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Alara Resources

Half-Year Financial Report

31 December 2022

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



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

Devaki Khimji
Non-Executive Director

Farrokh Masani
Alternate Director for Devaki Khimji

Company Secretary

Dinesh Aggarwal

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ASX Code

AUQ

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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 2022 (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 2022 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)
Farrokh Masani	(Alternate Director for Devaki Khimji)

HALF-YEAR OVERVIEW

Copper metal price outlook

After showing weakness during the reporting period, the copper price has recently returned to a far more healthy level of nearly US\$9000 per tonne. Alara expects a strong copper price to continue over at least the next 5 years.

Al Hadeetha Copper-Gold Project

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

Oman

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 Report¹. Key Project activities during the reporting period² included:

Excellent progress was made in the construction of Alara’s 51%-owned Al Wash-hi–Majaza Copper-Gold joint venture project (**Project**) during the reporting period. The project is owned by the Al Hadeetha Resources LLC (**AHRL**) JV, in which Alara holds 51%.

In mid-October 2022 key equipment consignments arrived on site from Takraf, Matec, Stratgem and Metso Outotec. Equipment delivered included components for the thickener, pressure filters, hydraulic units, regrinding mill and dust collectors (see Alara’s ASX announcement dated 18 October 2022).

The following images depict progress made in the Project construction phase during the reporting period and to February 2023.



Figure 1: Retention wall and primary crusher

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 and to the date of this report.



Figure 2: Flotation bay



Figure 3: Mine site infrastructure overview

Key Project works completed in the reporting period included:

- the primary electrical substation;
- major retaining walls, various foundations (including SAG mill, regrind and ball mill, flotation cell, reagent tank and tailings filter tank foundations); and
- copper concentrate thickener erection works.

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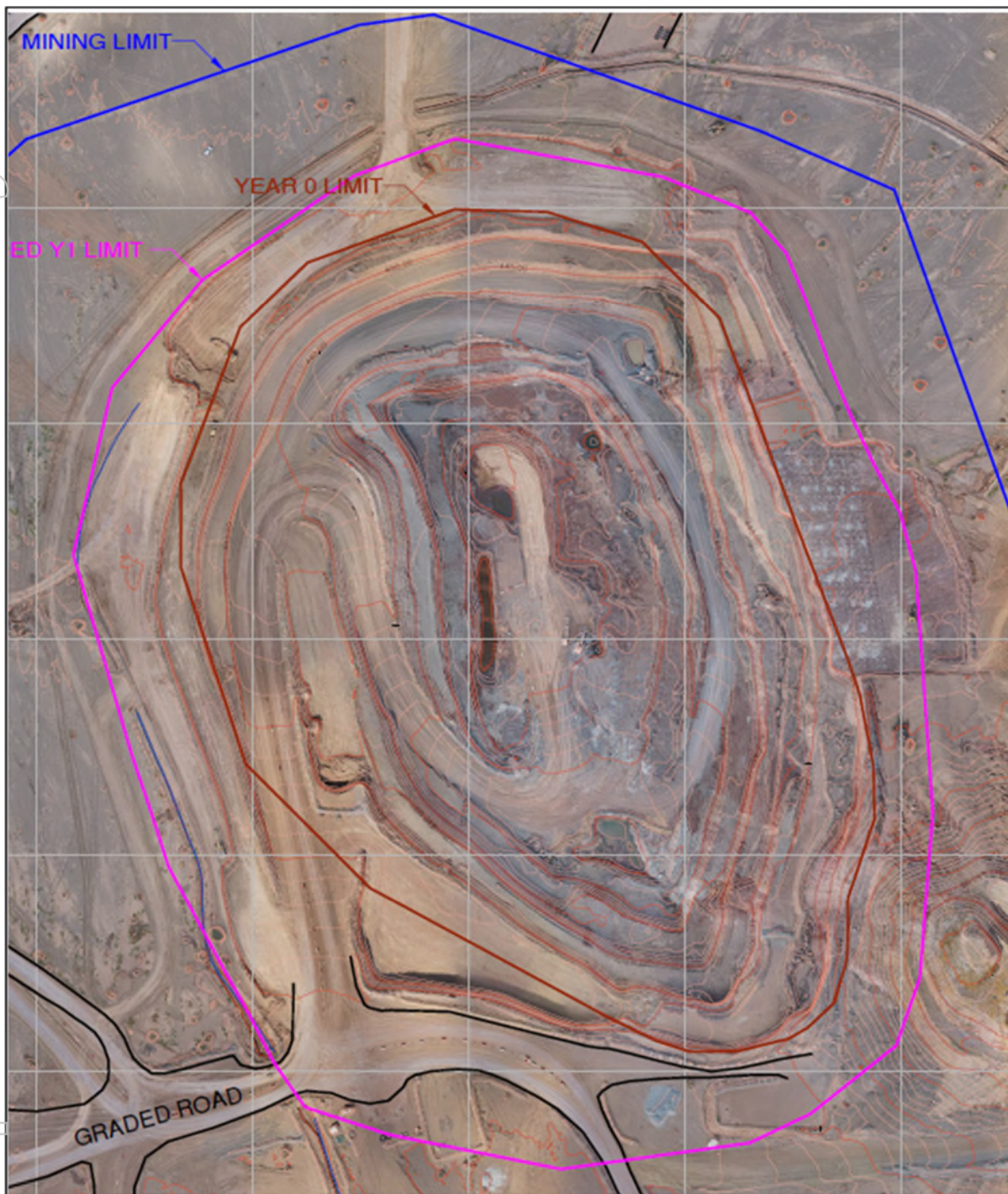


