

ASX Release 17 July 2024

Clara Completes Acquisition of Renison Coal

Highlights

- Clara completes acquisition of Renison Coal
- Clara now 100% owner of the Ashford Coking Coal Project

The board of Directors of Clara Resources Australia Limited (ASX: C7A) (“Clara” or “the Company”) is pleased to advise Completion of the Renison Coal Pty Ltd acquisition.

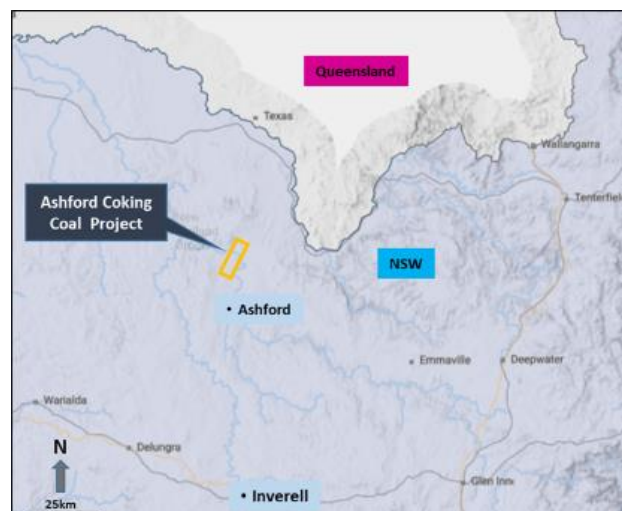
As advised on 4th April 2024 Clara received shareholder approval at the EGM on that day for the acquisition agreement terms with Savannah Goldfields Ltd (“Savannah” or “SVG”) to acquire their 60% holding in Renison. Clara now owns 100% of Renison and is the sole owner of the Ashford Coking Coal Project.

As advised to the ASX on 10th July 2024 Clara funded the acquisition by selling Clara’s holding in LSE-listed First Tin plc. The sale provided net proceeds of c. A\$4.3m.

Clara Resources CEO, Peter Westerhuis, said:

“This is a landmark transaction in firming up the future of the Ashford coking coal project. With what we anticipate to be very strong project economics, ownership of 100% of the project allows Clara vastly more flexibility in dealing with financing, permitting and ongoing project management issues. The outlook for coking coal remains strong and the quality of Ashford is well placed to benefit from the forecast robust market conditions”.

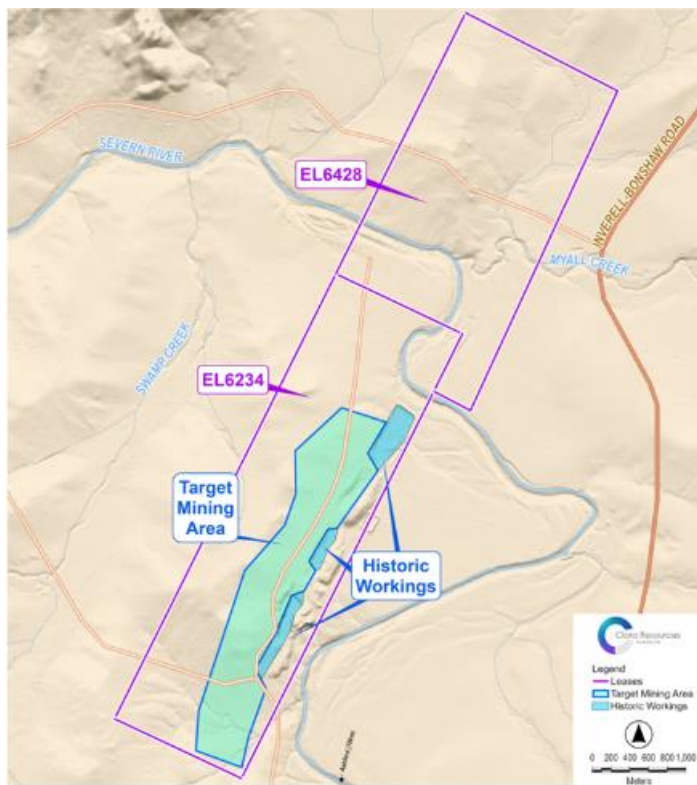
On 4th March 2024 Clara released the Scoping Study for the Ashford Coking Coal Project. This study provides an early-stage assessment of the technical and commercial viability for development and operation of the Ashford Coking Coal Project.



PROJECT GEOGRAPHIC LOCATION

The Project is located within exploration licence tenements EL6234 and EL6428 in the Northern Tablelands of NSW. The resource is situated in gently undulating topography adjacent the Severn River alluvial flats. Land use in the area is grazing and some crop farming.

The Ashford Deposit was mined by opencut methods between 1958 and 1985, providing raw coal to the adjacent Ashford Power Station. Mining ceased in the period coinciding with the permanent closure of the power station. Whilst Ashford run-of-mine raw coal was supplied to the power station its characteristics are those of coking coal. Distance from export facilities and lack of transport infrastructure limited development of the deposit for the export market.



TENEMENT PLAN

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

- i. The Australian Rail Track Corporation (ARTC) proceeding with the Inland Rail Project connecting Brisbane and Melbourne, providing an efficient rail connection 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.
- ii. Sustained uplift in the global traded coking coal price. Independent forecasts consistently predict increased global demand for steel, with implications for the coking coal price range that could make the sale of coking coal from Ashford economically viable.

The Scoping Study examined the viability of developing the Project as a coking coal mine and exporting product through the Port of Newcastle. The study identified 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 included:

- Qualified financial analysis and project metrics. The intended accuracy of financial modelling used in scoping studies is typically +/- 35 to 40%.

- Summary of major project risks and opportunities. Project risks include:
 - A slump in global demand for coking coal impacting the coal price, threatening the economics of the project;
 - Offtake agreements are not established so prevailing uncertainty in contracting buyers for Ashford products;
 - Inability to secure funding, including from resistance to funding of coal projects;
 - Uncertain approvals timeframe created by stakeholder objections and political activists;
 - Potential for variation in pit ROM tonnes, strip ratio, coal quality and plant yields based on limitations of scoping study stage geological model and treatment plant modelling.

These risks, and others identified in the scoping study, are typical of early-stage coal development projects. Advancing the project to the pre-feasibility and feasibility phases will progressively mitigate and quantify residual risks.

The Scoping Study included a number of forecast LOM financial metrics for the Project, summarized again here.

KEY FINANCIAL OUTCOMES	Unit	Value
Price inputs		
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
NPV, returns and key metrics		
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
Capital expenditure		
Pre-production capital expenditure	Au\$M	100.3
Additional & sustaining capital expenditure	Au\$M	33.3
Capital efficiency (NPV / PP capex)	x	2.1
Operating costs (LOM average)		
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
Project cashflow (ungeared)		
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

Refer also to the ASX announcements on 2 April 2024 which further clarify important assumptions about coal pricing and the ratio of inferred resources referenced in the scoping study.

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

For further information, please contact:

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