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ASHFORD PROJECT STUDY CONFIRMS ABILITY TO PRODUCE COKING COAL PRODUCT

Highlights

- Highly encouraging results from processing studies demonstrate ability of Ashford to produce coking coal
- Upcoming scoping study to confirm preferred processing path
- Testing resource extension and quality drilling to further quantify likely target market and project economics

Clara Resources Australia Limited (ASX: C7A, “Clara” or “the Company”) is pleased to advise that Specialist Metallurgical Consultants A&B Mylec have delivered highly encouraging results from the initial Options Study phase for coal processing at the Company’s Ashford Coking Coal Project in northern NSW.

For more than 30 years the Ashford mine provided run-of-mine (unwashed) thermal coal for the Ashford coal power station. Mining ceased with the permanent closure of the power station in 1989. Although Ashford coal was supplied for power generation, it was known for many years that its specifications more closely resembled that of coking coal. However, distance from export facilities and lack of transport infrastructure limited development of the deposit for the coking coal export market.

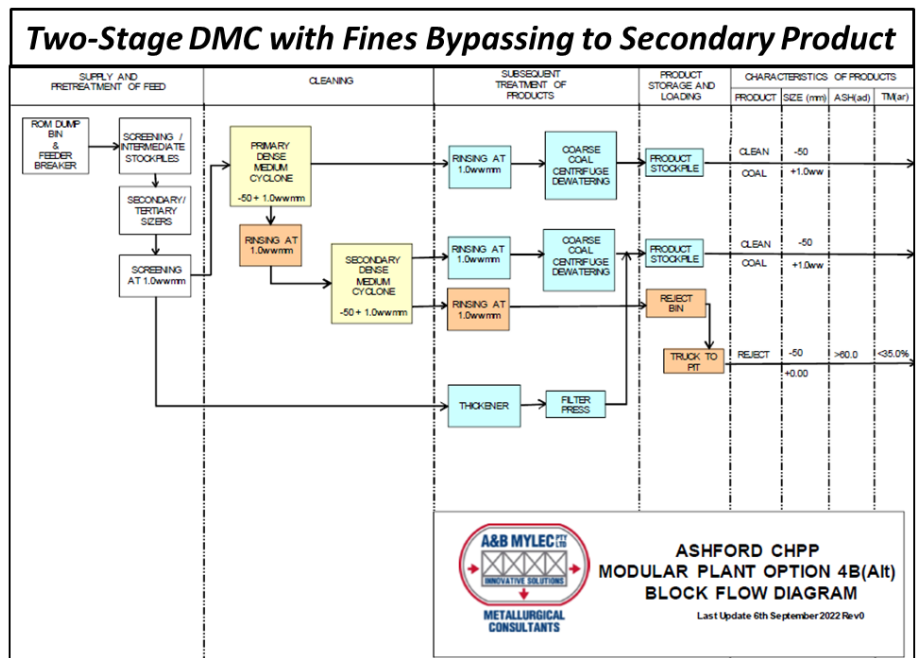
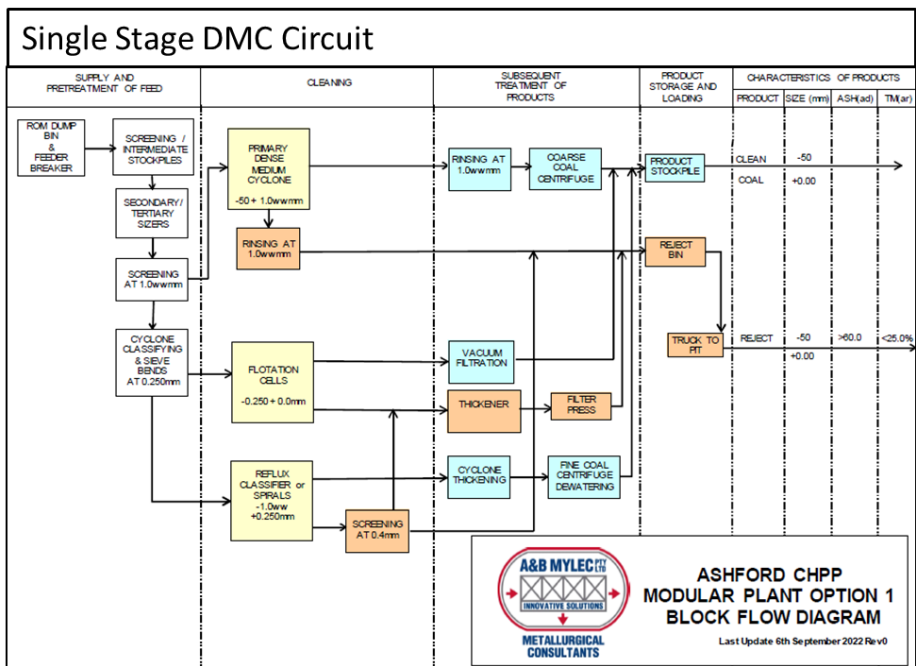
With the Australian Rail Track Corporation proceeding with the ***Inland Rail Project (“IRP”)***, this represents an efficient rail connection to Newcastle Port via the Hunter Valley Coal Rail System. Of particular relevance to Clara is that a segment of the IRP within 100km of the Ashford Project will be completed during 2023 representing a potentially viable trucking distance for coking coal. Preliminary engineering for a train-loading facility on the new rail line is underway, expected to be located between North Star and Croppa Creek.

