



30 July 2021

ASX ANNOUNCEMENT

Quarterly Report for Period Ended 30 June 2021

Highlights

- Suvo's Pittong Operations generated EBITDA of \$778,000 for the June quarter following on from the March quarter results of \$723,000
- Production increased 10% for the quarter to 6,544t of refined kaolin products with sales of 6,522t
- Significant plant upgrade evaluation completed during the quarter, decision to proceed expected next quarter
- Pittong sales pipeline is strong well into CY2022
- White Cloud Kaolin Scoping Study released showing strong project economics with initial pre-tax NPV of A\$705M, IRR of 113%, LOM revenue of A\$3.6B and LOM EBITDA of A\$2.3B
- Final Sighter Testwork from Nova confirmed that 17.8% of the silica product reports to the high-value silica flour size range
- Nova Silica Sand, Pittong and Trawalla Maiden JORC resource estimates due in the first quarter FY2022
- HPA testing on White Cloud ore nearing completion
- Cash on hand of \$4.985M at 30 June 2021

**SUVO STRATEGIC
MINERALS LIMITED**

ABN: 97 140 316 463

CORPORATE DETAILS:

ASX: SUV

DIRECTORS:

Robert Martin
Executive Chairman

Aaron Banks
Executive Director

Dr Ian Wilson
Non-Executive Director

CONTACT DETAILS:

Level 9
182 St Georges Terrace
Perth, Western Australia
6000

P +61 (8) 9389 4495

E info@suvo.com.au

W www.suvo.com.au

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 30 June 2021.

Production Activities

Suvo's Pittong hydrous kaolin operations recorded a 10% increase in production for the June quarter with 6,544t of refined kaolin products produced, up from 5,920t produced in the March quarter.

The sales pipeline remains strong well into CY2022, with a noticeable increase in sales enquiries for the quarter.

Due to the increased demand and significant sales potential for the Pittong operations, a decision to materially upgrade the plant will be finalised in the first quarter of FY2022.

Metallurgical test work is currently being undertaken at Pittong on sizable waste stockpiles. The waste stream from the Pittong operations comprises of silica sand that contains a kaolin component. Consultants have been commissioned to design a small standalone plant that would remove the kaolin from the sand allowing this to be fed back into the main process plant while also creating a saleable silica sand product that could be sold directly into the local glass markets.



Picture 1: Pittong product ready for dispatch



Picture 2: Aerial photo of the Pittong processing plant

Exploration & Evaluation Activities

On 14 April 2021, Suvo announced the commencement of a metallurgical drilling program at its White Cloud project. The metallurgical sample derived from the program was to be used for ongoing product development with LIXIL AS Sanitary Manufacturing (Tianjin) Co, Ltd. The remaining sample was designated for further customer acceptance and ongoing metallurgical test work programs. HPA test work is also ongoing on White Cloud ore. Additionally, environmental baseline studies were continued during the period, with on ground studies planned for the later part of this year.

Later in April, Suvo was granted its 4th and final Nova Silica Sand project licence. The grant of E70/5324 has created contiguous tenure of 169km² over the highly prospective silica area. Concurrently a small phase two drill program was announced that would twin existing historical drill holes completed by RGC Exploration Pty Ltd ("RGC") in the 1990s. The drilling was designed to allow the inclusion of the RGC data into future JORC compliant resource estimates.

The final sighter test work from Nova was reported on 20 May 2021. The initial 22 composite samples confirmed that 17.8% of the silica product reports to the silica flour size range (>75µm - 150µm). The silica flour market is highly specialised, and pricing can reach US\$140 – 150 per DMT. Uses include well head cement additives, grouting compounds, concrete fines and refractory mixes. It was also reported that the drilling at Nova was completed.

On 27 May 2021, Suvo announced its inaugural Scoping Study for the White Cloud Kaolin Project.

The White Cloud Kaolin Project Scoping Study was released on 27 May 2021 and titled “Suvo delivers a robust Scoping Study demonstrating the potential to develop a multi decade mine at their 100% owned White Cloud Kaolin Project”. The Company confirms that the material assumptions underpinning the production target and forecast financial information in the initial public announcement continue to apply. The production target is based solely on indicated resources and a breakdown of the Company's resource is set out at the end of this announcement.

The Study clearly identified the strong project economics, which shows an initial pre-tax NPV of A\$705M, an IRR of 113% with Life of Mine (LOM) revenue of A\$3.6B and LOM EBITDA of A\$2.34B.

The Study showed significant social benefits with the employment of 80-90 people full-time during operations and 250 during construction. The plant would be a hydrous (wet) processing plant with a capacity of 500,000tpa, which would produce 200,000tpa of high-quality kaolin products to be exported via the Fremantle bulk container port to high-quality paper coating, paint, pharmaceutical, catalysts and ceramics markets.

Primero Group assisted in the completion of the Study by compiling capital and operating costs for the processing plant (Class 5 level, +/- 50% accuracy).

