets	5	451,913	454,088
Investments in associates	6	109,279	139,350
Borrowing costs		679	733
Property, plant and equipment	7	96,231	98,648
Mine properties & development assets	7	15,916,824	12,383,033
Exploration & evaluation	8	5,276,496	4,910,968
Capital working in process		716,507	-
TOTAL NON-CURRENT ASSETS		22,567,929	17,986,820
TOTAL ASSETS		31,155,959	23,321,238
CURRENT LIABILITIES			
Trade and other payables		1,440,431	988,405
Unearned income		-	8,079
Provisions		99,641	93,838
Financial liabilities	9	68,444	21,409
TOTAL CURRENT LIABILITIES		1,608,516	1,111,731
NON-CURRENT LIABILITIES			
Financial liabilities	9	6,893,421	701,719
TOTAL NON-CURRENT LIABILITIES		6,893,421	701,719
TOTAL LIABILITIES		8,501,937	1,813,450
NET ASSETS		22,654,022	21,507,788
EQUITY			
Issued capital	10	68,233,860	68,233,860
Reserves	11	11,335,245	9,495,609
Accumulated losses		(56,649,638)	(56,062,753)
Parent interest		22,919,467	21,666,716
Non-controlling interest		(265,445)	(158,928)
TOTAL EQUITY		22,654,022	21,507,788

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2021

	Note	Issued Capital	Options Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Transactions with Minority Interest	Non-Controlling Interest	Total
		\$	\$	\$	\$	\$	\$	\$
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)
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		-	-	-	(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		-	-	-	-	-	-	-
Share placement costs		952,314	-	-	-	-	-	952,314
Options issued during the half year		-	-	-	-	-	-	-
Balance as at 31 Dec 2020		67,292,637	-	370,226	(55,669,137)	8,593,853	(159,900)	20,427,679
Balance as at 1 July 2021		68,233,860	-	901,756	(56,062,753)	8,593,853	(158,928)	21,507,788
Foreign currency translation reserve		-	-	1,839,636	-	-	-	1,839,636
Net income and expense recognised directly in equity		-	-	1,839,636	-	-	-	1,839,636
Loss for the half year		-	-	-	(586,885)	-	(106,517)	(693,402)
Total comprehensive loss for the half year		-	-	1,839,636	(586,885)	-	(106,517)	1,146,234
Transactions with owners in their capacity as owners:								
Share placement		-	-	-	-	-	-	-
Balance as at 31 Dec 2021		68,233,860	-	2,741,392	(56,649,638)	8,593,853	(265,445)	22,654,022

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Cash Flows for the half year ended 31 December 2021

	Note	31 Dec 2021	31 Dec 2020
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customers		–	10,000
Payments to suppliers (inclusive of GST)		(469,426)	(313,648)
Payments to employees		(325,459)	(863,359)
Interest received		511	800
NET CASHFLOWS USED IN OPERATING ACTIVITIES		(794,374)	(1,166,207)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		(9,196)	(3,199)
Proceeds/(Payments) for development expenditure		(6,382,187)	(1,140,468)
Proceeds from loan from other entities		–	–
Proceeds from disposal and redemption of financial assets		–	–
NET CASHFLOWS USED IN INVESTING ACTIVITIES		(6,391,383)	(1,143,667)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		6,165,390	952,314
NET CASHFLOWS PROVIDED BY FINANCING ACTIVITIES		6,165,390	952,314
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(1,020,367)	(1,357,560)
Cash and cash equivalents at beginning of the financial half year		4,241,815	7,674,616
Effect of exchange rate changes on cash		14,993	(651,346)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	4	3,236,441	5,665,710

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 2021 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 \$693,402 (31 December 2020 loss: \$1,277,826) net cash outflows from operating activities of \$794,374 (31 December 2020 \$1,166,207) and had a working capital surplus position of \$6,979,514 (30 June 2021: \$4,222,688). 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 191,175 (USD 495,181) and has USD 1,504,819 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 2021, 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 2021.

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 2021. 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 2021.

[The remainder of this page is intentionally blank]

Notes to the Consolidated Financial Statements for the half year ended 31 December 2021

2. REVENUE

	31 Dec 2021	31 Dec 2020
	\$	\$
Revenue		
Interest	1,728	674
Other income	8,288	10,000
	<u>10,016</u>	<u>10,674</u>

3. EARNINGS/(LOSS) PER SHARE

	31 Dec 2021	31 Dec 2020
	\$	\$
Basic earnings/(loss) per share cents	(0.08)	(0.19)
Diluted earnings/(loss) per share cents	(0.08)	(0.19)
Profit/(loss) \$ used to calculate earnings/(loss) per share	<u>(586,885)</u>	<u>(1,228,712)</u>
Weighted average number of ordinary shares during the period used in calculation of basic earnings/(loss) per share	<u>705,429,239</u>	<u>641,978,946</u>
Weighted average number of ordinary shares during the period used in calculation of diluted earnings/(loss) per share	<u>705,429,239</u>	<u>641,978,946</u>

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 2021	30 Jun 2021
	\$	\$
Cash in hand	823	542
Cash at bank	3,131,096	4,136,880
Term deposits	104,522	104,393
	<u>3,236,441</u>	<u>4,241,815</u>

The effective interest rate on short-term bank deposits was 0.15% (30 June 2021: 0.25%) with an average maturity of 90 days.