Figure 4: Mining pit as at 25 January 2023

In early December 2022, construction activities commenced at the existing sewage treatment plant located at the Haya Water site in the Al Mudhaibi township to supply Wash-hi Majaza Project with 1,200 cubic metres of water per day. The work, expected to be completed in the March 2023 quarter, is being undertaken as part of a public-private partnership which incorporates a water supply agreement (see Alara's ASX announcement dated 5 December 2022).

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Figure 5: Tank excavation works at the Haya Water site

These works are being carried out in fulfillment of an agreement between AL Hadeetha Resources LLC and Oman Water & Wastewater Services Company SAOC (**OWWSC**) which secures the critical process water supply for the duration of the Al Wash-hi Majaza Copper-Gold Project. Key highlights of the agreement are:

- OWWSC will provide daily water supply to AHRL's copper concentrator plant via its sewage treatment plants (STPs) located near the Project site.
- The water will be priced at a fixed rate for the first five (5) years of the agreement.
- AHRL will upgrade the capacity of an STP near the Al Mudhaibi township to 1800 cubic metres per day.
- AHRL's investment in the STP upgrade will be recovered over the life of the agreement via water charge discounts.
- Ownership of the upgraded STP will ultimately be transferred to OWWSC.
- AHRL will transport the water from the STP to the Al Wash-hi Majaza Copper-Gold Project site.

A number of key milestones in the STP upgrade project were promptly delivered post the signing of the agreement. The engineering, procurement and construction contract was awarded to a local company. Design and drawing requirements were settled with Haya, major equipment approvals obtained and all process equipment ordered, with construction activities now underway.

In another important development, after the end of the reporting period, construction of the Project's high-tech, onsite geochemistry testing laboratory was complete, with the facility fully operational (see Alara's ASX announcement dated 23 January 2023).

The new geochemistry testing laboratory serves as a multifunctional testing facility. It houses state-of-art machinery and a team of highly competent and experienced technical staff which will together produce mineral samples which meet precise form, size and weight requirements. Lab equipment includes a wide range of cutting-edge technology and sophisticated analysis equipment, such as inductively coupled plasma optical emission spectroscopy (ICP-OES), energy dispersive X-ray fluorescence (EDXRF) spectrometry and wavelength dispersive X-ray fluorescence (WDXRF) spectroscopy.



Figure 6: Exterior and interior of onsite laboratory

Directors' Report

Mineral Tenements

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

Status of mineral tenements and applications across the Al Hadeetha Project

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

*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.

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%, 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 and survey work has been proposed to resolve the objection from the Ministry.

The Daris 3A5 Mining Licence application is progressing with the Government.

Daris Project mineral tenement status

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	

*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.

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 2022 Annual Report to shareholders.

Directors' Report

Mineral Tenements

The current status of the mineral tenement for the Awtad Project is presented in the Table below.

Awtad Project mineral tenement status

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

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.

FINANCIAL

Cash Position

The Company's cash position as at 31 December 2022 was A\$3,008,502 (30 June 2022: A\$2,449,791).