In 2017, a simulation study by Mining Consultants Minserve found that washed Ashford clean coal composite samples would have similar characteristics in terms of rank, vitrinite level and ash chemistry to some Queensland coking coals and would produce a semihard coking product and possibly a hard coking product.

On this basis A&B Mylec have now used the previously identified in-situ coal working sections and compiled an Ashford seam washability database from which a range of 175tph processing options were modelled, including these shown here:

Ashford Processing Options	
1	Modular Single Stage Dense Medium Circuit (DMC) with Fines Treatment
2	Modular Two Stage DMC with Fines Treatment
3	Modular Single Stage DMC with Fines Bypassing to Product.
4	Modular Two Stage DMC CHPP with Fines Bypassing to Reject.
5	Modular Two Stage CHPP with Fines Bypassing to Primary Product
6	Modular Two Stage CHPP with Fines Bypassing to Secondary Product
7	Dry Processing, Dry Screening and Dry X-Ray Sorting

All processing options are conventional and typical of configurations that have been in operation in Australia for many decades. Two example process flow diagrams are shown here.



The modeling was then used to determine variations in coal quality and product yields for the processing options. The simulations demonstrate that a coking coal with ash in the range of 9.0% to 10.5% can be produced. **This verifies those long-held assumptions that, if washed, the Ashford resource will produce a high-quality coking coal.**

Clara will work with A&B Mylec to identify those processing configurations most likely to deliver the desired project outcomes in terms of product yield and quality, capital and operating costs, operability/availability, and risk profile. The Scoping Study will reduce to 3 or 4 the processing options before identifying a preferred and recommended processing design and operating strategy that should be adopted for the Ashford mine.

Additionally, Clara will complete further coal resource extension and quality drilling from which fresh samples will be collected and tested for:

- Coke oven testing including CSR and CRI
- Proximate analysis for moisture, fixed carbon and volatile matter
- Total Sulfur, CSN and fluidity
- Ash analysis
- Petrographics (RvMax and macerals)

Samples from these new bore holes will be used to validate and expand the A&B Mylec washability modeling. Further updates will be provided when this information comes to hand.

Clara Resources CEO, Peter Westerhuis, said:

“This is a significant step forward in the maturity of the Ashford Coking Coal project as we move towards demonstrating what we believe can be some very attractive project fundamentals. We are excited to continue moving through our Scoping Study processes while we are also working hard on the ground preparing for drill campaigns aimed at extending the scale of our overall resource”

This announcement has been authorised for release by the Board of Clara Resources Limited.

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