

Clara Resources Australia Ltd

ABN 84 122 957 322

Interim Report - 31 December 2023

Clara Resources Australia Ltd
Corporate directory
For the half-year ended 31 December 2023

Directors	Brian Moller - Non-executive Chairman Nicholas Mather - Non-executive Director Richard Willson - Non-executive Director
Company secretary	John Haley
Registered office and principal place of business	Level 19 10 Eagle Street Brisbane QLD 4000 Phone: (07) 3303 0681
Share register	Link Market Services Limited 10 Eagle Street Brisbane QLD 4000 Phone: 1300 554 474
Auditor	BDO Audit Pty Ltd Level 10 12 Creek Street Brisbane QLD 4000
Solicitors	HopgoodGanim Lawyers Level 8, Waterfront Place 1 Eagle Street Brisbane QLD 4000
Stock exchange listing	Clara Resources Australia Ltd shares are listed on the Australian Securities Exchange (ASX code: C7A)
Website	www.clararesources.com.au

Clara Resources Australia Ltd
Directors' report
For the half-year ended 31 December 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or the 'Group') consisting of Clara Resources Australia Ltd (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Clara Resources Australia Ltd during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Current:

Brian Moller - Non-executive Chairman
Nicholas Mather - Non-executive Director
Richard Willson - Non-executive Director

Former:

Brad Gordon - Non-executive Director (resigned 31 October 2023)

Principal activities

During the half-year, the principal activities of the consolidated entity involved exploration for coal, nickel and other commodities. There were no significant changes in the principal activities of the consolidated entity.

Competent Persons Statement

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Nicholas Mather B.Sc (Hons) Geol., who is a Member of The Australian Institute of Mining and Metallurgy. Mr Mather is employed by Samuel Capital Pty Ltd, which provides certain consultancy services including the provision of Mr Mather as a Director of Clara Resources Australia Ltd. Mr Mather has more than five years experience which is relevant to the style of mineralisation and type of deposit being reported and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (the JORC Code). This public report is issued with the prior written consent of the Competent Person(s) as to the form and context in which it appears.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$4,255,360 (31 December 2022: \$4,201,961).

The loss for the half-year ended 31 December 2023 includes an impairment of the investment in the associate of \$2,907,401.

Safety / Environment / Community

During the reporting period the Company reported no safety or environmental incidents, or community complaints at any of its sites.

Ashford Coking Coal Project

Clara Resources Australia Ltd ("Clara") owns 40% of the Project with an option to acquire the remaining 60% from Savannah Goldfields Ltd ("Savannah"). Subsequent to 31 December 2023, the Company entered into a binding term sheet with Savannah to, amongst other elements, enter a revised Share Purchase Agreement (SPA) for the Company to acquire the remaining 60% of Renison Coal Pty Ltd (the owner of the Ashford Coking Coal Project).

The Project is located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW, approximately 10km north of the Ashford township and 65km north of Inverell, a large regional centre.