The Company's total liabilities as at 31 December 2022 were A\$61,868,570 (30 June 2022: A\$22,101,161) which includes a A\$767,935 (30 June 2022: A\$732,568) 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 \$19.9m, 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\$19.9 m 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 9.

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



Atmavireshwar Sthapak
Managing Director
16 March 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

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 2022, 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 Audit & Assurance Pty Ltd



Daniel Dalla
Director

16 March 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Revenue	2	10,149	10,016
Personnel		(452,966)	(327,964)
Occupancy costs		(23,679)	(22,419)
Finance expenses		(8,132)	(6,580)
Corporate expenses		(107,990)	(94,879)
Share of profit/(losses) of associates and joint ventures		58,516	(30,070)
Administration expenses		(763,939)	(221,506)
PROFIT/(LOSS) BEFORE INCOME TAX		(1,288,041)	(693,402)
Income tax benefit		-	-
PROFIT/(LOSS) FOR THE HALF YEAR		(1,288,041)	(693,402)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		3,182,720	1,839,636
Total other comprehensive income		3,182,720	1,839,636
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE HALF YEAR		1,894,679	1,146,234
Loss attributable to:			
Owners of Alara Resources Limited		(926,864)	(586,885)
Non-controlling interest		(361,177)	(106,517)
		(1,288,041)	(693,402)
Total comprehensive (loss)/income for the half year attributable to:			
Owners of Alara Resources Limited		2,255,856	1,252,751
Non-controlling interest		(361,177)	(106,517)
		1,894,679	1,146,234
Loss per share:			
Basic and diluted loss per share cents	3	(0.13)	(0.08)

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Financial Position as at 31 December 2022

	Note	31 Dec 2022 \$	30 Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents	4	3,008,502	2,449,791
Trade and other receivables		11,715,105	9,712,513
Other current assets		227,514	194,451
Financial assets	5	1,037,368	1,036,625
TOTAL CURRENT ASSETS		15,988,489	13,393,380
NON-CURRENT ASSETS			
Financial assets	5	507,009	506,895
Investments in associates	6	157,436	98,920
Borrowing cost		554	631
Property, plant and equipment	7	2,499,995	138,401
Mine properties & development assets	7	62,270,968	25,213,324
Exploration & evaluation	8	5,713,124	5,635,650
TOTAL NON-CURRENT ASSETS		71,149,086	31,593,821
TOTAL ASSETS		87,137,575	44,987,201
CURRENT LIABILITIES			
Trade and other payables		13,437,831	3,795,185
Provisions		136,648	154,427
Financial liabilities	9	58,592	17,218
TOTAL CURRENT LIABILITIES		13,633,071	3,966,830
NON-CURRENT LIABILITIES			
Financial liabilities	9	48,235,499	18,134,331
TOTAL NON-CURRENT LIABILITIES		48,235,499	18,134,331
TOTAL LIABILITIES		61,868,570	22,101,161
NET ASSETS		25,269,005	22,886,040
EQUITY			
Issued capital	10	68,722,146	68,233,860
Reserves	11	15,652,649	12,469,929
Accumulated losses		(58,305,839)	(57,378,975)
Parent interest		26,068,956	23,324,814
Non-controlling interest		(799,951)	(438,774)
TOTAL EQUITY		25,269,005	22,886,040

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2022

	Note	Issued Capital	Foreign Currency Translation Reserve	Accumulated Losses	Transactions with Minority Interest	Non-Controlling Interest	Total
		\$	\$	\$	\$	\$	\$
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
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		-	-	(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		-	-	-	-	-	-
Share placement costs		-	-	-	-	-	-
Options issued during the half year		-	-	-	-	-	-
Balance as at 31 Dec 2021		68,233,860	2,741,392	(56,649,638)	8,593,853	(265,445)	22,654,022
Balance as at 1 July 2022		68,233,860	3,876,076	(57,378,975)	8,593,853	(438,774)	22,886,040
Foreign currency translation reserve		-	3,182,720	-	-	-	3,182,720
Net income and expense recognised directly in equity		-	3,182,720	-	-	-	3,182,720
Loss for the half year		-	-	(926,864)	-	(361,177)	(1,288,041)
Total comprehensive income for the half year		-	3,182,720	(926,864)	-	(361,177)	1,894,679
Transactions with owners in their capacity as owners:							
Share placement		372,306	-	-	-	-	372,306
Options converted to shares		120,000	-	-	-	-	120,000
Capital raising cost		(4,020)	-	-	-	-	(4,020)
Balance as at 31 Dec 2022		68,722,146	7,058,796	(58,305,839)	8,593,853	(799,951)	25,269,005

