

ASX Release 15 February 2024

Ashford Coking Coal Project Update – New terms to complete 100% Acquisition

Highlights

- Clara has executed a binding terms sheet (**Binding Terms Sheet**) to purchase the remaining 60% of Renison Coal Pty Ltd (owner of the Ashford Coking Coal Project) from Savannah Goldfields Limited (Savannah) for total consideration of \$3.95m, plus a \$0.75/tonne future royalty on coal sales from the Ashford tenements.
- 100% ownership of Ashford is expected to open pathways for Clara to commence discussions with a number of interested potential future infrastructure and offtake parties around project funding in order to avoid equity funding.
- Completion of the acquisition is subject to Clara shareholder approval and the Clara board strongly supports the new acquisition agreement terms and recommends acceptance by all Clara shareholders.

Clara Resources Australia Limited (ASX: C7A) (“Clara” or “the Company”) advises it has entered into an agreement with Savannah Goldfields Ltd (“Savannah”) to acquire 100% ownership of Renison Coal Pty Ltd (Renison), owner of the Ashford Coking Coal Project (“Ashford”) located in northern NSW, Australia.

Summary of Key Terms of New Agreement for Clara to Acquire 100% of Renison

Clara and Savannah have signed a binding term sheet to, amongst other elements, enter a revised **Share Purchase Agreement (SPA)** for Clara to acquire Savannah’s 60% of Renison. This SPA rescinds and replaces the previous Share Acquisition Agreement entered in April 2021.¹ If the revised transaction successfully completes, Clara will become the 100% owner of the Ashford Coking Coal Project. The re-negotiated consideration totals **A\$3.95m²** (before royalty payments), representing a material reduction from the consideration payable (before royalty payments) under the original agreement. Of this, A\$1.2m (30%) is in deferred payments, triggered by various equity capital raisings in Clara, project development permitting and first coal sales milestones. The Consideration payable in respect of the revised acquisition is as follows:

- 1) Payment of A\$2.375m cash on completion by no later than 30 April 2024.
- 2) Three (3) deferred cash payments:
 - i. A\$685,000 (in aggregate) by 31 March 2026 upon completion of one or more future equity capital raisings (a maximum of 10% of the net proceeds of each capital raise are to be applied to discharging this component). Clara may also satisfy \$285,000 of this payment by transferring

¹ Refer ASX announcements dated 31 July 2020, 3 February 2021 and 19 April 2021.

² Exclusive of the \$0.75/tonne future royalty.

- to Savannah 7,125,000 Savannah Shares and 3,562,500 Savannah Options to be subscribed to by Clara in conjunction with the acquisition of Savannah's interest in Renison;
- ii. A\$400,000 cash within 5 Business Days following the grant of a Mining Lease over any of the Ashford tenements; and
 - iii. A\$400,000 cash within 5 Business Days following receipt of payment for the first sale of coal from the Ashford Project
- 3) An increased royalty payment to Savannah of \$0.75/t of coal sold, pursuant to a Royalty Agreement.
 - 4) Issue to Savannah, at nil cost, 11.1 million Clara Shares, subject to voluntary escrow for 3 months from the date of issue. The issue of these shares increases Savannah's holding in Clara from 14.5% to 19.5%.

The revised acquisition is subject to the Ashford tenements having been maintained by Clara in good standing until completion and customary regulatory and Shareholder Approvals being obtained (including for the purposes of ASX Listing Rule 10.1). A Notice of Meeting containing further detailed information will be issued shortly, with the view to convening the EGM on or before 4 April 2024 (**Conditions Date**).³ The Clara board strongly supports the revised acquisition terms and recommends Clara shareholders support the Acquisition. Clara's Directors and their related entities intend to vote their and their related parties' Clara shareholdings in favour of a shareholder resolution in relation to the approval of the acquisition.

