



ALARA

RESOURCES

Half-Year Financial Report

31 December 2023

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

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Balcatta 6021
Western Australia

Share Registry

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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

Registered Office and Business Address

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GPO Box 5193
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Website: <https://www.automicgroup.com.au/>
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Auditors

In.Corp Audit & Assurance Pty Ltd
(formerly known as Rothsay Audit & Assurance Pty Ltd)
Level 1, Lincoln Building
4 Ventnor Avenue
West Perth Western Australia 6005
Telephone: +61 8 9486 7094
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Stock Exchange

ASX Limited
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152-158 St Georges Terrace
Perth Western Australia 6000

ASX Code

AUQ

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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 2023 (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 2023 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

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. Earlier in March 2024 Alara’s 51% joint venture company, Al Hadeetha Resources LLC (**AHRL**) successfully completed commissioning at its 1 MTPA¹ Al Wash-hi – Majaza copper-gold mine (**Mine**) production of concentrate at the Mine commenced.

Mine production will ramp up to full capacity over the next 2 to 3 months. The sale of the first shipment – approximately 1000 dry metric tons of copper concentrate – to Trafigura is expected in April 2024.

Image: Crushed Copper Ore Stockpile and Mill Feed



¹ Alara’s ASX Announcements dated 1 April 2016 (Definitive Feasibility Study Results initial announcement), 24 January 2017 (Definitive Feasibility Study update), 28 June 2018 (Project Net Present Value update) and 29 March and 7 April 2021 (Project Net Present Value NPV update) contain the information required by ASX Listing Rule 5.16 regarding the stated 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.

Image: Mining pit



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. Hot commissioning activities for Al Hadeetha Resources' 1 MTPA³ copper-concentrator plant, located at Al Wash-hi Majaza in Oman, have now commenced. Hot commissioning of the plant began early February with basaltic rock feed with onward conveyancing to the grinding circuit SAG and ball mills, followed by cyclonic movement to the downstream flotation circuit.

Key Project works completed in the reporting period included:

- Dry, wet and hot commissioning activities at the Al Wash-hi Majaza Copper-Concentrate Production Plant commenced in November 2023 and were completed in March 2024.
- Power was connected to the plant in November 2023 after clearance of government processes.
- The Undersecretary of Oman's Ministry Of Energy and Minerals along with senior MEM Director's General visited the Al Washi-hi Majaza Copper Gold Project to inspect progress.

Trafigura offtake agreement

In July 2023 AHRL signed an exclusive offtake agreement (**Offtake Agreement**) with Trafigura Pte Ltd (**Trafigura**), a market leader in the global commodities industry. The long-term agreement covers production of copper concentrate from the Wash-hi Majaza Copper-Gold Mine.

The Project comprises three exploration licences (Wash-hi Majaza, Mullaq and Al Ajal); one mining licence (Wash-hi Majaza); and a copper concentrator plant (under construction) with the capacity to process one million tonnes of copper ore per annum when completed⁴. The Project is located in the Al Sharqiyah Governorate of Oman.

The key commercial terms of the Offtake Agreement are:

² And, where indicated, after the period and to the date of this report.

³ See footnote 2.

⁴ See footnote 2.

Term	Eight years and two months from the commencement of copper concentrate production at the Project (Term).
Quantity	Full copper concentrate production of the Project for the Term.
Pricing	Based on the official London Metal Exchange cash settlement quotation for Grade A copper at the time of delivery.

Copper metal price outlook

After showing some weakness during the reporting period, the copper price has recently returned to a healthier level of approximately US\$8500 per tonne. Alara expects a strong copper price to continue over at least the next 5 years.

Corporate branding update

Alara launched a new logo and brand identity, marking the beginning of the next phase in its corporate journey – as a minerals producer.

Mining law change in Oman

During 2023 the Omani Ministry of Energy and Minerals (**MEM**) changed its policies on how it grants mining license. MEM divided Oman into various blocks and sub blocks for mineral exploration and mining and will be auctioning off licenses over them, subject to certain exceptions. Alara and AHRL have successfully participated in the process for the award of various exploration licences.