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Cash Flows for the half year ended 31 December 2022

	Note	31 Dec 2022	31 Dec 2021
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers (inclusive of GST)		(460,267)	(469,426)
Payments to employees		(470,648)	(325,459)
Interest received		1,740	511
NET CASHFLOWS USED IN OPERATING ACTIVITIES		(929,175)	(794,374)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(1,444,088)	(9,196)
Payments for development expenditure		(27,081,856)	(6,382,187)
Proceeds from loan from other entities		-	-
Proceeds from disposal and redemption of financial assets		-	-
NET CASHFLOWS USED IN INVESTING ACTIVITIES		(28,525,944)	(6,391,383)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		29,882,833	6,165,390
Proceeds from issuing ordinary shares		120,000	-
Cost of issuing ordinary shares		(4,020)	-
NET CASHFLOWS PROVIDED BY FINANCING ACTIVITIES		29,998,813	6,165,390
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		543,694	(1,020,367)
Cash and cash equivalents at beginning of the financial half year		2,449,791	4,241,815
Effect of exchange rate changes on cash		15,017	14,993
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	4	3,008,502	3,236,441

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 2022 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 \$1,288,041 (31 December 2021 loss: \$693,402) net cash outflows from operating activities of \$929,175 (31 December 2021 \$794,374) and had net current assets of \$2,355,418 (30 June 2022: \$9,426,550). 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 202,213 (USD 523,716) and has USD 1,476,284 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 2022, 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 2022.

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 2022. 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 2022.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

2. REVENUE

	31 Dec 2022	31 Dec 2021
	\$	\$
Revenue		
Interest	10,149	1,728
Other income	-	8,288
	<u>10,149</u>	<u>10,016</u>

3. EARNINGS/(LOSS) PER SHARE

	31 Dec 2022	31 Dec 2021
	\$	\$
Basic earnings/(loss) per share cents	(0.13)	(0.08)
Profit/(loss) \$ used to calculate earnings/(loss) per share	(926,864)	(586,885)
Weighted average number of ordinary shares during the period used in calculation of basic earnings/(loss) per share	<u>713,570,166</u>	<u>705,429,239</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 2022	30 Jun 2022
	\$	\$
Cash in hand	1,713	972
Cash at bank	2,901,777	2,344,130
Term deposits	105,012	104,689
	<u>3,008,502</u>	<u>2,449,791</u>

The effective interest rate on short-term bank deposits was 2.75% (30 June 2022: 0.70%) with an average maturity of 180 days.

5. FINANCIAL ASSETS

	31 Dec 2022	30 Jun 2022
	\$	\$
Non-Current		
Interest free loan to Alara Resources LLC	496,376	496,376
Bank Deposits (more than one year)	10,633	10,519
	<u>507,009</u>	<u>506,895</u>
Current		
Bank deposits	1,037,368	1,036,625

6. INVESTMENT IN ASSOCIATE

	31 Dec 2022	30 Jun 2022
	\$	\$
Investment in associate	157,436	98,920
	<u>157,436</u>	<u>98,920</u>

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

7. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Plant and Equipment	Temporary Structure	Mine Properties & Development Assets	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Carrying amount at beginning	75,935	22,216	497	-	12,383,033	12,481,681
Additions	-	22,461	-	32,402	11,680,023	11,734,886
Disposal	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Depreciation expense	(11,784)	(9,222)	(171)	(699)	-	(21,876)
Exchange difference	6,121	646	36	(37)	1,150,268	1,157,034
Closing amount at reporting date	70,272	36,101	362	31,666	25,213,324	25,351,725
Year ended 30 June 2022						
Cost	102,558	209,341	23,497	32,402	25,213,324	25,581,122
Accumulated depreciation	(32,286)	(173,240)	(23,135)	(736)	-	(229,397)
Net carrying amount	70,272	36,101	362	31,666	25,213,324	25,351,725
Half Year ended 31 December 2022						
Carrying amount at beginning	70,272	36,101	362	31,666	25,213,324	25,351,725
Additions	-	212,123	245,877	2,243,503	36,775,617	39,477,120
Disposal	-	-	-	-	-	-
Write-offs	-	(2,390)	(43)	-	-	(2,433)
Depreciation expense	(5,466)	(5,953)	(6,364)	(327,027)	-	(344,810)
Exchange difference	861	387	114	5,972	282,027	289,361
Closing amount at reporting date	65,667	240,268	239,946	1,954,114	62,270,968	64,770,963
Half Year ended 31 December 2022						
Cost	103,676	412,433	267,067	2,276,257	62,270,968	65,330,401
Accumulated depreciation	(38,009)	(172,165)	(27,121)	(322,143)	-	(559,438)
Net carrying amount	65,667	240,268	239,946	1,954,114	62,270,968	64,770,963