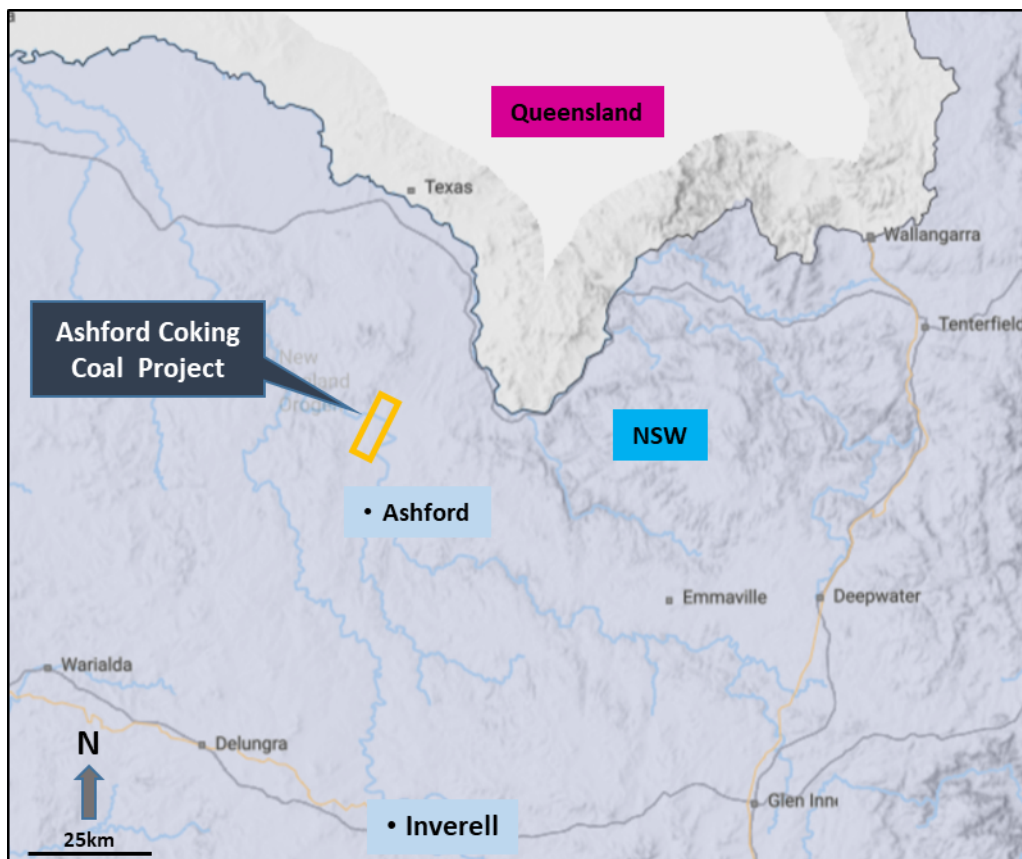


Figure 1 – Location of Ashford Coking Coal Project

The company considers that two (2) external and significant developments give confidence to progress further studies into the economic viability of the Project:

- (1) The Australian Rail Track Corporation (ARTC) proceeding with the *Inland Rail Project* connecting Brisbane and Melbourne, providing an efficient rail connection north to Brisbane Port and south 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.

Ashford scoping study

The current priority is finalising a scoping study examining the viability of developing the Project as a mine to produce coking coal products for export. 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 includes:

- A qualified financial analysis and project metrics. The intended accuracy of financial modelling used in scoping studies is typically +/- 35 to 40%.
- An overview of logistics and marketing.
- A summary of major project risks and opportunities.
- A project development schedule.

Clara engaged independent experts to conduct the concept level technical and commercial work in the specific segments. These work packs are complete. Final stage compilation and editing is being carried out. The outcomes are positive and show the potential opportunity for the Ashford project to deliver strong economic returns to Shareholders. Project logistics positives such as the Inland Rail Project coupled with a strong coal price forecast bodes well for Ashford and Clara looks forward to releasing the Study outcomes shortly.

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Ashford access agreements

In conjunction with the scoping study the Company is progressing the work for preparation of the Environmental Impact Study. A critical piece of the EIS is to undertake the range of non-invasive baseline environmental studies and doing these things requires access to the lease areas. Access requires negotiating individual agreements with affected stakeholders. The Company has continued meeting with all stakeholders, including pastoralists and representatives of the Gomeroi indigenous group.

Granville (TAS)

The Granville mine remains in care and maintenance. A Mine Closure Plan was submitted to the EPA (Tasmania) and Mineral Resources Tasmania during the period. Feedback from the Regulators has been good, identifying a number of additional environmental monitoring programs to be considered for implementation.

Clara is continuing to seek purchasers for the sale of Ten Star Pty Ltd, or the Granville project itself.

Kildanga Project

The Kildanga prospect consists of 4 distinct areas. More recently the SW section has been targeted in multiple exploration programs, creating an extensive database. Market updates on exploration programs were released over 2018 & 2019, showing encouraging close to surface intersections of Ni & Co.

The ore is considered suitable for crushing, milling and flotation to produce concentrate. The Company continues to compile and review all historical geological data, this review extending to all exploration permit areas to create a regional reconciliation. The work includes establishing regional borehole and geochemical databases, completing a geophysical review and creating a new geological model. This will be used to determine the work needed, including costed additional exploration, to identify a mineralized resource of sufficient size from which a conceptual economic mine plan may be developed.

