



ASX: C7A  
ABN 84 122 957 322  
Level 19/10 Eagle Street  
Brisbane Qld 4000

[www.clararesources.com.au](http://www.clararesources.com.au)  
E: [info@clararesources.com.au](mailto:info@clararesources.com.au)

ASX Announcement  
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## ASHFORD COKING COAL PROJECT SCOPING STUDY

### Highlights

- Study demonstrates strong economic, technically robust Coking Coal operation
- Modest capex estimate of Au\$133.6m, of which Au\$100.3m is pre-production
- Estimated mine life of 12 years, averaging 1Mtpa ROM
- Project NPV<sup>10</sup> of Au\$156m (post-tax) and initial payback period < 12 months
- Strongly saleable product for supply into Asian coal markets

Clara Resources Australian Ltd (**Clara** or the **Company**) (ASX: C7A) is pleased to advise the completion of the Scoping Study for the Ashford Coking Coal Project (**Ashford Project**) in NSW.

The Study has demonstrated that development and open-pit mining of the Ashford resource can deliver a technically robust, economic operation delivering Coking Coal into seaborne markets.

Total ROM coal mined	Mt ROM	11.9
Initial life-of-mine	years	12
Average strip ratio (ROM)	S/R	12.5
Processing yield, LOM average	%	76
Total product coal	Mt saleable	9
Pre-production capital expenditure	Au\$M	100.3
Cash operating cost (FOB, LOM average)	Au\$/t saleable	185
Ashford Coking coal price (semi-hard, 20% discount)	US\$/t saleable	212
NPV, 10%	Au\$M	210 pre-tax
		156 post-tax
IRR	%	59 pre-tax
		53 post-tax
Project net cashflow (pre-tax)	Au\$M	455

## UPSIDE POTENTIAL

- **Exploration upside.** The scoping study is confined to the resource located in EL6234. Additional resource upside potentially exists inside adjacent EL6428, an area targeted for further drilling and resource definition. Additionally, the Bonshaw seam in EL6234 has not been included in the resource calculations and mine plan. Based on thickness contours including Bonshaw could increase the resource by up to 1Mt. The Bonshaw seam will be targeted in near-term exploration to ascertain tonnage, raw coal quality and washability.
- **BOOT financing.** Potential exists to finance the coal handling and preparation plant facilities, and rail loadout systems utilising Build-Own-Operate-Transfer (BOOT) contracts. This could reduce total pre-production capital and increase NPV and IRR.
- **Higher processing yield.** The study uses conservative processing yields, particularly from year 5 onwards. More detailed washability testwork will provide confidence for higher product yields.
- **HCC price.** Conservative long-term HCC benchmark price of US\$265/t used, noting current price is US\$315/t and has averaged US\$322/t over the last 2 years.
- **Funding.** The study assumes the project is 100% equity financed. Clara will consider pre-production and working capital funding from sources such as project debt, offtake prepayment, equipment leasing, a Build-Own-Operate-Transfer (BOOT) contract or royalty funding. These types of funding will impact post-tax financial metrics in a positive manner.

### 1. A new, independent coking coal mine

The Scoping Study provides an early-stage assessment of the technical and commercial viability for development and operation of the Ashford Project. Clara was assisted by a range of study specialists in undertaking the scoping study.

Coal extraction is via open cut method. The Scoping Study mine schedule supports total ROM coal production of approx. 11.9Mt at a life-of-mine (LOM) average strip ratio of approx. 12.5. An additional 360Kt is planned for recovery using the auger mining method.

Conventional coal processing is undertaken through a dense-medium coal preparation plant. Processing yield to product is forecast at 55% to 87%, dependent on mining location, seam and seam ply. Total LOM product is 9.0Mt. Mine life is 12 years.

Key Physical Parameters	Unit	
Total ROM coal mined	Mt	11.9
Mining rate (steady state)	Mtpa ROM	1
Total waste mined	Mbcm	149
Strip ratio (ROM)	bcm/t	12.5
<b>Product output</b>		
Processing yield, average	%	76
HCC production	Mtpa saleable	7.3
Total product coal	Mt	9.0

Product is transported via road trucks (doubles) to a dedicated rail head and train loading facility located at North Star. Road transport distance initially is 171km, reducing to 126km following procurement of regional road train access approvals.