Wash-hi and Mullaq exploration licences

AHRL participated in the auction of four new exploration blocks namely 22B, 22D, 22E and 11A. A formal decision on award is still awaited at MEM. Wash-hi and Mullaq exploration licenses previously granted to AHRL are within a new, larger block created by MEM (Block 22A). Block 22A is under consideration to be awarded to AHRL without an auction, on the basis that it had spent a significant amount developing these properties. Discussions are continuing with MEM regarding the issue of Block 22B.

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 a 587km² former 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 resources⁵, 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.

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.

⁵ 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.

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

FINANCIAL

Cash Position

The Company's cash position as at 31 December 2023 was A\$5,083,722 (30 June 2023: A\$3,656,744).

The Company's total liabilities as at 31 December 2023 were A\$109,628,813 (30 June 2023: A\$88,579,369) which includes a A\$834,166 (30 June 2023: A\$820,808) 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 \$20.59 million, 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\$20.59 million 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 7.

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



Atmavireshwar Sthapak
Managing Director
15 March 2024

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

As lead auditor of the review of Alara Resources Limited for the half-year ended 31 December 2023, 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.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Perth, 15 March 2024

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the half year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Revenue	2	24,046	10,149
Personnel		(735,264)	(452,966)
Occupancy costs		(58,572)	(23,679)
Finance expenses		(5,478)	(8,132)
Corporate expenses		(47,483)	(107,990)
Share of profit/(losses) of associates and joint ventures		100,840	58,516
Administration expenses		(874,055)	(763,939)
PROFIT/(LOSS) BEFORE INCOME TAX		(1,595,966)	(1,288,041)
Income tax benefit		-	-
PROFIT/(LOSS) FOR THE HALF YEAR		(1,595,966)	(1,288,041)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(168,201)	3,182,721
Total other comprehensive income		(168,201)	3,182,721
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE HALF YEAR		(1,764,167)	1,894,680
Loss attributable to:			
Owners of Alara Resources Limited		(1,005,903)	(926,864)
Non-controlling interest		(590,063)	(361,177)
		(1,595,966)	(1,288,041)
Total comprehensive (loss)/income for the half year attributable to:			
Owners of Alara Resources Limited		(1,174,104)	2,255,857
Non-controlling interest		(590,063)	(361,177)
		(1,764,167)	1,894,680
Loss per share:			
Basic and diluted loss per share cents	3	(0.14)	(0.13)

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Financial Position as at 31 December 2023

	Note	31 Dec 2023	30 Jun 2023
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	4	5,083,722	3,656,745
Trade and other receivables		3,733,093	924,905
Other current assets		130,736	142,440
Financial assets	5	515,532	802,710
TOTAL CURRENT ASSETS		9,463,083	5,526,800
NON-CURRENT ASSETS			
Financial assets	5	507,014	507,651
Investments in associates	6	252,398	151,558
Borrowing cost		469	482
Property, plant and equipment	7	1,796,697	2,151,912
Mine properties & development assets	7	121,757,559	98,618,098
Exploration & evaluation	8	4,510,998	4,713,750
Advances to sub-contractors		-	5,990,041
TOTAL NON-CURRENT ASSETS		128,825,135	112,133,492
TOTAL ASSETS		138,288,218	117,660,292
CURRENT LIABILITIES			
Trade and other payables		29,289,533	21,566,739
Provisions		171,617	175,195
Financial liabilities	9	15,120	19,791
TOTAL CURRENT LIABILITIES		29,476,270	21,761,725
NON-CURRENT LIABILITIES			
Financial liabilities	9	80,152,543	66,817,644
TOTAL NON-CURRENT LIABILITIES		80,152,543	66,817,644
TOTAL LIABILITIES		109,628,813	88,579,369
NET ASSETS		28,659,405	29,080,923
EQUITY			
Issued capital	10	68,722,146	68,722,146
Reserves	11	14,086,755	14,254,956
Accumulated losses		(60,298,897)	(59,292,994)
Parent interest		22,510,004	23,684,108
Non-controlling interest		6,149,401	5,396,815
TOTAL EQUITY		28,659,405	29,080,923