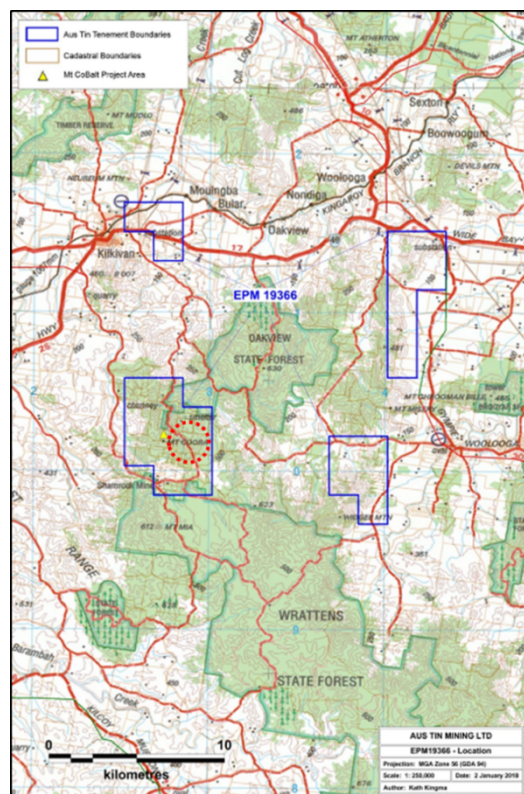


Figure 2 – Kildanga EPM1366

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MacKenzie Coal Project

The Option Agreement enabling Clara Resources Australia Ltd to potentially acquire the MacKenzie Coal Project in central Queensland expired in July 2022. The current owner of the project is in Administration. Clara is in discussion with the appointed Receiver about potentially acquiring the asset, however the prolonged nature of the administration process will likely result in Clara terminating any interest in the project.

Significant changes in the state of affairs

Savannah Goldfields Ltd, despite entering into a binding placement agreement to subscribe for up to 11,462,500 ordinary shares for \$687,500 as part of the Company's capital raise in June 2023, failed to complete the transaction. The Company has previously given notice of a breach to Savannah Goldfields Ltd and reserves its rights.

On 11 July 2023, as the final part of the second tranche of the capital raising, 1,666,667 ordinary shares were issued to institutional, sophisticated and professional investors, and 833,334 share options were also issued on a 1:2 basis.

On 26 September 2023, the Company announced that the sale of the Company's wholly-owned subsidiary, Ten Star Mining Pty Ltd (Ten Star), to Reforme Group had failed to complete and the Company has been unable to renegotiate with the purchaser. The Company will continue to seek alternative purchasers for the sale of Ten Star.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 15 February 2024, the Company entered into a binding term sheet with Savannah Goldfields Ltd ('Savannah') to, amongst other elements, enter a revised Share Purchase Agreement (SPA) for the Company to acquire the remaining 60% of Renison Coal Pty Ltd (the owner of the Ashford Coking Coal Project). The SPA rescinds and replaces the previous Share Acquisition Agreement entered in April 2021. If the revised transaction successfully completes, the Company will become the 100% owner of the Ashford Coking Coal Project.

Consideration is payable as follows:

- (1) Payment of A\$2.375m cash on completion by no later than 30 April 2024.
- (2) 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). The Company may also satisfy A\$285,000 of this payment by transferring to Savannah 7,125,000 Savannah shares and 3,562,500 Savannah options to be subscribed to by the Company 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 Resources Australia Ltd shares, subject to voluntary escrow for 3 months from the date of issue. The issue of these shares increases Savannah's holding in the Company from 14.5% to 19.5%.

The revised acquisition is subject to the Ashford tenements having been maintained by the Company in good standing until completion and customary regulation and shareholder approvals being obtained.

The Company 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 will be subject to voluntary escrow for a period of 3 months. The total payment of A\$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.

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

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The scoping study for the Ashford Coking Coal Project in NSW completed post period-end.

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.

The results are as follows:

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

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Material business risks

Ongoing funding requirements The Company's ability to raise further funding to meet both its operating and capital expenditure requirements depend upon a number of different factors. It is unlikely that the Company will be able to obtain debt financing. Were it able to secure such debt financing, the Company would likely be required to accept restrictions on its operating activities. The Company's operations are unlikely to generate any or sufficient cash flow to meet the Company's operating and capital expenditure needs in the near or medium terms.

Meanwhile the Company's ability to raise further equity financing is very sensitive to negative market sentiment, and the recent global economic outlook may make it challenging for the Company to raise new equity capital in the near future (particularly in light of the disruption to international trade and travel, and likely global economic contraction as a result of government and private sector reactions to the Russia/Ukraine conflict). Accordingly, there is no guarantee that the Company will be able to secure additional funding on terms favourable to the Company. Further the Company notes that to the extent that the Company can raise further additional equity, that financing will dilute existing Shareholders. If the Company is unable to obtain additional financing as required, it may not have sufficient working capital to be able to meet its financial commitments as and when they arise, and will be unable to further progress its exploration programs.

The Company monitors its funding requirements with monthly updated budgets and discussion. The Company attempts to maintain sufficient funds by raising further funds in advance of requirements, and is able to reduce its expenditure if such funding is not available.