5. FINANCIAL ASSETS

	31 Dec 2021	30 Jun 2021
	\$	\$
Non-Current		
Loan to associate – interest-free loan	441,927	444,427
Bank deposit	9,986	9,661
Current		
Bank deposits	1,032,419	1,030,168
	<u>1,484,332</u>	<u>1,484,256</u>

6. INVESTMENT IN ASSOCIATE

	31 Dec 2021	30 Jun 2021
	\$	\$
Investment in associate	109,279	139,350
	<u>109,279</u>	<u>139,350</u>

Notes to the Consolidated Financial Statements for the half year ended 31 December 2021

7. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Plant and Equipment	Mine Properties & Development Assets	Total
	\$	\$	\$	\$	\$
Year ended 30 June 2021					
Carrying amount at beginning	14,768	24,230	812	9,926,151	9,965,961
Additions	66,595	6,581	-	3,251,950	3,325,126
Disposal	-	-	-	-	-
Write-offs	-	-	-	-	-
Depreciation expense	(4,227)	(7,623)	(249)	-	(12,099)
Exchange difference	(1,201)	(973)	(66)	(795,068)	(797,308)
Closing amount at reporting date	75,935	22,215	497	12,383,033	12,481,680
Year ended 30 June 2021					
Cost or fair value	94,199	183,862	21,582	12,383,033	12,682,676
Accumulated depreciation	(18,264)	(161,647)	(21,085)	-	(200,996)
Net carrying amount	75,935	22,215	497	12,383,033	12,481,680
Half Year ended 31 December 2021					
Carrying amount at beginning	75,935	22,215	497	12,383,033	12,481,680
Additions	-	4,173	-	3,098,262	3,102,435
Disposal	-	-	-	-	-
Write-offs	-	-	-	-	-
Depreciation expense	(5,890)	(3,497)	(85)	-	(9,472)
Exchange difference	2,508	359	16	435,529	438,412
Closing amount at reporting date	72,553	23,250	428	15,916,824	16,013,055
Half Year ended 31 December 2021					
Cost or fair value	97,365	189,177	22,307	15,916,824	16,225,673
Accumulated depreciation	(24,812)	(165,927)	(21,879)	-	(212,618)
Net carrying amount	72,553	23,250	428	15,916,824	16,013,055

8. EXPLORATION AND EVALUATION

	31 Dec 2021 \$	30 Jun 2021 \$
Opening balance	4,910,968	5,161,876
- Exploration and evaluation expenditure	152,724	309,492
- Exchange differences	212,804	(560,400)
Closing balance	5,276,496	4,910,968

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 (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.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2021

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. FINANCIAL LIABILITIES

	31 Dec 2021	30 Jun 2021
	\$	\$
Non-Current		
Loan – Sohar Bank	6,165,390	-
Loan with unrelated third party	681,816	651,442
Vehicle loan	54,092	60,180
Less: Unexpired vehicle loan interest	(7,877)	(9,903)
Current		
Insurance premium funding	57,191	11,025
Vehicle loan	16,220	15,693
Less: Unexpired vehicle loan interest	(4,967)	(5,309)
	6,961,865	723,128

- (i) On 16 April 2017, Al Hadeetha Resources LLC (AHR) (the joint venture company which conducts the Al Hadeetha Copper-Gold Project (Project), in which the Company is a 51% shareholder) entered into an unsecured loan agreement as borrower with Al Hadeetha Investments LLC (Lender) (an un-related company, which holds the remaining 30% of the shares in AHR). Under the agreement, AHR may draw down a maximum of USD 2 million (AUD 2,753,808; OMR 767,856) to assist with working capital for the Project (AHI to AHR Loan). The AHI to AHR Loan bears interest at LIBOR plus two percent per annum. The Loan will be in effect for the duration of the Project joint venture agreement, at which time AHR must repay any outstanding balance. AHR must make interim repayments equal to its available net cash profit (if any) at the end of each financial year. During the year AHR has not made any drawdowns under the Loan. The total amount drawn down (being the total amount owing by AHR under the Loan to the end of the year (after offsetting corresponding debit balance of OMR 18,095; AUD 64,534) OMR 191,175 (USD 495,076; AUD 681,816). If AHR determines at the end of any quarter or other period that it has a working capital shortfall it may draw down the whole or part of the shortfall, until the entire Loan amount is drawn down. The remaining, un-drawn balance of the Loan is OMR 558,586 (USD 1,458,065; AUD 2,007,458) (This is the undrawn balance based on the gross drawdown amount of loan without offsetting the corresponding debit balance of OMR 18,095; AUD 64,534).