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Changes in Equity for the half year ended 31 December 2023

	Issued Capital	Foreign Currency Translation Reserve	Accumulated Losses	Transactions with Minority Interest	Non-Controlling Interest	Total
	\$	\$	\$	\$	\$	\$
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	-	3,182,721	-	-	-	3,182,721
Net income and expense recognised directly in equity	-	3,182,721	-	-	-	3,182,721
Loss for the half year	-	-	(926,864)	-	(361,177)	(1,288,041)
Total comprehensive loss 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
Share placement costs	120,000	-	-	-	-	120,000
Options issued during the half year	(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
Balance as at 1 July 2023	68,722,146	5,661,103	(59,292,994)	8,593,853	5,396,815	29,080,923
Foreign currency translation reserve	-	(168,201)	-	-	-	(168,201)
Net income and expense recognised directly in equity	-	(168,201)	-	-	-	(168,201)
Transaction with minority interests	-	-	-	-	1,342,649	1,342,649
Loss for the half year	-	-	(1,005,903)	-	(590,063)	(1,595,966)
Total comprehensive income for the half year	-	(168,201)	(1,005,903)	-	752,586	(421,518)
Transactions with owners in their capacity as owners	-	-	-	-	-	-
Balance as at 31 Dec 2023	68,722,146	5,492,902	(60,298,897)	8,593,853	6,149,401	28,659,405

The accompanying notes form part of this consolidated financial statement.

Consolidated Statement of Cash Flows for the half year ended 31 December 2023

	Note	31 Dec 2023	31 Dec 2022
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers (inclusive of GST)		(799,252)	(460,267)
Payments to employees		(734,327)	(470,648)
Interest received		11,372	1,740
NET CASHFLOWS USED IN OPERATING ACTIVITIES		(1,522,207)	(929,175)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		936,473	(1,444,088)
Payments for development expenditure		(14,474,803)	(27,081,856)
Proceeds from loan from other entities		(121,107)	-
Proceeds from disposal and redemption of financial assets		300,000	-
NET CASHFLOWS USED IN INVESTING ACTIVITIES		(13,359,437)	(28,525,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowing		14,999,000	29,882,833
Additional funds introduced by minorities		1,342,644	-
Proceeds from issuing ordinary shares		-	120,000
Costs of issuing ordinary shares		-	(4,020)
NET CASHFLOWS PROVIDED BY FINANCING ACTIVITIES		16,341,644	29,998,813
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		1,460,000	543,694
Cash and cash equivalents at beginning of the financial half year		3,656,745	2,449,791
Effect of exchange rate changes on cash		(33,023)	15,017
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL HALF YEAR	4	5,083,722	3,008,502

The accompanying notes form part of this consolidated financial statement.

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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 2023 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 \$1,595,966 (31 December 2022 loss: \$1,288,041) net cash outflows from operating activities of \$(1,522,207), (31 December 2022 \$929,175) and had net current liabilities of \$20,013,187 (30 June 2023: \$16,234,925). 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 \$219,575.11 (USD 568,758.83) and has USD 1,431,241.17 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 2023, 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 2023.

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 2023. 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 2023.

2. REVENUE

	31 Dec 2023	31 Dec 2022
	\$	\$
Revenue		
Interest	24,046	10,149
	<u>24,046</u>	<u>10,149</u>

3. EARNINGS/(LOSS) PER SHARE

	31 Dec 2023	31 Dec 2022
	\$	\$
Basic earnings/(loss) per share cents	(0.14)	(0.13)
Profit/(loss) \$ used to calculate earnings/(loss) per share	(1,005,903)	(926,864)
Weighted average number of ordinary shares during the period used in calculation of basic earnings/(loss) per share	718,087,541	713,570,166

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 2023	30 Jun 2023
	\$	\$
Cash in hand	1,364	1,921
Cash at bank	4,974,546	3,548,380
Term deposits	107,812	106,444
	<u>5,083,722</u>	<u>3,656,745</u>

The effective interest rate on short-term bank deposits was 2.38% (30 June 2023: 0.76%) with an average maturity of 180 days.

