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Ashford Coking Coal Project Scoping Study Update

Highlights

- Scoping Study for Ashford coal progressing to plan with recent Coking Coal price rises highlighting potential for project to deliver strong economic returns;
- Study expected to be finalised in October 2023 allowing Clara to summarise outline of project mining, logistics and financials

Clara Resources Australia Limited (ASX: C7A) (“Clara” or “the Company”) is pleased to provide an update on the progress of the Scoping Study for the Ashford Coking Coal Project (“Ashford” or “the Project”). This study will provide an early stage technical and commercial viability assessment for the development and operation of Ashford.

Project Overview

C7A owns 40% of the Project with an option to acquire the remaining 60% via an agreement made with Savannah Goldfields Ltd and is located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW.

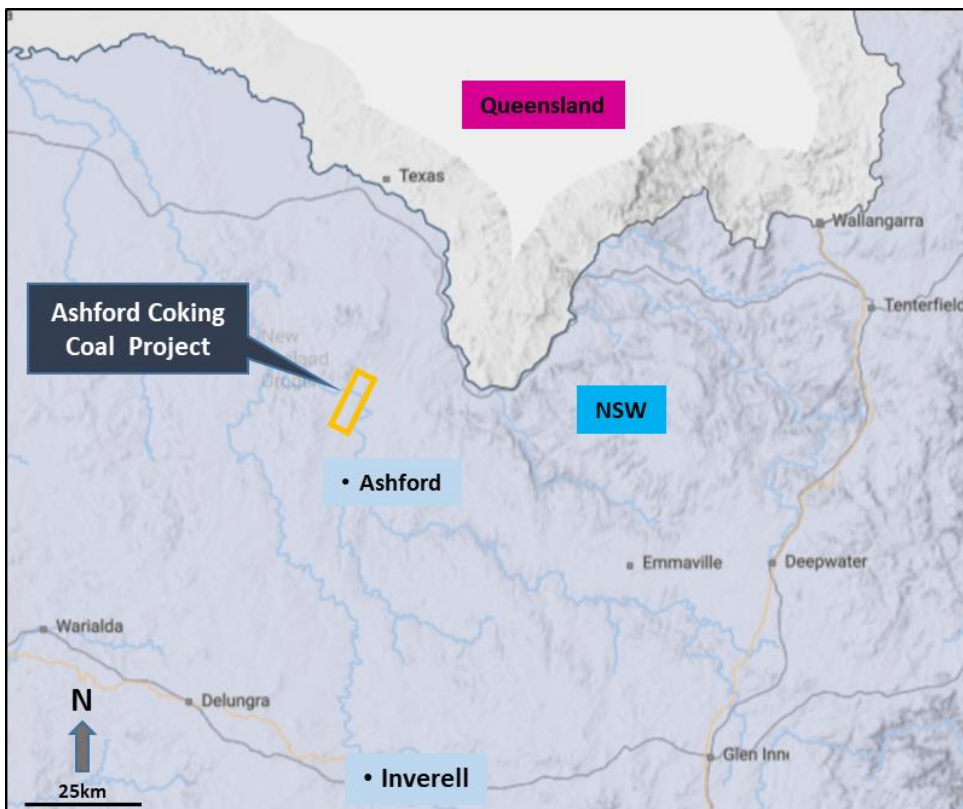


Figure 1: Project Location Plan

Scoping Study Objective

The company considers that two (2) external and significant developments give significant confidence in this new Scoping Study into the economic viability of the Project following the last study conducted in 2006:

1. The Australian Rail Track Corporation (ARTC) proceeding with the ***Inland Rail Project*** connecting Brisbane and Melbourne, providing an efficient rail connection to Newcastle Port via the Hunter Valley Coal Rail System. The upgraded rail line will be within 120km of the Ashford Project, a potentially viable trucking distance.
2. Recent significant uplift in the global traded coking coal price. Independent forecasts consistently predict a coking coal price range which could make the sale of coking coal from Ashford economically viable.

The study will identify an economic development pathway for the project, based on the data currently available, coal pricing forecasts and defined mining, processing and transportation assumptions.

The study will further include:

- A qualified financial analysis and project metrics. The intended accuracy of financial modeling used in scoping studies is typically +/- 35 to 40%.
- A summary of major project risks and opportunities

Work Streams

A number of principal work streams have commenced and will form the basis of the study. C7A has engaged independent experts to conduct the concept level technical and commercial work in the specific segments. These specialists will also provide advice and recommendations about the scopes for further feasibility studies.