Trains will be mainline loaded at North Star with front-end loaders, initially directly and subsequently via a wagon loading conveyor.

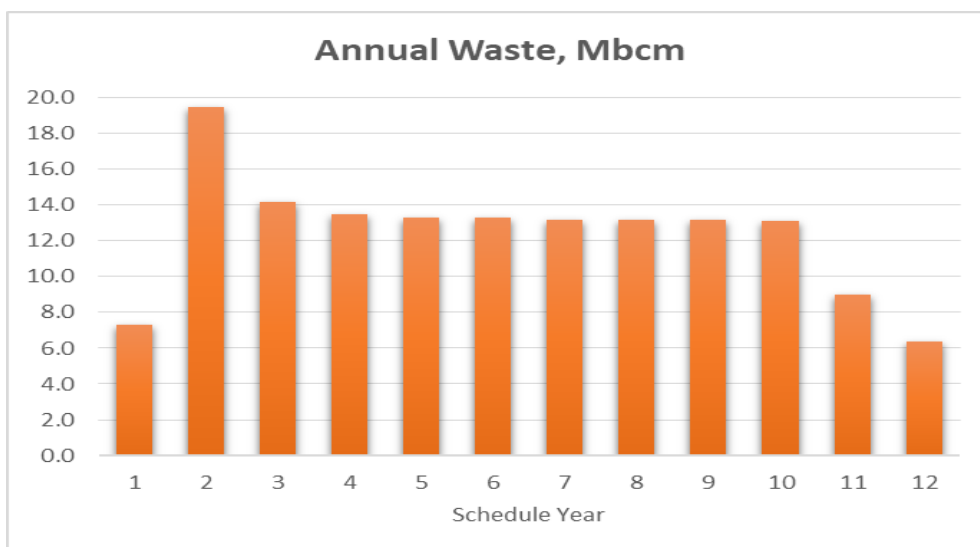
From train load-out product is railed approximately 550km to Newcastle via the new inland rail project tracks which connect to the Hunter Valley network. There are 3 coal loading port facilities at Newcastle, providing capacity for Ashford product to be exported to seaborne markets.

