



22 April 2021

## ASX ANNOUNCEMENT

### Quarterly Report for Period Ended 31 March 2021

#### Highlights

- **Pittong operations first quarter under Suvo's ownership generated EBITDA of \$723,000**
- **First quarter production of 5,920t of refined kaolin products with sales of 6,458t**
- **Cash on hand of \$5.8M at 31 March 2021**
- **Increased White Cloud kaolin resource by 84% to 72.5Mt of bright white kaolinised granite (26.9Mt Indicated & 45.6Mt Inferred)**
- **Completion of resource definition and step-out drilling at the Pittong and Trawalla mines**
- **Entered into agency and distribution agreements with Imerys for products mined, produced and exported by the Pittong operations**
- **First indicative offtake terms signed for the 100% owned White Cloud kaolin project**
- **Signed non-binding MOU with LIXIL ASTJ, one of the world's largest producers of ceramic and sanitaryware products**
- **R&D activities commenced on HPA applications**
- **Two key executive appointments made**

Australian kaolin producer and silica sand exploration company, **Suvo Strategic Minerals Limited** ('Suvo or the Company'), is pleased to provide a summary of activities for the quarter ended 31 March 2021.

#### SUVO STRATEGIC MINERALS LIMITED

ABN: 97 140 316 463

#### CORPORATE DETAILS:

ASX: SUV

#### DIRECTORS:

**Robert Martin**

*Executive Chairman*

**Len Troncone**

*Executive Director, COO/CFO*

**Aaron Banks**

*Executive Director*

**Dr Ian Wilson**

*Non-Executive Director*

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## Production Activities

On 1 January 2021, Suvo gained 100% control over Australia's only hydrous kaolin mining and processing operation based in Pittong, 40km east of Ballarat in Victoria.

During the first quarter in Suvo's ownership, the Pittong kaolin operations produced 5,920t of refined kaolin products. Sales for the quarter totalled 6,458t generating an EBITDA of \$723,000. These are exceptional results and signifies a return of demand for refined kaolin products manufactured at Pittong to pre-COVID levels.

During the quarter, Imerys and Suvo entered into agency and distribution agreements for products mined, produced and exported by Suvo's hydrous kaolin operations.

Pending the completion of the audit of the financial statements for the acquired consolidated entities for the year ended 31 December 2020, Suvo will be required to pay an adjustment amount of \$975,000 to Imerys. The total consideration payable by Suvo is summarised in the following table:

	<u>A\$000</u>
Initial consideration paid on 31 December 2020 on a cash-free/debt free basis	2,000
Completion adjustment consideration	975
Cash and cash equivalents at date of acquisition	(1,192)
<b>Total cash consideration payable by Suvo</b>	<b>\$1,783</b>

It is anticipated that payment of the completion adjustment amount will be made by the end of April.



Arial photo of the Pittong processing plant

## Exploration & Evaluation Activities

On 31 March 2021, Suvo announced that it had signed a Memorandum Of Understanding (**MOU**) with LIXL AS Sanitary Manufacturing (Tianjin) Co. Ltd., one of the world's largest producers of sanitaryware and ceramics products. The MOU contemplates joint research to develop high quality refined kaolin products specifically for LIXIL and, if successful, to enter into an offtake agreement to buy White Cloud and Pittong manufactured kaolin products. The MOU is non-binding and non-exclusive, and investors are cautioned that there is no guarantee that the parties will conclude a formal agreement.

On 9 March 2021 Suvo announced that its wholly-owned subsidiary, Mt Marshall Kaolin Pty Ltd (**Mt Marshall**) had entered into a non-binding term sheet to negotiate an offtake agreement C.M.M. Toye Industrial Mineral Consultants (**C.M.M.**) whereby, subject to the entering into a binding offtake agreement, it is envisaged that Mt Marshall will be required to supply C.M.M. a minimum of 10,000tpa of high-quality kaolin product at A\$850/t.

In February, and again in March, the 100% owned White Cloud kaolin project's resources were increased. On 10 February 2021, the Company announced an increase to 39.5Mt of bright white kaolinised granite containing 16.4Mt of kaolin yielded at <45µm at an ISO Brightness of 80.7%. On 25 March 2021 the resource was further increased to 72.5Mt (Indicated 26.9Mt, 45.6Mt Inferred) of bright white kaolinsed granite containing 29.9Mt of kaolin yielded at <45µm at an ISO Brightness of 80.5%. Below is a summary of tabulated results from the February 2021 and current March 2021 Mineral Resource Estimates for comparison.

March 2021					February 2021				
Category	White Kaolinised Granite (Mt)	ISO Brightness % (457nm)	Yield <45µm %	Kaolin (Mt)	Category	White Kaolinised Granite (Mt)	ISO Brightness % (457nm)	Yield <45µm %	Kaolin (Mt)
Indicated	26.9	80.4	41.3	11.1	Indicated	26.7	80.9	41.4	11.1
Inferred	45.6	80.6	41.1	18.8	Inferred	12.8	80.4	42.1	5.4
<b>TOTAL</b>	<b>72.5</b>	<b>80.5</b>	<b>41.2</b>	<b>29.9</b>	<b>TOTAL</b>	<b>39.5</b>	<b>80.7</b>	<b>41.6</b>	<b>16.4</b>

%Difference	84%	0%	-1%	82%
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White Cloud resource comparison February 2021 vs March 2021 and percentage difference

In February 2021, drilling commenced at the Pittong and Trawalla mines in order to convert PERC Reserves and Resources estimates to JORC 2012 compliant estimates. Some of the drill holes were made to expand the known kaolin resource. Drill samples have been compiled and are awaiting laboratory test results. These results will be interpreted by CSA Global who will then prepare a JORC compliant resource and reserves estimate for the Pittong and Trawalla mines.