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Operational risks	<p>Prosperity for the Company and its subsidiaries will depend largely upon an efficient and successful implementation of all the aspects of exploration, developments, business activities and management of commercial factors. The operations of the Company and its subsidiaries may be disrupted by a variety of risks and hazards which are beyond the control of the Company.</p> <p>Exploration has been and will continue to be hampered on occasions by accidents, unforeseen cost changes, environmental considerations, unforeseen weather events, and other natural events.</p> <p>If necessary, exploration programs are delayed in order to avoid or minimise this risk.</p>
Government policy and taxation	<p>Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes, and Government policies in Australia (at Federal and State level), may have an adverse effect on the assets, operations and ultimately the financial performance of the Company. The Company notes recent announcements by the Queensland State Government to significantly increase state coal royalties. The New South Wales State Government recently announced more modest royalty increases, which do not affect the viability of the Company's Ashford project (given current coking coal prices).</p> <p>The Company is a member of the Association of Mining and Exploration Companies (AMEC) and monitors possible policy changes through AMEC and the media, and supports AMEC lobbying on relevant issues.</p>
Commodity prices	<p>The Company's prospects and perceived value will be influenced from time to time by the prevailing short-term prices of the commodities targeted in exploration programs of the Company and its subsidiaries. Commodity prices fluctuate and are affected by factors including supply and demand for mineral products, hedge activities associated with commodity markets, the costs of production and general global economic and financial market conditions. These factors may cause volatility which in turn, may affect the Company's ability to finance its future exploration and/or bring the Company's projects to market</p> <p>As noted elsewhere above, the events relating to the Russia/Ukraine war have had an impact on global demand for the Company's target commodities. It is difficult if not impossible to accurately predict the direction of those markets in the short or medium terms.</p> <p>The Company will consider longer term contracts and/or hedging to reduce these risks.</p>
Tenement risks	<p>All exploration permits in which Company has an interest (directly or indirectly) will require compliance with certain levels of expenditure and renewal from time to time. If for any reason expenditure requirements are not met or a licence or permit is not renewed, then Company may suffer damage and as a result may be denied the opportunity to develop certain mineral resources.</p> <p>The Company and its tenement consultants monitor reporting requirements and fees to ensure reports are lodged and fees paid as required.</p>

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Land access risks	<p>Land access is critical for exploration and evaluation to succeed. Access to land for exploration purposes can be affected by factors such as land ownership and Native title claims.</p> <p>The company meets and communicates regularly with land owners and Native Title groups.</p>
Environmental risks	<p>The various tenements which the Company has interests in (whether directly or indirectly) are subject to laws and regulations regarding environmental matters, which mean there are potential liability risks.</p> <p>The Company and its tenement consultants monitor environmental laws and regulations, and reporting requirements.</p>
Exploration and production	<p>Tenements in which the Company or its Related Bodies Corporate has an interest are at various stages of exploration. There can be no assurance that exploration of the project areas will result in the discovery of an economic reserve.</p> <p>The Company plans and resources its exploration programs, including the use of consultants, to maximise as far as possible, the likelihood of successful exploration.</p>
Contractual risk	<p>The Company's ability to efficiently conduct its operations in a number of respects depends upon a third-party product and service providers and contracts have, in some circumstances, been entered into by the Company and its subsidiaries in this regard. Any default under such contracts by a third party may adversely affect the Company.</p> <p>The company attempts to only engage with reputable contractors who have the resources to meet their commitments.</p>

Climate change risks and opportunities

The consolidated entity does not consider that it currently has a material exposure to the risks associated with Climate Change. Accordingly, the consolidated entity does not consider it necessary to reflect any impact associated with Climate Change risks (eg. impairments, provisions) in its financial statements for the half-year ended 31 December 2023. The consolidated entity considers the following matters to be relevant to this conclusion:

- (i) the consolidated entity's activities are predominantly focused on the discovery and definition phase of natural resource projects. The consolidated entity is not yet in a mine planning, development, construction or operational phase. Accordingly, having a predominantly greenfields exploration focus means that the consolidated entity currently has no significant man-made infrastructure that would be subject to the potential physical risks associated with Climate Change. Furthermore, the consolidated entity has a minimal carbon footprint and negligible emissions;
- (ii) the consolidated entity is not currently aware of any pending or proposed Climate Change related regulatory or legislative changes that would materially impact it, or its assets, at this time;
- (iii) the consolidated entity's exploration interests are predominantly focused on minerals and metals that are not expected to be significantly impacted by the various categories of risk associated with Climate Change. These minerals and metals include coking coal and nickel;
- (iv) the consolidated entity's tenements are in southern Queensland and northern New South Wales. It is considered that bushfires, flooding, and extreme temperatures events are unlikely to cause anything more than temporary delays in exploration work;
- (v) other than as outlined above, the consolidated entity considers that it currently has limited exposure to the technological market and reputational risks associated with Climate Change.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Clara Resources Australia Ltd
Directors' report
For the half-year ended 31 December 2023

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'B Moller', written over a horizontal line.