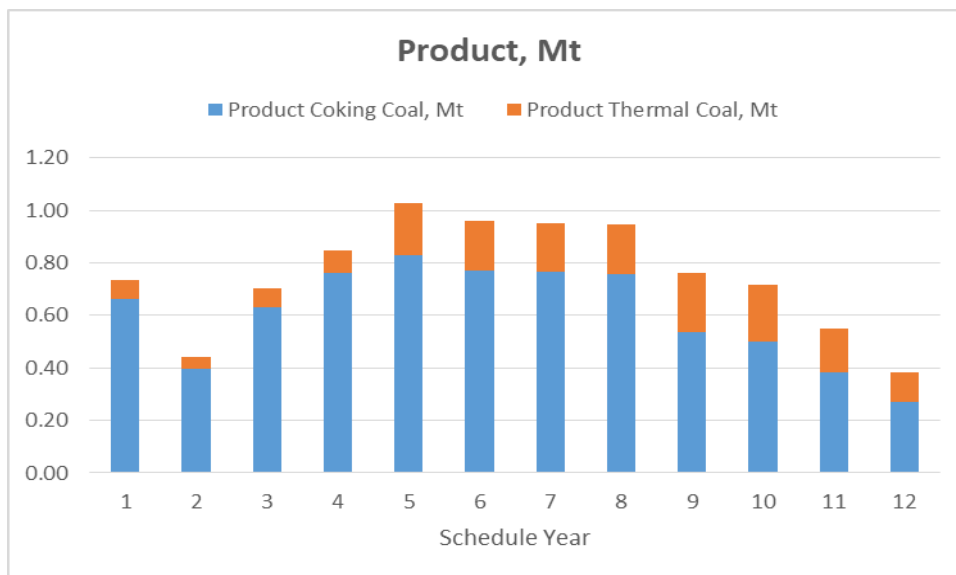
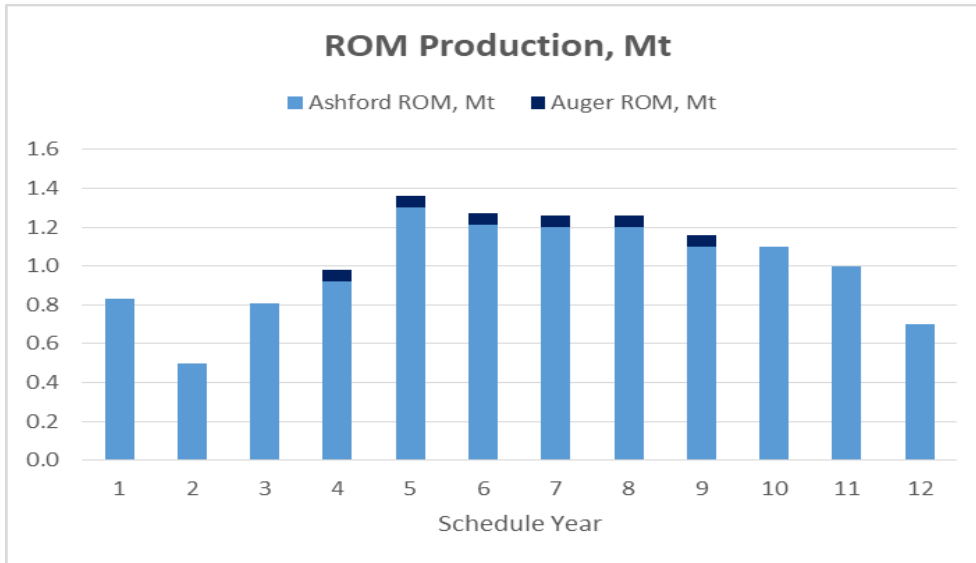
The Ashford Seam is thickest over the central half of the deposit and thins to the south and north. Similarly, coking coal grades are higher in the central areas. The combination of variation in seam thickness and coal quality along strike affects the economic depth of mining. This is also dependent on the prevailing coal market conditions and pricing.

An initial boxcut is designed immediately adjacent the highwall of previous workings in the central area where the coal is thickest and coal quality is best. Commencing in this area expedites early cashflow. This boxcut has a strike length of 1km and targets coal to depths of up to 100 metres.

Following the initial boxcut, mining continues as a terrace operation with access to the working faces via a series of switchback ramps advancing through the mining faces and continually developing as the mine progresses.

Total annual waste, ROM Coal and Product Coal schedules are shown here.





The temporary Year 2 spike in waste moved and reduced coal production is a consequence of establishing the main pit, in particular the removal of overburden in advance.

The long-term LOM benchmark HCC price utilized in the study is US\$265/t. Applying a 20% discount for Ashford semi-hard coking coal equates to a realised long-term Ashford coking coal price of US\$212/t.

All capital and operating cost forecasting is structured on a contractor operator basis. An Au\$/US\$ exchange rate of 0.70 has been utilised over the LOM. Forecast estimation accuracy of the Scoping Study is +/- 35-40%.

The projected economics for the Ashford Project are shown in the table here.