In March 2021, Suvo announced that its 100% owned Nova Silica Sands project produced high grade silica sand suitable for glass manufacture and foundry applications. Further testing is being undertaken to determine if silica flour, a high value product, can also be produced.

During the quarter, Suvo commenced research and development activities on high purity alumina (**HPA**), battery minerals and other high technology applications through its subsidiary, Suvo Minerals Technology Pty Ltd.

Further details in respect to the JORC 2012 Mineral Resources and the exploration results underpinning it, are set out in the Company's announcement "Suvo increases White Cloud kaolin resource by 84% to 72.5Mt of bright white kaolinised granite" (released on the ASX market announcement platform on 25 March 2021). Suvo confirms it is not aware of any new information or data that materially affects the exploration results set out in the announcement dated 25 March 2021 and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

### Executive Appointments

In January 2021, Suvo announced the appointment of two key executives:

- (a) Len Troncone, a director of the Company, was appointed Chief Financial Officer & Chief Operating Officer. Len is a qualified accountant and has over 40 years' experience in senior finance and operational roles gained in the oil and gas and mining industries with significant involvement in Initial Public Offerings, capital raising and funding major acquisitions and projects; and
- (b) Eileen Hao was appointed General Manager – Global Sales Marketing & Business Development. Eileen is a chemist, geologist and materials engineer with extensive experience working with end-users throughout Asia Pacific, the Americas and Europe having worked with the largest supplier of industrial minerals globally. Eileen has also taken the role of Chief Technical Officer and is leading the research and development activities being undertaken by the Company.

### Cash Position

The Company's cash position as at 31 March 2021 was \$5.8M.

Business activities during the quarter consisted of those described in the preceding paragraphs as well as normal administrative matters consistent with those described in the Company's prospectus dated 25 June 2020.

### Disclosure Requirements

Pursuant to the disclosure requirements relating to item 6.1 of Appendix 5B released concurrently to this quarterly activities report, the Company advises the following regarding payments to related parties that totalled \$202,000 for the quarter:

Payment to directors for acting as directors of the Company	\$198,000
Payment to a related entity of Robert Martin, the Company's Executive Chairman, for reimbursement of office related expenses at cost	\$4,000

Pursuant to Listing Rule 5.3.4, a comparison of the Company's actual expenditure to 31 March 2021 against the planned expenditure disclosed in the use of funds statement contained in the

Company's prospectus dated 25 June 2020 released to the Company's market announcement platform as a pre-quotation disclosure on 5 August 2020, is shown in the following table.

Funds available	Notes	Use of funds statement (\$000s)	Actual (\$000s)	Variance (\$000s)
Existing cash reserves	1	922	349	(573)
Funds raised from public offer		5,000	5,000	-
<b>Total</b>		<b>5,922</b>	<b>5,349</b>	<b>(573)</b>
Allocation of funds			Actual expenditure to 31-Mar-21 (\$000s)	Variance (\$000s)
Exploration of Eneabba sands project	2	1,172	172	(1,000)
Exploration of Mt Marshall kaolin project	2	1,298	547	(751)
Development of Eneabba sands project	2	963	0	(963)
Development of Mt Marshall kaolin project	2	667	50	(617)
Working capital and administration costs	2	1,261	1,098	(163)
Expenses of the public offer	3	561	437	(124)
<b>Total</b>		<b>5,922</b>	<b>2,304</b>	<b>(3,618)</b>

Notes to the major variances are as follows:

1. The audited opening cash balance of the Company at 1 July 2020 pre-readmission to the ASX was less than the balance used in the prospectus which was based on an audit reviewed balance as at 31 December 2019.
2. The Company settled the transactions contemplated in the prospectus on 30 July 2020. The actual use of funds to 31 March 2021 represents the expenditure incurred since readmission whereas the use of funds statement covered a period spanning 2 years.
3. Some expenses of the public offer were incurred in the previous financial year pre-readmission.

The Company remains on track to meet its stated business objectives.

The release of this announcement has been approved by the Board of Directors.

The Company confirms it is not aware of any new information or data that materially affects the exploration results set out in the in the original announcements referenced in this announcement and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

<ENDS>



## ASX ANNOUNCEMENT



### Contacts:

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Executive Chairman

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**Len Troncone**

Executive Director, COO/CFO

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### Company Profile:

Suvo Strategic Minerals Limited is an Australian hydrous kaolin producer and exploration company listed on the Australian Securities Exchange (ASX:SUV) focused on the production and redevelopment of their 100% owned Pittong hydrous kaolin operations located 40km west of the township of Ballarat in Victoria, their 100% owned White Cloud Kaolin Project located in Gabbin in the Central Wheat Belt and their 100% owned Nova Silica Sands Project located in the Gin Gin Scarp near the township of Eneabba, both situated in Western Australia.