<p>Environmental: James Bailey & Associates</p> <ul style="list-style-type: none"> • EIS Process • Project environmental management advisors • NSW & Commonwealth statutory approvals • Social impact assessment 	<p>Geology: JB Mining Services</p> <ul style="list-style-type: none"> • JORC resource estimates • Raw coal quality • Geological modelling
<p>Mining: Minserve</p> <ul style="list-style-type: none"> • Mine planning • Production level and schedule • Progressive disturbance & rehabilitation • Mining Capex & Opex • EIS input 	<p>Processing: A&B Mylec</p> <ul style="list-style-type: none"> • Coal handling & processing options • Coal quality • Processing costs • Capex estimates
<p>Transport: Smith Global</p> <ul style="list-style-type: none"> • Trucking route options • Train load out location • Truck configurations & operating costs 	<p>Train Load Out Facility: Lycopodium</p> <ul style="list-style-type: none"> • Loading options • Concept engineering • Capex & Opex estimates

Infrastructure <ul style="list-style-type: none"> Roads, buildings, power, water management Capex 	Projectick	Markets & Pricing <ul style="list-style-type: none"> Market analysis & customer targets Product pricing forecasts 	Commodity Insights
Rail & Port <ul style="list-style-type: none"> Infrastructure capacity advice Rail & port cost estimates 	Nine Squared	Financial Advisor <ul style="list-style-type: none"> Financial analysis & modeling Funding options 	Cerberus Corp Advisory
Scoping Study Management:		Clara Resources Australia	
<ul style="list-style-type: none"> Project management & strategic direction Exploration management and execution Stakeholder engagement Risks & Opportunities 			

Figure 2: Principal study team specialists & scope outlines

Project Area

The Ashford Project comprises two (2) exploration tenements, EL6234 and EL6428. Both areas comprise geological features that provide potential opportunities for relatively shallow open cut coal mining.

The majority of historical exploration has occurred on EL6234. It contains all the JORC inferred & indicated resource. All high level geological and mine conceptual work has to date been confined to this area indicating the existence of an economically recoverable and marketable resource. EL6234 is the Project target area and the central point of the scoping study. EL6234 will also define and underpin any future mining lease application.

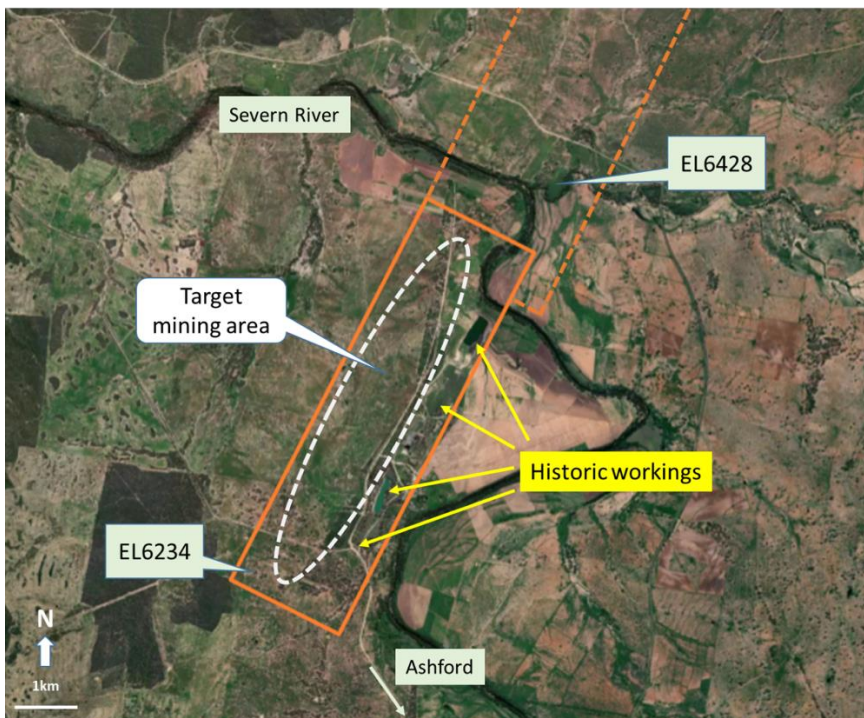


Figure 5: Target mining area on EL6234

EL6428, to the north, will be retained on foot as an exploration tenement. Subject to the results of future exploration programs and the usual project approval processes, this area could in future be developed as an Ashford expansion or continuation Project.

Scoping Study Schedule

Work is complete on most workstreams. Outstanding items at this point are:

1. Re-assessment of the JORC resource and competent person verification
2. Refinement of financial model & metrics
3. Document compilation and editing

It is expected the scoping study will be released next month, October 2023.

Clara Resources CEO, Peter Westerhuis, said:

“As we come close to finalizing the various workflows of our Scoping Study, we are also increasingly positive around the opportunity for this project to deliver strong economic returns to Shareholders. Project logistics positives such as the Inland Rail Project coupled with a very strong coal price bodes well for Ashford and we look forward to summarizing the Study outcomes in the near term”

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

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