<b>KEY FINANCIAL OUTCOMES</b>	<b>Unit</b>	<b>Value</b>
<b>Price inputs</b>		
Au\$/US\$ (long-term forecast)	X-Rate	0.70
Long-term PLV HCC price	US\$/t	265
L/T Ashford SHCC price	US\$/t	212
L/T Newc6000 price	US\$/t	150
L/T Ashford Thermal price	US\$/t	128
<b>NPV, returns and key metrics</b>		
Discount Rate	%	10
NPV - LOM (pre-tax)	Au\$M	210.5
IRR (pre-tax)	%	59%
Payback period (pre-tax)	years	1.0
NPV - LOM (post-tax)	Au\$M	156.2
IRR (post-tax)	%	53%
Payback period (post-tax)	years	1.0
<b>Capital expenditure</b>		
Pre-production capital expenditure	Au\$M	100.3
Additional & sustaining capital expenditure	Au\$M	33.3
Capital efficiency (NPV / PP capex)	x	2.1
<b>Operating costs (LOM average)</b>		
Minesite costs	Au\$/t, on stockpile	121.82
Truck, rail transport and port	Au\$/t sales	62.21
Marketing, demurrage	Au\$/t sales	1.25
FOB Costs	Au\$/t sales	185.28
Royalties	Au\$/t sales	0.02
Corporate Costs	Au\$/t sales	3.39
<b>Project cashflow (ungeared)</b>		
Gross revenue	Au\$M	2,556
FOB Operating costs	Au\$M	1,701
Operating cashflow	Au\$M	855
Royalties	Au\$M	266
Project net cashflow (pre-tax)	Au\$M	455

## 2. Environmental, social and permitting

Multiple legislative frameworks determine approval for a coal mine in Australia and NSW. Mining projects are assessed by the NSW Department of Planning & Environment (DPE) under the 'Bilateral Agreement' between the Commonwealth and the NSW Governments. Only one Environmental Impact Statement (EIS) document is prepared to support both applications. Approval under the Federal EPBC Act can be granted following the grant of the NSW planning approval.

Clara has commenced engagement with Gomeroi, pastoralists, government, communities and other relevant stakeholders in relation to development of the Ashford Project. Preparation of all regulatory applications and early, proactive engagement with local government and state and federal regulators is a key plank of the project plan.

Clara commenced a comprehensive environmental study program in 2022. This will establish the

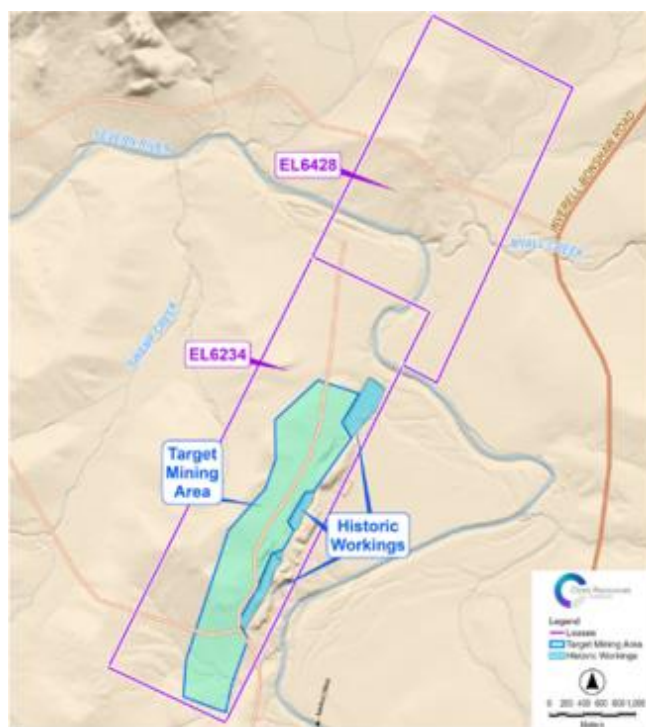
environmental setting and identify potential sensitive aquatic and terrestrial receptors within the Project area. The results of the baseline program will form the foundation for mine planning and impact assessment.

### 3. Upside potential

The Clara Board considers the Scoping Study to be a conservative representation of the long-term development potential of the Ashford Project.

#### 3.1. Further exploration and resource growth

Further resource upside exists across the Ashford Project tenement base, specifically at adjacent EL6428 which is currently not included in the Ashford Project development area. It will be targeted for resource definition drilling in future field programs. Additional resource delineation could supplement the currently planned Ashford Project (on EL6234) development by extending operating life, delivering expansion potential and lowering the average strip ratio.



#### 3.2. Bonshaw Seam

The Bonshaw seam, located above the Ashford seam, is generally lower coal quality and has historically not been mined as a run-of-mine raw coal. This seam has not been included in the resource calculations and mine plan. The Bonshaw seam will be targeted in near-term exploration to ascertain tonnage, raw coal quality and washability. Based on the thickness contours including Bonshaw could increase the resource by up to 1Mt. The next stage drilling program will determine tonnage, raw coal quality and washability.