5. FINANCIAL ASSETS

	31 Dec 2023	30 Jun 2023
	\$	\$
Non-Current		
Interest free loan to Alara Resources LLC	496,376	496,376
Bank Deposits (more than one year)	10,638	11,275
	<u>507,014</u>	<u>507,651</u>
Current		
Bank deposits	515,532	802,710

6. INVESTMENT IN ASSOCIATE

	31 Dec 2023	30 Jun 2023
	\$	\$
Investment in associate	252,398	151,558
	<u>252,398</u>	<u>151,558</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Office Equipment	Plant and Equipment	Temporary Structure	Mine Properties & Development Assets	Low Value Asset	Total
	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2023							
Carrying amount at beginning	70,273	36,099	362	31,666	25,213,324	-	25,351,724
Additions	-	229,291	76,603	2,303,282	72,425,882	175,826	75,210,884
Disposal	-	(2,434)	(44)	-	-	-	(2,478)
Write-offs							
Depreciation expense	(10,797)	(47,434)	(18,885)	(652,288)	-	(34,420)	(763,824)
Exchange difference	2,516	440	(237)	(7,453)	978,893	(456)	973,703
Closing amount at reporting date	61,992	215,962	57,799	1,675,208	98,618,098	140,950	100,770,009
Year ended 30 June 2023							
Cost	106,439	430,943	98,357	2,336,910	98,618,098	175,826	101,766,573
Accumulated depreciation	(44,447)	(214,981)	(40,558)	(661,702)	-	(34,876)	(996,564)
Net carrying amount	61,992	215,962	57,799	1,675,208	98,618,098	140,950	100,770,009
Half Year ended 31 December 2023							
Carrying amount at beginning	61,992	215,962	57,799	1,675,208	98,618,098	140,950	100,770,009
Additions	-	12,551	-	-	25,744,160	-	25,756,711
Depreciation expense	(4,768)	(37,559)	(9,882)	(245,428)	-	(28,911)	(326,548)
Exchange difference	(1,387)	(3,807)	(1,064)	(32,566)	(2,604,699)	(2,392)	(2,645,915)
Closing amount at reporting date	55,837	187,146	46,853	1,397,214	121,757,559	109,647	123,554,256
Half Year ended 31 December 2023							
Cost	103,713	436,296	95,838	2,277,061	121,757,559	171,324	124,841,791
Accumulated depreciation	(47,876)	(249,150)	(48,985)	(879,847)	-	(61,677)	(1,287,535)
Net carrying amount	55,837	187,146	46,853	1,397,214	121,757,559	109,647	123,554,256

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8. EXPLORATION AND EVALUATION

	31 Dec 2023	30 Jun 2023
	\$	\$
Opening balance	4,713,750	5,635,650
- Exploration and evaluation expenditure	-	938
- Exchange differences	(202,752)	268,906
- Reinstatement of foreign reserve balance relating to prior years	-	(1,191,744)
Closing balance	<u>4,510,998</u>	<u>4,713,750</u>

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.

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.

9. FINANCIAL LIABILITIES

	31 Dec 2023	30 Jun 2023
	\$	\$
Non-Current		
Loan – Sohar Bank	74,226,896	65,937,034
Loan with unrelated third party	834,166	820,809
Vehicle loan	23,064	65,922
Less: Unexpired vehicle loan interest	(1,479)	(6,121)
Loan - Trafigura PTE Ltd	5,069,896	-
Current		
Insurance premium funding	651	5,627
Vehicle loan	17,278	18,824
Less: Unexpired vehicle loan interest	(2,809)	(4,660)
	<u>80,167,663</u>	<u>66,837,435</u>

- (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 2,933,280; OMR 767,752) 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 46,870, AUD 68,741) OMR 219,575 (USD 568,758; AUD 834,166). 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 548,177 (USD 1,431,241; AUD 2,099,116) (This is the undrawn balance based on the gross drawdown amount of loan without offsetting the corresponding debit balance of OMR 18,095; AUD 68,741).