Although the AHI to AHR Loan is shown as a liability in the consolidated financial statements, loans by entities within the Alara Consolidated Entity to AHR, which is also within that Consolidated Entity (Consolidated Entity AHR Loans) are not shown in the consolidated financial statements. The Consolidated Entity AHR Loans total AUD 18.36 million and are subject to the same loan terms as the AHI to AHR Loan. The Consolidated Entity AHR Loans are repayable on the same basis as the AHI to AHR Loan. Therefore, if AHR makes a loan repayment to AHI, AHR will also be required to make a loan repayment to its lenders within the Alara Consolidated Group on a pro-rata basis.

- (ii) The Company's 51% owned joint-venture vehicle Al Hadeetha Resource LLC (AHRL) has a finance facility of OMR 19 million (AUD 67.76 million) (Facility) from Sohar International Bank (Sohar) for construction of mining and processing infrastructure at AHRL's Wash-hi – Majaza copper-gold project. The Facility is secured over AHRL's mining property and mine development assets and by corporate guarantees by stakeholders of AHRL, including an Alara wholly owned subsidiary. The interest rate for the Facility is 6.5% per annum for amounts drawn in OMR and 5.15% per annum for amounts drawn in USD, reviewable annually. The Facility has a term of 9 years and 9 months, including a moratorium period of 2 years and 9 months in which only interest is payable. After the moratorium, the principal of the Facility is repayable in 28 equal quarterly instalments. Interest is payable monthly throughout the term. There have been no breaches of the covenants or other provisions of the Facility in the reporting period or subsequently to the date of this report. Sohar is a well-known and respected Bank in Oman. The Group's due diligence in connection with entering the Facility involved reviewing publicly available information regarding Sohar and making enquiries of other AHRL shareholders, which are large Omani conglomerates each with extensive knowledge of the Omani banking industry.

[The remainder of this page is intentionally blank]

Notes to the Consolidated Financial Statements for the half year ended 31 December 2021

10. ISSUED CAPITAL

	31 Dec 2021	30 Jun 2021	31 Dec 2021	30 Jun 2021
	No	No	\$	\$
Fully paid ordinary shares	705,429,239	705,429,239	68,233,860	68,233,860
30 Jun 2021				
			No	\$
Balance as at 1 July 2020			634,886,315	66,340,322
- Share movement during the 2021 financial year			70,542,924	1,904,629
- Share issue cost during the 2021 financial year				(11,091)
Balance as at 30 June 2021			705,429,239	68,233,860
31 Dec 2021				
			No	\$
Balance as at 1 July 2021			705,429,239	68,233,860
- Share movement during the period			-	-
Balance as at 31 December 2021			705,429,239	68,233,860

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.

11. RESERVES

	31 Dec 2021	30 June 2021
	\$	\$
Movement in foreign exchange translation	2,741,392	901,756
Transactions with minority interests	8,593,853	8,593,853
Total	11,335,245	9,495,609

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 2021				
Total segment revenues	1,375	8,641	-	10,016
Total segment loss before tax	(250,877)	(449,787)	7,262	(693,402)
Total segment assets	3,431,433	27,724,526	-	31,155,959
Total segment liabilities	(710,700)	(7,791,237)	-	(8,501,937)
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)
Reconciliation of segment information				
			31 Dec 2021	30 Jun 2021
			\$	\$
(i) Total segment assets				
Total Assets as per Statement of Financial Position			31,155,959	23,321,238
(ii) Total segment revenues				
Total Revenue as per Statement of Profit or Loss and Other Comprehensive Income			10,016	11,779
(iii) Total segment profit/(loss) before tax				
Total Consolidated Entity profit/(loss) before tax			(693,402)	(1,670,471)

13. COMMITMENTS

	31 Dec 2021	30 June 2021
	\$	\$
(a) Lease Commitments		
Non-cancellable operating lease commitments:		
Within 1 year	24,227	14,045
1-5 years	–	–
After 5 years	–	–
Total	24,227	14,045
<p>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.</p>		

There are no material changes to capital commitments since those reported as at 30 June 2021.

14. CONTINGENT ASSETS AND LIABILITIES

There are no changes to contingent assets and liabilities since 30 June 2021.

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.

[The remainder of this page is intentionally blank]

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 12 - 21, are in accordance with the *Corporations Act 2001* and:
 - (a) Comply with Australian Accounting Standards (AASB 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 2021 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

16 March 2022



Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsay.com.au

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 2021, 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 2021 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 2021 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 16 March 2022

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

**Daniel Dalla
Partner**

Forward-Looking Statements

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.

[The remainder of this page is intentionally blank]