Brian Moller
Non-executive Director

7 March 2024
Brisbane



DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF CLARA RESOURCES AUSTRALIA LTD

As lead auditor for the review of Clara Resources Australia Ltd for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Clara Resources Australia Ltd and the entities it controlled during the period.

A handwritten signature in black ink that reads 'T J Kendall'. The signature is written in a cursive, slightly slanted style.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 7 March 2024

Clara Resources Australia Ltd

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General information

The financial statements cover Clara Resources Australia Ltd as a consolidated entity consisting of Clara Resources Australia Ltd and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Clara Resources Australia Ltd's functional and presentation currency.

Clara Resources Australia Ltd is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 19
10 Eagle Street
Brisbane
QLD 4000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 7 March 2024.

Clara Resources Australia Ltd
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023

	Note	Consolidated	
		31 Dec 2023	31 Dec 2022
		\$	\$
Share of losses of associate accounted for using the equity method	6	(234,817)	(423,476)
Interest revenue		13,950	113
Expenses			
Consultancy fees		(159,969)	(60,503)
Depreciation and amortisation expense		(8,640)	(11,220)
Director fees		(32,500)	(45,000)
Employee benefits expense		(325,072)	(391,964)
Exploration costs		(13,918)	-
Impairment - investment in associate	6	(2,907,401)	(2,883,713)
Legal expenses		(75,046)	(32,630)
Loss on disposal of assets		-	(1,004)
Other Granville operating costs		(12,691)	(22,352)
Other expenses		(407,090)	(253,362)
Share registry, ASX and filing fees		(91,221)	(73,011)
Finance costs		(945)	(3,839)
Total expenses		<u>(4,034,493)</u>	<u>(3,778,598)</u>
Loss before income tax expense		(4,255,360)	(4,201,961)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Clara Resources Australia Ltd		(4,255,360)	(4,201,961)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year attributable to the owners of Clara Resources Australia Ltd		<u>(4,255,360)</u>	<u>(4,201,961)</u>
	Note	31 Dec 2023	31 Dec 2022
		Cents	Cents
Basic earnings per share	12	(2.3)	(3.0)
Diluted earnings per share	12	(2.3)	(3.0)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Clara Resources Australia Ltd
Consolidated statement of financial position
As at 31 December 2023

		Consolidated	
	Note	31 Dec 2023	30 Jun 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	3	516,017	1,815,943
Trade and other receivables		4,248	159,327
		<u>520,265</u>	<u>1,975,270</u>
Assets of disposal group classified as held for sale	5	-	734,037
Total current assets		<u>520,265</u>	<u>2,709,307</u>
Non-current assets			
Investments accounted for using the equity method	6	7,837,569	10,979,787
Property, plant and equipment		174,036	96,049
Other assets	4	739,106	92,697
Total non-current assets		<u>8,750,711</u>	<u>11,168,533</u>
Total assets		<u>9,270,976</u>	<u>13,877,840</u>
Liabilities			
Current liabilities			
Trade and other payables	7	153,461	598,961
		<u>153,461</u>	<u>598,961</u>
Liabilities directly associated with assets classified as held for sale	5	-	633,362
Total current liabilities		<u>153,461</u>	<u>1,232,323</u>
Non-current liabilities			
Provisions	8	628,335	-
Total non-current liabilities		<u>628,335</u>	<u>-</u>
Total liabilities		<u>781,796</u>	<u>1,232,323</u>
Net assets		<u>8,489,180</u>	<u>12,645,517</u>
Equity			
Issued capital	9	37,185,890	37,090,290
Reserves		1,860,435	1,857,012
Accumulated losses		(30,557,145)	(26,301,785)
Total equity		<u>8,489,180</u>	<u>12,645,517</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Clara Resources Australia Ltd
Consolidated statement of changes in equity
For the half-year ended 31 December 2023

