

ASX Release 3 May 2024

Update on Ashford Coking Coal Project acquisition

Highlights

Further to ASX Release dated 15 February 2024 and the Clara Resources Australia Limited (**Clara or the Company**) Quarterly Activities Report dated 30 April 2024, Clara is pleased to advise that Clara has now executed binding agreements (**Binding Agreements**) 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.

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

Clara and Savannah have now executed a revised **Share Purchase Agreement (SPA)** and ancillary Agreements for Clara to acquire Savannah's 60% of Renison. When completion occurs, this SPA will replace the previous Share Acquisition Agreement entered in April 2021.¹ The SPA and Ancillary Agreements include agreed amendments to the Term Sheet as set out in Clara's ASX Release of 15 February 2024, including in the timing of completion and the payments to Savannah.

The aggregate consideration remains at **A\$3.95m²** (before royalty payments), representing a material reduction from the consideration payable (before royalty payments) under the original agreement. Of this, A\$800,000 (20%) is in deferred payments, triggered by project development permitting and first coal sales milestones. The Consideration payable in respect of the revised acquisition is as follows:

- 1) Payment of A\$3.06m cash (previously \$2.375m cash on 30 April 2024 under the Term Sheet) on or before 22 May 2024 to complete Settlement of the acquisition.
- 2) Two (2) deferred cash payments (formerly three deferred payments under the Term Sheet):
 - i. A\$400,000 cash within 5 Business Days following the grant of a Mining Lease over any of the Ashford tenements; and
 - ii. 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 which has also been executed.
- 4) 11.1 million Clara Shares will be issued at nil cost today, subject to voluntary escrow for 6 months from the date of issue. The issue of these shares increases Savannah's holding in Clara from 14.5% to 19.5%.

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

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

As per the Term Sheet, Clara has subscribed for 9,375,000 Savannah shares and 4,687,500 free attaching options, 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 are subject to voluntary escrow for a period of 3 months.

Clara Resources CEO, Peter Westerhuis, said:

“This is a further significant step in a landmark transaction firming up the future of the Ashford coking coal project. With what we anticipate to be very strong project economics as demonstrated in the recently released Project Scoping Study, ownership of 100% of the project will allow Clara vastly more flexibility in dealing with financing, permitting and ongoing project management issues. The agreements with Savannah Goldfields will also allow Clara 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”.

Project Overview

Renison owns the Ashford coking coal project, located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW. Clara now owns 100% of Renison.. Whilst the project is subject to ongoing studies, it is anticipated a strongly marketable coal product will be mined with excellent opportunities around offtake agreements to assist in project development costs.

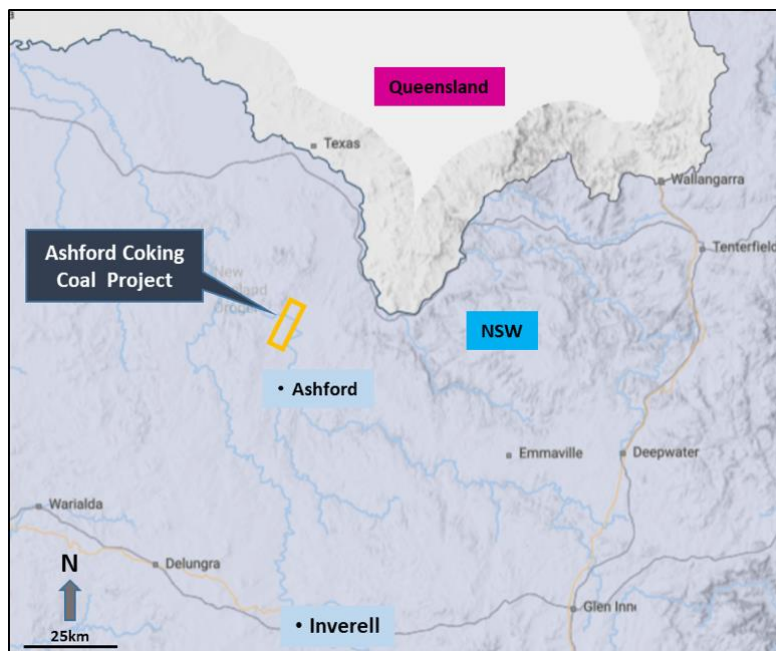


Figure 1: Project Location Plan

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

For further information, please contact:

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