#### 3.3. Used Equipment

A plethora of coal handling and treatment equipment is frequently available on the Australian used plant market. The Ashford CHPP will utilise conventional equipment, meaning there are good prospects for purchasing used equipment. Tapping into the active market of used coal handling and preparation

equipment will reduce lead times, the capex requirements and improve project finance metrics.

### **3.4. BOOT financing**

Construction of the CHPP and the train load out facility are a large component of the start-up capital requirements. By utilising contractor build, own, operate and transfer agreements it may be possible to substantially reduce the capex requirements and improve project financial metrics.

### **3.5. Process yield increase**

More detailed washability testwork, additional sampling and simulated yield modelling will be conducted for the next phase of study, potentially improving assumptions for overall product yield.

### **3.6. HCC price inputs**

The long-term benchmark HCC price utilized in the scoping study is US\$265/t. Applying the 20% discount for Ashford semi-hard coking coal equates to a realised Ashford coking coal of US\$212/t.

The HCC range used is a conservative range in comparison to a number of historic benchmarks:

- Current daily price is US\$315/t
- 12-month average price of US\$296/t
- 2-year average price of US\$322/t
- 3-year average price of US\$285/t

This reinforces the widely held view that HCC prices are trending upward.

## **4. Funding**

Assessment of the demand and pricing for coking coal, potential for securing off-take contracts, equipment leasing, BOOT contracts, debt funding and the past success of management in progressing financing of mining projects and the support of key shareholders gives confidence that securing the necessary funding to build the project is probable and realistic.

Clara is targeting total pre-production and working capital funding from a range of options, including:

- Project debt
- Offtake prepayment
- Equipment leasing
- Build-Own-Operate-Transfer (BOOT) contract
- Equity and/or royalty funding

Pre-production funding of approximately Au\$100m will be required. The selected funding mix will depend on general market and industry conditions, counterparty appetite and terms, and Clara's prevailing views on optimal funding mix and balance sheet configuration. A general view is that debt financing can form a component of the total pre-production capital requirement.

## **5. Next steps**

The Ashford Project will now transition into the Pre-Feasibility Study (PFS) phase. Major work packs include:

- i. Further exploration program to increase resource confidence of Ashford and Bonshaw seams.
- ii. Refining mine design and layout.
- iii. Increase schedule granularity to quarterly mining sequence, equipment paths, waste movement, coal uncovered and inclusion of auger mining.
- iv. Improve veracity of raw coal quality model, particularly raw coal ply working sections and variation across the site.
- v. Conduct further washability simulations to confirm product yields.
- vi. Improve product characterization, particularly coking coal properties.
- vii. Continue stakeholder engagement and preparation of the Environmental Impact Statement and Mining Lease Application.
- viii. Advance project funding options.

**Clara Resources CEO, Peter Westerhuis**, commenting on the Scoping Study results said:

*“We are encouraged by the outcomes of the Ashford Coking Coal Project Scoping Study. The Study demonstrates the potential to build and operate an economic coking coal mine on the northern tablelands of NSW with a mine life of at least 12 years.*

*“A further encouraging aspect is the potential for upside in the forms of reduced capital requirements, higher coking coal prices and longer-term resource increase leading to longer mine life. These factors would all positively impact the physical and financial metrics presented in the Scoping Study. The potential to extend mine life, reduce pre-production capital and lower mine strip ratio are realistic.*

*The Scoping Study is very much aligned with our commitment to safe, efficient development and operations. Key stakeholder engagement has commenced early, including with Gomeroi, pastoralists and the community. The interaction with governments and regulatory bodies has been proactive. Comprehensive environmental data collection has commenced and will continue through to submission of an EIS for the project.*

*There is no at-scale substitute for hard coking coal in the production of steel in the blast furnace manufacturing process. Add to this the fact there are very few new coking coal deposits being developed across the world. The Ashford Project is a compelling candidate to fill some of the growing need of seaborne markets for a reliable supply of coking coal.*