Consolidated	Issued capital \$	Share based payment reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	34,268,194	1,708,001	(16,180,981)	19,795,214
Loss after income tax expense for the half-year	-	-	(4,201,961)	(4,201,961)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(4,201,961)	(4,201,961)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	250,000	-	-	250,000
Share-based payments	-	4,925	-	4,925
Balance at 31 December 2022	<u>34,518,194</u>	<u>1,712,926</u>	<u>(20,382,942)</u>	<u>15,848,178</u>
Consolidated	Issued capital \$	Share based payment reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	37,090,290	1,857,012	(26,301,785)	12,645,517
Loss after income tax expense for the half-year	-	-	(4,255,360)	(4,255,360)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(4,255,360)	(4,255,360)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 9)	95,600	-	-	95,600
Share-based payments	-	3,423	-	3,423
Balance at 31 December 2023	<u>37,185,890</u>	<u>1,860,435</u>	<u>(30,557,145)</u>	<u>8,489,180</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Clara Resources Australia Ltd
Consolidated statement of cash flows
For the half-year ended 31 December 2023

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,406,370)	(756,081)
Interest received		13,950	113
Interest and other finance costs paid		(945)	(3,839)
		<u>(1,393,365)</u>	<u>(759,807)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Payments for exploration and evaluation assets		-	(7,214)
Payments for security deposits		(3,409)	-
Deposit received - Ten Star Mining Pty Ltd		-	28,000
		<u>(3,409)</u>	<u>20,786</u>
Net cash (used in)/from investing activities			
Cash flows from financing activities			
Proceeds from issue of shares	9	100,000	250,000
Repayment of leases		-	(48,570)
Share issue transaction costs	9	(4,400)	-
		<u>95,600</u>	<u>201,430</u>
Net cash from financing activities			
Net decrease in cash and cash equivalents		(1,301,174)	(537,591)
Cash and cash equivalents at the beginning of the financial half-year		<u>1,817,191</u>	<u>674,697</u>
Cash and cash equivalents at the end of the financial half-year	3	<u><u>516,017</u></u>	<u><u>137,106</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 1. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these new or amended Accounting Standards and Interpretations did not have a material impact to the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the consolidated entity. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

Comparative information

Some of the comparative information has been reclassified for presentation purposes.

Going concern

For the half-year ended 31 December 2023, the consolidated entity incurred a loss of \$4,255,360 after income tax and net cash outflows from operating activities of \$1,393,365. At 31 December 2023, the consolidated entity has total net current assets of \$366,804. The loss for the half-year ended 31 December 2023 includes an impairment of the investment in the associate of \$2,907,401 (refer note 6).

The ability of the consolidated entity to continue as a going concern is principally dependent upon raising additional capital or securing other forms of financing, as and when necessary to meet the levels of expenditure required for the consolidated entity to continue to progress the mineral properties in which it has an interest and to meet the consolidated entity's working capital requirements.

These conditions give rise to a material uncertainty, which may cast significant doubt over the consolidated entity's ability to continue as a going concern.

The Directors have concluded that the going concern basis of preparation of the financial statements is appropriate and any uncertainty regarding going concern is mitigated by the following:

- As at the date of this report, the consolidated entity had cash and cash equivalents of \$516,017, which is sufficient to meet the ongoing corporate costs and expected project commitments for at least a six (6) month period.
- Proven ability of the consolidated entity to raise the necessary funding or settle debts via the issuance of shares, as evidenced by the raising of \$2,962,250 in cash (before share issue transaction costs) from shares during the year ended 30 June 2023, and raising \$100,000 in cash (before share issue transaction costs) from shares during the half-year ended 31 December 2023.
- Clara Resources Australia Ltd's 60,000,000 shareholding in the First Tin Plc was released from escrow on 8 April 2023. The closing share price of First Tin Plc on 31 December 2023 was 4.6p, valuing Clara Resources Australia Ltd's shares at \$5,143,596.

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 1. Material accounting policy information (continued)

Based on the above, the Directors are of the opinion that at the date of signature of the financial report there are reasonable and supportable grounds to believe that the consolidated entity will be able to meet its liabilities from its assets in the ordinary course of business, for a period of not less than 12 months from the date of this financial report and has accordingly prepared the financial report on a going concern basis.

Should the consolidated entity be unable to continue as a going concern, it may be required to realise its assets and liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the consolidated entity not be able to continue as a going concern.

Note 2. Operating segments

Identification of reportable operating segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the parent entity's Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The consolidated entity is managed primarily on a geographic basis that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the consolidated entity level.

The consolidated entity does not have any products/services it derives revenue from.

Management currently identifies the consolidated entity as having only one operating segment, being exploration for coal, nickel and other commodities in Australia. All significant operating decisions are based upon analysis of the consolidated entity as one segment. The financial results from the segment are equivalent to the financial statements of the consolidated entity as a whole.