8. EXPLORATION AND EVALUATION

	31 Dec 2022	30 Jun 2022
	\$	\$
Opening balance	5,635,650	4,910,968
- Exploration and evaluation expenditure	-	162,649
- Exchange differences	77,474	562,033
Closing balance	5,713,124	5,635,650

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.

Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

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.

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 2022	30 Jun 2022
	\$	\$
Non-Current		
Loan – Sohar Bank	47,431,523	17,359,449
Loan with unrelated third party	767,935	732,568
Vehicle loan	40,327	48,435
Less: Unexpired vehicle loan interest	(4,286)	(6,121)
Current		
Insurance premium funding	45,423	4,793
Vehicle loan	17,272	17,085
Less: Unexpired vehicle loan interest	(4,103)	(4,660)
	48,294,091	18,151,549

- (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 2,932,638; OMR 772,223) 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 (USD 46,863 AUD 68,717) OMR 202,213 (USD 523,716; AUD 767,935). 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 570,010 (USD 1,476,284; AUD 2,164,703) (This is the undrawn balance based on the gross drawdown amount of loan without offsetting the corresponding debit balance of OMR 18,095; AUD 68,717).

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 19.96 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 72.16 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 year 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.

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Notes to the Consolidated Financial Statements for the half year ended 31 December 2022

10. ISSUED CAPITAL

	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	№	№	\$	\$
Fully paid ordinary shares	718,087,541	705,429,239	68,722,146	68,233,860
30 Jun 2022				
			№	\$
Balance as at 1 July 2021			705,429,239	68,233,860
- Share movement during the 2022 financial year			-	-
- Share issue cost during the 2022 financial year			-	-
Balance as at 30 June 2022			705,429,239	68,233,860
31 Dec 2022				
			№	\$
Balance as at 1 July 2022			705,429,239	68,233,860
- Share movement during the period			12,658,302	488,286
Balance as at 31 December 2022			718,087,541	68,722,146

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 2022	30 June 2022
	\$	\$
Foreign exchange translation	7,058,796	3,876,076
Transactions with minority interests	8,593,853	8,593,853
Total	15,652,649	12,469,929

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 2022				
Total segment revenues	9,235	914	-	10,149
Total segment loss before tax	(197,202)	(1,093,348)	2,509	(1,288,041)
Total segment assets	3,166,512	83,971,063	-	87,137,575
Total segment liabilities	(453,592)	(61,414,978)	-	(61,868,570)
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)
Reconciliation of segment information				
			31 Dec 2022	30 Jun 2022
			\$	\$
(i) Total segment assets				
Total Assets as per Statement of Financial Position			87,137,575	44,987,201
(ii) Total segment revenues				
Total Revenue as per Statement of Profit or Loss and Other Comprehensive Income			10,149	11,169
(iii) Total segment profit/(loss) before tax				
Total Consolidated Entity profit/(loss) before tax			(1,288,041)	(1,576,068)

13. COMMITMENTS

	31 Dec 2022	30 June 2022
	\$	\$
(a) Lease Commitments		
Non-cancellable operating lease commitments:		
Within 1 year	22,117	17,403
1-5 years	-	-
After 5 years	-	-
Total	22,117	17,403
<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 2022.

14. CONTINGENT ASSETS AND LIABILITIES

There are no changes to contingent assets and liabilities since 30 June 2022.

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.

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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 10 – 19, 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 2022 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 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

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 2022, 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 2022 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.

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ALARA RESOURCES LIMITED (continued)

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 2022 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.

Rothsay Audit & Assurance Pty Ltd

Daniel Dalla
Director

Dated 16 March 2023

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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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