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 20.59 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 24.8 million (AUD 94.22 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.
- (iii) In July 2023 the Company entered a loan agreement with Trafigura Pte Ltd for finance of USD 3.45 million (AUD 5.07 million, at a USD:AUD exchange rate of 1.48 at approximately the time of drawdown) (Trafigura Loan). The interest rate payable under the Trafigura Loan is SOFR 5.33% +5.15% per annum. The Trafigura Loan has a maturity date of 30 June 2029 and a moratorium on principal payments until 30 September 2025. The loan is secured by 179,521,885 warrants issued to Trafigura Pte Ltd which may be exercised on default of the loan.

10. ISSUED CAPITAL

	31 Dec 2023	30 Jun 2023	31 Dec 2023	30 Jun 2023
	N ^o	N ^o	\$	\$
Fully paid ordinary shares	718,087,541	718,087,541	68,722,146	68,722,146
30 Jun 2023				
			N ^o	\$
Balance as at 1 July 2022			705,429,239	68,233,860
- Share movement during the 2022 financial year			12,658,302	488,286
- Share issue cost during the 2022 financial year			-	-
Balance as at 30 June 2023			718,087,541	68,722,146
31 Dec 2023				
			N ^o	\$
Balance as at 1 July 2023			718,087,541	68,722,146
- Share movement during the period				
Balance as at 31 December 2023			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 2023	30 June 2023
	\$	\$
Foreign exchange translation	5,492,902	5,661,103
Transactions with minority interests	8,593,853	8,593,853
Total	14,086,755	14,254,956

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 2023				
Total segment revenues	23,835	211		24,046
Total segment loss before tax	(104,719)	(1,485,045)	(6,202)	(1,595,966)
Total segment assets	3,037,152	135,251,066		138,288,218
Total segment liabilities	(5,511,053)	(104,117,760)		(109,628,813)
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)
Reconciliation of segment information				
			31 Dec 2023	30 Jun 2023
			\$	\$
(i) Total segment assets				
Total Assets as per Statement of Financial Position			138,288,218	87,137,575
(ii) Total segment revenues				
Total Revenue as per Statement of Profit or Loss and Other Comprehensive Income			24,046	10,149
(iii) Total segment profit/(loss) before tax				
Total Consolidated Entity profit/(loss) before tax			(1,595,966)	(1,288,041)

13. COMMITMENTS

	31 Dec 2023	30 June 2023
	\$	\$
(a) Lease Commitments		
Non-cancellable operating lease commitments:		
Within 1 year	14,588	14,703
1-5 years	–	–
After 5 years	–	–
Total	14,588	14,703
The Group leases office space under a non-cancellable operating lease. On renewal, the terms of the lease are renegotiated. The Group does not have an option to purchase the leased asset at the expiry of the lease period.		

There are no material changes to capital commitments since those reported as at 30 June 2023.

14. CONTINGENT ASSETS AND LIABILITIES

There are no changes to contingent assets and liabilities since 30 June 2023.

15. SUBSEQUENT EVENTS

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

Directors' Declaration

The Directors of the Company declare that:

1. The Financial Statements, comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows and accompanying notes as set out on pages 8 – 17, are in accordance with the *Corporations Act 2001* and:
 - (a) Comply with Australian Accounting Standard 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 2023 and of its performance for the half year ended on that date; and
2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Atmavireshwar Sthapak
Managing Director

15 March 2024

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**ALARA RESOURCES LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT**

**In.Corp Audit & Assurance Pty Ltd
ABN 14 129 769 151**

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To the members of Alara Resources Limited

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 2023, 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 2023 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 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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**ALARA RESOURCES LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT (continued)**

Directors' Responsibility for the 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 2023 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.

In.Corp Audit & Assurance Pty Ltd



Daniel Dalla
Director

Perth, 15 March 2024

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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.