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ASX Announcement

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ESTABLISHMENT OF DEBT FACILITY AND COMPLETION OF STAGED PAYMENT FOR ASHFORD COAL PROJECT

Highlights

- Clara establishes $1.1m debt facility to provide for ongoing obligations to purchase remaining 60% interest in the Ashford coal project and working capital;
- Senior management and non-executive Director Richard Willson supported the offer alongside professional and sophisticated investors;
- Partial proceeds from facility applied towards $750,000 payment to Savannah Goldfields as part of staged consideration for remaining 60% of Ashford coal project.

Clara Resources Limited ("C7A" or the "Company") is pleased to announce it has received commitments for a $1.1m debt facility ("Facility") to sophisticated and professional investors including Clara CEO Peter Westerhuis, CFO John Haley and Non-Executive Director Richard Willson.

This Facility was put in place to allow for payment obligations to Savannah Goldfields Ltd ("SVG") pursuant to the Letter of Variation with respect to Clara's purchase of the remaining 60% of the NSW based Ashford Coal Project as announced to the ASX on 22nd May 2024.

As part of this process, Clara has made a payment of AUD$750,000 to SVG to meet its obligations under this agreement. Over and above meeting payment obligations to SVG, this Facility allows for working capital for Clara.

This facility had the strong support of existing and new investors to Clara alongside the CEO, CFO and Director contributions. The issue was managed by Cerberus Advisory.

Clara expects to complete the purchase of the remaining 60% on or before 1 July 2024.

Commercial terms of the Facility are as follows:

Face Value	$1,100,000
Maturity	29 July 2024
Interest Payable	20% on face value with interest component payable either in cash or via issue of shares (subject to shareholder approvals if required)

About the Ashford Coking Coal Project

In March Clara released the Ashford coking coal project Scoping Study (refer ASX release 4/3/24), providing an early-stage assessment of the technical and commercial viability for development and operation of the Ashford Project. Open cut extraction supports total ROM production of 11.9Mt at an average strip ratio of 12.5. An additional 360Kt is planned for recovery using the auger mining method. Coal processing is undertaken through a conventional dense-medium coal preparation plant.

Noting the Study is based on a 14.7 Mt indicated and inferred resource, it shows a potentially strong economic, technically robust coking coal operation featuring:

- Modest capex estimate of Au$133m, of which Au$100m is pre-production.
- Estimated mine life of 12 years, averaging 1Mtpa ROM.
- Project NPV_{10} of Au$210m (pre-tax) and initial payback period < 12 months. An alternative 9-year mine plan, in which 58% of the inferred resource is removed from the production schedule (refer ASX release 2/4/24) maintains strong project economic performance.
- Strongly saleable product for supply into Asian coal markets.

The Study also describes factors demonstrating potential upside, specifically:

- **Exploration.** The study is confined to inferred and indicated resources located in EL6234. These will be converted to measured and indicated in the next study phase. Additional resource upside potentially also exists in 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, the Bonshaw seam 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 improve 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 the price has averaged US$290/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.

The company is now undertaking the next-stage pre-feasibility study which includes progressing the EIS to support bringing the project to a permitted stage. Clara also continues to gather support for a conditional financing package to support development.

Clara CEO, Peter Westerhuis, said, "*We were very pleased to have strong support from new investors and existing holders of Clara as we finalise our purchase of the balance of the Ashford coking coal project. With strong project economics and a clearly defined path to mining approvals, 100% ownership of Ashford will allow us to concurrently work with potential offtake and capital partners to deliver financing outcomes".*

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

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