Note 3. Cash and cash equivalents

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current assets</i>		
Cash at bank	516,017	1,815,943

Cash and cash equivalents at the end of the reporting period as shown in the Consolidated Statement of Cash Flows can be reconciled to the related items in the Consolidated Statement of Financial Position as follows:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Cash at bank	516,017	1,815,943
Cash and cash equivalents of disposal group classified as held for sale (refer note 5)	-	1,248
Total cash and cash equivalents	<u>516,017</u>	<u>1,817,191</u>

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 4. Other assets

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Security deposits	<u>739,106</u>	<u>92,697</u>

Security deposits of \$643,000 have been reclassified to other assets at 31 December 2023 as the sale was no longer considered highly probable (refer note 5).

Note 5. Assets and liabilities of disposal group classified as held for sale

On 19 May 2023 Clara announced the execution of a Share Sale Agreement for the sale of Company's wholly owned subsidiary, Ten Star Mining Pty Ltd (Ten Star) to Reforme Group Pty Ltd. On 26 September 2023, the Company announced that the sale had failed to complete as the buyer had advised that some of the sale conditions had not been met. The Company is continuing to seek alternative purchasers for Ten Star. At 31 December 2023, the sale was no longer highly probable and therefore Ten Star was no longer classified as held for sale. The major classes of assets and liabilities of Ten Star at the end of the prior reporting period are as follows:

	Consolidated
	30 Jun 2023
	\$
<i>Current assets</i>	
Cash and cash equivalents	1,248
BAS receivable	3,163
Property, plant and equipment	86,626
Security deposits	<u>643,000</u>
	<u>734,037</u>
	Consolidated
	30 June 2023
	\$
<i>Current liabilities</i>	
Trade payables	5,027
Provisions for rehabilitation	<u>628,335</u>
	<u>633,362</u>

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 6. Investments accounted for using the equity method

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current assets</i>		
Investment in First Tin Plc	5,143,496	8,285,714
Investment in Renison Coal Pty Ltd	2,694,073	2,694,073
	<u>7,837,569</u>	<u>10,979,787</u>

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial half-year are set out below:

Opening carrying amount	10,979,787	18,934,595
Loss after income tax	(234,817)	(1,360,368)
Impairment of investment in First Tin Plc	(2,907,401)	(6,594,440)
	<u>7,837,569</u>	<u>10,979,787</u>

At 31 December 2023, management completed an assessment of the fair value of the investment in First Tin. Using the quoted market price on the London Stock Exchange, being 4.6p (30 June 2023: 7.25p), as the level 1 fair value hierarchy, management have determined that the fair value of the 60,000,000 shares held by Clara Resources Australia Ltd in First Tin at 31 December 2023 is £2,760,000 (30 June 2023: £4,350,000) which translates to A\$5,143,496 (30 June 2023: A\$8,285,714). Therefore, a provision for the impairment has been raised totalling \$2,907,401 (30 June 2023: \$6,594,440) to write down the value of the investment in First Tin by this amount.

Note 7. Trade and other payables

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	54,640	248,483
Accrued expenses	30,271	90,271
Employee entitlements	23,582	50,789
Payroll liabilities	44,968	209,418
	<u>153,461</u>	<u>598,961</u>

Note 8. Provisions

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
<i>Non-current liabilities</i>		
Provision for rehabilitation	<u>628,335</u>	<u>-</u>

The provisions were recognised as held for sale at 30 June 2023. The sale was no longer highly probable at 31 December 2023, therefore the provisions were reclassified (refer note 5).

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 9. Issued capital

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$	30 Jun 2023 \$
Ordinary shares - fully paid	<u>189,038,702</u>	<u>187,372,035</u>	<u>37,185,890</u>	<u>37,090,290</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	187,372,035		37,090,290
Share placement (a)	11 July 2023	1,666,667	\$0.06	100,000
Share issue costs				<u>(4,400)</u>
Balance	31 December 2023	<u>189,038,702</u>		<u>37,185,890</u>

(a) Share placement

On 11 July 2023, as the final part of the second tranche of a capital raising, 1,666,667 ordinary shares were issued to institutional, sophisticated and professional investors, and 833,334 share options were also issued on a 1:2 basis (refer note 13).

Note 10. Related party transactions

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
Payment for goods and services:		
Payment for services - DGR Global Ltd (a)	182	3,882
Payment for services - HopgoodGanim Lawyers (b)	65,026	35,692
Payment for other expenses:		
Payment for rent - DGR Global Ltd (a)	10,000	13,200

(a) DGR Global Limited (common Directors include Nicholas Mather and Brian Moller) has an in-house lawyer who has provided services to Clara Resources Australia Ltd. Clara Resources Australia Ltd also rented office space from DGR Global Limited for use by the CEO, Peter Westerhuis, until 31 October 2023. The monthly rental charge payable was \$2,000 and the total expense in the half-year ended 31 December 2023 was \$10,000 (2022: \$13,200).