*Development of Ashford will deliver much needed investment into the Ashford and Inverell districts. This includes the creation of new jobs set to be sourced from local towns and other nearby communities. We consider also the expected flow-on benefits to local businesses and services in the area. The Ashford Project would also be a significant contributor to NSW, with expected state royalties exceeding Au\$200M to be paid over the life of the mine based on this Scoping Study. The indirect contributions to local, state and federal economies and taxes will also be many times larger than this provincial royalty total.*

*Throughout the communication and engagement process, stakeholders have been positive and supportive towards the advancement of the Ashford Project. We will continue to consult with pastoralists, Gomeroi, neighbours, local, state and federal governments and the regulatory authorities.”*



## SVG Subscription

Clara on 15/2/24 advised the market of the requirement to complete the final Savannah Goldfields (SVG) subscription payment (Au\$225k) by Thursday 29/2/24. Clara and SVG have agreed to extend this time to Thursday 7/3/24.

This ASX release was authorized by the Board of Clara Resources Australia Ltd.

<b>Peter Westerhuis</b> Chief Executive Officer Clara Resources Ltd T: +61 7 3303 0681 E: <a href="mailto:info@clararesources.com.au">info@clararesources.com.au</a>	<b>Duncan Gordon</b> Investor Relations T: +61 404 006 444
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## **Cautionary Statement**

The Scoping Study referred to in this ASX release has been undertaken for the purpose of initial evaluation of a potential development of the Ashford coking coal resource. It is a preliminary technical and economic study of the potential viability of the Ashford Project. The Scoping Study outcomes, production target and forecast financial information referred to in this release are based on low accuracy level technical and economic assessments that are insufficient to support estimation of Ore Reserves. While each of the modifying factors was considered and applied, there is no certainty of eventual conversion to Ore Reserves or that the production target itself will be realised. Further exploration and evaluation work and appropriate studies are required before Clara will be in a position to estimate any Ore Reserves or to provide any assurance of an economic development case. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of the Scoping Study.

Of the Mineral Resources scheduled for extraction in the Scoping Study production plan approximately 45% are classified as Indicated and 55% as Inferred. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised.

The Mineral Resources underpinning the production target in the Scoping Study have been prepared by a competent person in accordance with the requirements of the JORC Code (2012). The Competent Person's Statement is found in Appendix C of this Scoping Study.

This release contains a series of forward-looking statements. Generally, the words "expect," "potential", "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature forward-looking statements are subject to known and unknown risks and uncertainties that may cause actual results, performance or achievements, to differ materially from those expressed or implied in any of our forward-looking statements, which are not guarantees of future performance. Statements in this release regarding Clara's business or proposed business, which are not historical facts, are forward-looking statements that involve risks and uncertainties, such as Mineral Resource estimates, market prices of metallurgical coal, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, and statements that describe Clara's future plans, objectives or goals, including words to the effect that Clara or management expects a stated condition or result to occur. Forward-looking statements are necessarily based on estimates and assumptions that, while considered reasonable by Clara, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially

from those currently anticipated in such statements. Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Clara has concluded that it has a reasonable basis for providing these forward-looking statements and the forecast financial information included in this release. This includes a reasonable basis to expect that it will be able to fund the development of the Ashford Project upon successful delivery of key development milestones and funding timetables. The detailed reasons for these conclusions are outlined in Appendix D. While Clara considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the Scoping Study will be achieved.

To achieve the range of outcomes indicated in the Scoping Study, pre-production funding of circa Au\$100M may be required. There is no certainty that Clara will be able to source that amount of funding when required. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Clara's shares. It is also possible that Clara could pursue other value realisation strategies such as a sale, partial sale or joint venture of the Ashford Project. This could materially reduce Clara's proportionate ownership of the Ashford Project.

No Ore Reserve has been declared. This ASX release has been prepared in compliance with the current JORC Code (2012) and the ASX Listing Rules. All material assumptions, including sufficient progression of all JORC modifying factors, on which the production target and forecast financial information are based have been included in this ASX release.