Clara will also separately subscribe for 9,375,000 Savannah shares and 4,687,500 free attaching options, in two tranches, at a total cost of A\$375,000. These options expire on 30 June 2025 and are exercisable at 6c. These shares and options securities will be subject to voluntary escrow for a period of 3 months. The total payment of \$375,000 is due and payable no later than 29 February 2024. Completion of the subscription is a condition of the transaction but is not conditional on completion of the acquisition.

Key dates are:

1. Entry into Transactions Documents⁴ – as soon as possible following the date of the Binding Term Sheet.
2. Conditions Date – Obtain regulatory and shareholder approval(s) by 4 April 2024.
3. Transaction Completion – by 30 April 2024.

Clara is currently investigating a number of strategies to fund the Acquisition.

Clara Resources CEO, Peter Westerhuis, said:

"This is a landmark transaction in firming up the future of the Ashford coking coal project. With what we anticipate to be very strong project economics, ownership of 100% of the project allows Clara vastly more flexibility in dealing with financing, permitting and ongoing project management issues. This agreement with Savannah Goldfields has also allowed us the opportunity to acquire 100% of Ashford at a significantly lower price (before royalty payments) than originally optioned, in line with current market conditions, allowing capital to be invested into advancing the project as a priority. The outlook for coking coal remains strong and the quality of Ashford is well placed to benefit from the forecast robust market conditions".

³ In the event that the conditions are not satisfied by the Conditions Date as a result of circumstances beyond the parties' control, then the parties are required to use all reasonable endeavours to agree a reasonable extension of this date. If the delay has been caused by the default of Clara (and provided that Savannah has not been in default), Savannah may give Clara notice requiring Clara to sell its existing shareholding interest in Renison to Savannah for an amount equal to two-thirds of the Consideration (subject to the obtainment of the parties of all required shareholder, regulatory and third party consents and approvals, including ASX Listing Rule 10.1).

⁴ The Transaction Documents contemplated by the Binding Term Sheet include the formal SPA, a subscription agreement, a royalty deed and a release deed (for the benefit of Savannah in respect of Clara's 2023 placement program, with such release conditional upon completion occurring).

Project Overview

Renison owns the Ashford coking coal project, located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW. Clara owns 40% of Renison, with Savannah holding 60%. With the project subject to ongoing studies, it is anticipated a strongly marketable coal project will be mined with excellent opportunities around offtake agreements to assist in project development costs.

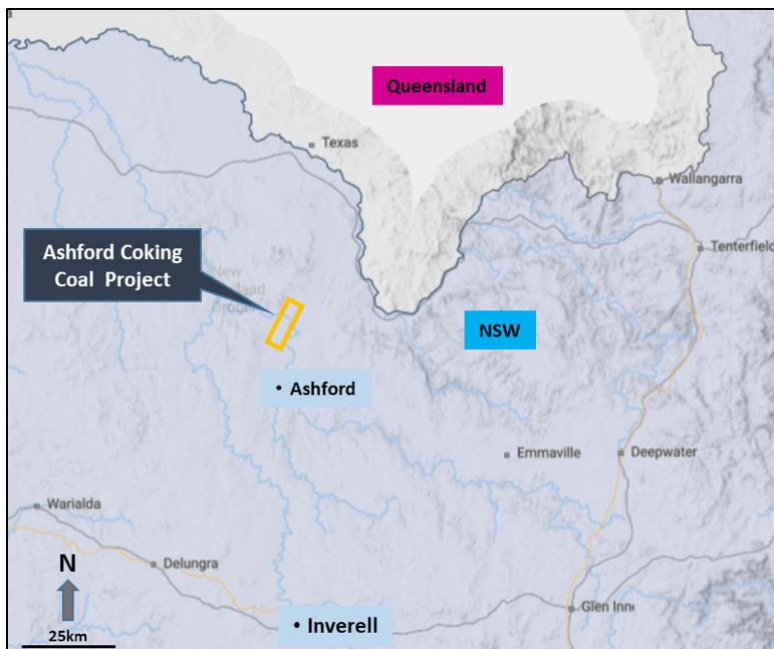


Figure 1: Project Location Plan

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

For further information, please contact:

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