

ASX ANNOUNCEMENT

15 February 2024

SALE OF INTEREST IN ASHFORD COKING COAL PROJECT

Highlights:

- Agreement entered into for the sale of Savannah's remaining shareholding in Renison Coal Pty Ltd, the entity that owns the Ashford Coking Coal Project, to Clara Resources Australia Ltd (Clara) for total consideration of \$3.95m plus a \$0.75 per tonne royalty on coal sales.
- Completion of the sale is subject to receipt of Clara shareholder approval for the transaction and consideration to be received by Savannah for the sale of its remaining shareholding interest in Renison Coal Pty Ltd comprises:
 - Upfront consideration of:
 - \$2,375,000 cash to be paid to Savannah once Clara shareholder approval for the transaction is obtained;
 - Savannah being issued 11.1 million Clara ordinary shares which will take Savannah's shareholding interest in Clara to approximately 19.5%;
 - Deferred consideration of \$1,485,000 to be paid by Clara to Savannah as follows:
 - \$685,000 from future Clara equity capital raisings;
 - \$400,000 upon grant of a Mining Lease at the Ashford Project; and
 - \$400,000 upon first coal sales from the Ashford Project.
 - A retained royalty interest for Savannah to be paid \$0.75 per tonne for every tonne of coal produced from the Ashford project. The current Indicated and Inferred Resource at Ashford is 14.8 million tonnes¹ of in-situ coal.
- Completion of this transaction will allow Savannah to:
 - Bring forward realisation of value for the Ashford Project for Savannah shareholders;
 - Remain focussed on progressing the Company's gold mining and exploration projects;
 - Provide a 'pure play' gold investment profile for Savannah investors; and
 - Retain considerable exposure to the Ashford Coking Coal Projects' future potential through the ~19.5% shareholding interest in Clara, the further deferred cash consideration to be paid to Savannah and the retained royalty interest on coal sold from the project.

¹ Refer to Savannah ASX announcement dated 20 November 2017

Ashford Coking Coal Sale Transaction

The Directors of Savannah Resources Ltd (**Savannah** or **the Company**) (ASX : **SVG**) are pleased to advise that Savannah has entered into a binding Terms Sheet to give effect to the sale of Savannah's remaining shareholding in Renison Coal Pty Ltd, the entity that owns the Ashford Coking Coal Project, to Clara Resources Australia Ltd (Clara), subject to receipt of Clara shareholder approvals.

The Consideration to be received by Savannah in respect of the sale of its remaining shareholding in Renison Coal Pty Ltd is as follows:

- 1) Payment to Savannah of A\$2.375m cash by Clara on completion with completion to occur by no later than 30 April 2024.
- 2) Issue to Savannah, at nil cost, 11.1 million Clara Shares. The issue of these shares increases Savannah's shareholding in Clara to 19.5% and these shares will be subject to voluntary escrow for 3 months from the date of issue.
- 3) Three (3) deferred cash payments by Clara to Savannah:
 - i. A\$685,000 (in aggregate) upon completion of one or more future equity capital raisings by Clara (10% of the net proceeds of each Clara capital raise are to be applied to discharging this component). Clara may satisfy \$285,000 of this payment by transferring to Savannah 7,125,000 Savannah shares and 3,562,500 Savannah options;
 - ii. A\$400,000 cash following the grant of a Mining Lease over any of the Ashford tenements; and
 - iii. A\$400,000 cash following receipt of payment for the first sale of coal from the Ashford Project
- 4) A royalty payment to Savannah of \$0.75 per tonne of coal sold from the Ashford Project, pursuant to a Royalty Agreement. The current Indicated and Inferred Resource at Ashford is 14.8 million tonnes² of in-situ coal.

Further definitive agreements are to be entered into between the parties including:

- (a) A formal Sale and Purchase Agreement for the sale of the Renison Coal shareholding interest;
- (b) a Royalty Deed;
- (c) a Release Deed; and
- (d) any further documents required to fully and completely document and give effect to the Proposed Transactions.

The 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) by Clara. Under the Term Sheet, Clara is to satisfy these conditions on or before 4 April 2024. Clara's Directors and their related entities intend to vote their and their related entities' Clara shareholdings in favour of a

² Refer to Savannah ASX announcement dated 20 November 2017

shareholder resolution in relation to the approval of the acquisition and will be recommending that Clara shareholders also vote in favour.

In the event Clara shareholder approval is not obtained for the transaction prior to 4 April 2024, Savannah will have the option to acquire Clara's 40% shareholding interest in Renison Coal Pty Ltd for two-thirds of the consideration payable under the Term Sheet. Exercise of this option by Savannah may require Clara shareholder approval.

Clara originally acquired a 40% shareholding in Renison Coal Pty Ltd from Savannah in April 2021. Clara has subsequently been funding the ongoing work programs and studies on the Ashford project. As part of the initial shareholding sale transaction, Clara was granted an option to acquire the remaining 60% shareholding in Renison Coal Pty Ltd. The parties have agreed for the previous Share Acquisition Agreement containing the option agreement to be terminated upon completion of the transactions pursuant to the Terms Sheet now entered into.

The revised acquisition terms reduce the Clara share consideration that would have been potentially payable to Savannah under the original option agreement and provide for an increase in the committed cash payments to be received by Savannah and also provide for an increased royalty rate (from \$0.50 to \$0.75 per tonne) payable to Savannah.

Clara has also separately entered into a firm commitment agreement to subscribe for 9,375,000 Savannah shares at 4 cents per share and 4,687,500 free attaching options (6 cents exercise price, 30 June 2025 expiry), at a total cost of A\$375,000. This subscription for these Savannah shares and options is at the same price as the recent entitlement offer undertaken by the Company and will either be by way of Clara's subscription for shortfall securities in the entitlement offer with respect to entitlements not taken up by Savannah shareholders or by way of an additional placement. These shares and options to be subscribed for by Clara will be subject to a voluntary escrow for a period of 3 months. The total payment of \$375,000 is due and payable by Clara by no later than 29 February 2024. Completion of the Savannah share subscription by Clara is a condition of the acquisition transaction but is not conditional on completion of the acquisition.

Savannah's Chairman, Stephen Bizzell, commented:

"Completion of the sale of Savannah's remaining shareholding in Renison Coal Pty Ltd will allow Savannah to bring forward realisation of value for the Ashford Project for Savannah shareholders. It allows Savannah to remain focussed on progressing our gold mining and exploration projects in North Queensland and provides a 'pure play' gold investment profile for Savannah investors. Savannah shareholders will retain considerable exposure to the Ashford Coking Coal Projects' future potential through the ~19.5% shareholding interest in Clara and the further deferred cash consideration to be received and the retained royalty interest on coal sold from the project."

This announcement is authorised by the Board



Paul Marshall
Company Secretary

**For further information contact:
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Competent Persons Statements

The information relating to the Mineral Resources at the Ashford Coking Coal Project is extracted from the ASX Announcement as follows:

ASX Announcement titled:

'Ashford Coking Coal Project - Increased Resource' dated 20 November 2017.

The report is available to view on the Savannah Goldfields website www.savannahgoldfields.com. The report was issued in accordance with the 2012 Edition of the JORC Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, and also "Australian Guidelines for the Estimation and Classification of Coal Resources, (2014)". The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.