(b) Mr Brian Moller (a Director), is a partner in the Australian firm HopgoodGanim Lawyers. HopgoodGanim Lawyers provides legal services to the Group and the fees are based on normal commercial terms and conditions.

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 10. Related party transactions (continued)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	31 Dec 2023	30 Jun 2023
	\$	\$
Current payables:		
Trade payables to key management personnel	2,420	28,980
Trade payables - DGR Global Ltd	-	4,400
Trade payables - HopgoodGanim Lawyers	9,350	37,305

The outstanding balances at each relevant period end are unsecured, interest free and settlement occurs in cash.

Note 11. Events after the reporting period

On 15 February 2024, the Company entered into a binding term sheet with Savannah Goldfields Ltd ('Savannah') to, amongst other elements, enter a revised Share Purchase Agreement (SPA) for the Company to acquire the remaining 60% of Renison Coal Pty Ltd (the owner of the Ashford Coking Coal Project). The SPA rescinds and replaces the previous Share Acquisition Agreement entered in April 2021. If the revised transaction successfully completes, the Company will become the 100% owner of the Ashford Coking Coal Project.

Consideration is payable as follows:

- (1) Payment of A\$2.375m cash on completion by no later than 30 April 2024.
- (2) 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). The Company may also satisfy A\$285,000 of this payment by transferring to Savannah 7,125,000 Savannah shares and 3,562,500 Savannah options to be subscribed to by the Company 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 Resources Australia Ltd shares, subject to voluntary escrow for 3 months from the date of issue. The issue of these shares increases Savannah's holding in the Company from 14.5% to 19.5%.

The revised acquisition is subject to the Ashford tenements having been maintained by the Company in good standing until completion and customary regulation and shareholder approvals being obtained.

The Company 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 will be subject to voluntary escrow for a period of 3 months. The total payment of A\$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.

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

The scoping study for the Ashford Coking Coal Project in NSW completed post period-end.

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.

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 11. Events after the reporting period (continued)

The results are as follows:

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

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 12. Earnings per share

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Clara Resources Australia Ltd	<u>(4,255,360)</u>	<u>(4,201,961)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>188,939,065</u>	<u>139,659,672</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>188,939,065</u>	<u>139,659,672</u>
	Cents	Cents
Basic earnings per share	(2.3)	(3.0)
Diluted earnings per share	(2.3)	(3.0)

Share consolidation and impact on weighted average number of shares

On 8 June 2023, the Company completed a share consolidation at the ratio of 100 fully paid ordinary shares into 1 fully paid ordinary share. The weighted average number of ordinary shares for 31 December 2022 has been adjusted for the effect of the share consolidation, in accordance with AASB 133 *Earnings per share*.

Note 13. Options and performance rights

Options

The unissued ordinary shares of Clara Resources Australia Ltd under option at 31 December 2023 are as follows:

Clara Resources Australia Ltd
Notes to the consolidated financial statements
For the half-year ended 31 December 2023

Note 13. Options and performance rights (continued)

Grant date	Date of expiry	Exercise price \$	Number under option
17 May 2022	30 June 2025	0.200	400,000
14 April 2023	14 April 2026	0.120	7,833,333
29 June 2023	29 June 2026	0.120	23,518,750
11 July 2023	11 July 2026	0.120	833,334

Performance rights

The unissued ordinary shares of Clara Resources Australia Ltd under performance rights at 31 December 2023 are as follows:

Grant date	Date of expiry	Exercise price \$	Number performance rights
17 May 2022	17 May 2025	-	200,000

Movements in options and performance rights

Set out below are summaries of options granted:

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
17/05/2022	30/06/2025	\$0.20	400,000	-	-	-	400,000
14/04/2023	14/04/2026	\$0.12	7,833,333	-	-	-	7,833,333
29/06/2023	29/06/2026	\$0.12	23,518,750	-	-	-	23,518,750
11/07/2023	11/07/2026	\$0.12	-	833,334	-	-	833,334

There were no performance rights granted, exercised, expired or forfeited during the half-year ended 31 December 2023.

Clara Resources Australia Ltd
Directors' declaration
For the half-year ended 31 December 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Brian Moller
Non-executive Director

7 March 2024
Brisbane

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Clara Resources Australia Ltd

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Clara Resources Australia Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.



Responsibility of the directors for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

T J Kendall

Director

Brisbane, 7 March 2024