Mining was envisaged to consist of shallow open pit excavation at White Cloud in an area under a land access and compensation agreement. The Resource at White Cloud is 72.5Mt, 26.9Mt classified as Indicated and 45.6Mt Inferred. The Scoping Study only utilised around 50% of the Indicated Resource and none of the Inferred.

At an ex-works selling price of A\$720/tonne (using a USD exchange rate of 0.76), total LOM revenues of A\$3,600M are estimated to be generated, total AISC averages of A\$256/tonne were used.

Capital expenditure has been estimated at A\$68M. It has been assumed that the project will be funded 50% via equity and 50% by project finance. Start-up working capital is estimated at A\$18M.

Executive Movements

On 23 June 2021, Suvo announced Len Troncone, a director of the Company, ceased employment as Chief Financial & Operating Officer, effective 22 June 2021. Subsequently Mr Troncone resigned from the Board of Directors on 29 July 2021. Following Mr Troncone's resignation, Suvo does not intend to take any further action in respect of the Notice received from Dr Ian Wilson seeking the removal of Mr Troncone, as announced on 23 July 2021.

Cash Position

The Company's cash position as at 30 June 2021, was \$4.985M.

Material Events Subsequent to the Quarter End

The Company is pleased to welcome Bojan Bogunovic as the Company's new Group Financial Controller, effective 26 July 2021. Mr Bogunovic has worked with several major businesses across the mining, exploration, construction and agricultural sectors. Having spent five years in public practice

with RSM Australia based in Perth, with a secondment to London and a further three years of commercial experience, Mr Bogunovic has a comprehensive understanding of commercial accounting, audit functions and corporate finance.

Mr Jeremy Whybrow has been promoted to General Manager of Mining & Exploration, Jeremy has over 25 years experience in the mining industry both domestically and internationally. Jeremy holds a B.Sc. (Mineral Exploration and Mining Geology), G.Dip (Mineral Economics) and MAusIMM.

Jeremy has extensive experience in the operational environment with significant exposure to exploration and mining operations, project evaluation and feasibility studies. As a founding Director of Greenland Minerals and Energy Ltd, he devised and executed exploration programs that led to the development of the largest rare earth resource globally by international reporting standards.

In the domestic mining industry, Jeremy worked with Sons of Gwalia Ltd, PacMin Mining Corporation Ltd and Teck Australia Pty Ltd amongst others where he managed the geological operations while also being called upon to act as alternate Resident Manager and Mines Rescue Sargent.

These skills are directly transferable and will be invaluable in driving forward our Pittong operations and the White Knight Kaolin and Nova Silica Sands Resource programs.

Jeremy's promotion was announced to the market on 13 July 2021.

Chris Achurch was appointed as Company Secretary of the Company, as announced to the market on 20 July 2021.

Disclosure Requirements

As required by ASX Listing Rule 4.7C3, the Company notes that \$0.34 million was paid to related parties during the quarter (as noted in section 6 of the attached Appendix 5B). These payments to Directors comprised of salaries and wages including superannuation, directors fees and termination payments.

Pursuant to Listing Rule 5.3.3, the Company holds the following tenements at the end of the quarter:

Tenement	Project	Ownership	Change During Quarter
E70/5039	White Knight Kaolin (held by Mt Marshall Kaolin Pty Ltd)	100%	
E70/5332		100%	
E70/5333		100%	
E70/5334		100%	
E70/5517		100%	
E70/5324	Nova Silica Sands (held by Watershed Enterprise Solutions Pty Ltd)	100%	Granted 6 April 2021
E70/5001		100%	
E70/5322		100%	
E70/5323		100%	
M5408	Pittong (held by Kaolin Australia Pty Ltd)	100%	
M5409		100%	
M5365		100%	

Note:

E = Exploration Licence (granted)

ELA = Exploration Licence (application)

M = Mining Lease (granted)

L = Miscellaneous Licence (granted)

Pursuant to Listing Rule 5.3.4, a comparison of the Company's actual expenditure to 30 June 2021, against the planned expenditure disclosed in the use of funds statement contained in the Company's prospectus dated 5 August 2020, is shown in the following table.

	Prospectus (\$000s)	Actual (\$000s)	Variance (\$000s)
Existing cash reserves	922	922	-
Funds raised from public offer	5,000	5,000	-
Total Sources	5,922	5,922	-
Exploration of Eneabba sands project	1,172	256	(916)
Exploration of Mt Marshall kaolin project	1,298	641	(657)
Development of Eneabba sands project	963	0	(963)
Development of Mt Marshall kaolin project	667	50	(617)
Working capital and administration costs	1,261	1,779	518
Expenses of the public offer	561	437	(124)
Total Uses	5,922	3,163	(2,759)

Notes:

1. The above table shows the intended use of funds in the two-year period following the Company's successful re-admission to the ASX on 6 August 2020, compared to actual expenditure from re-admission up to 30 June 2021.
2. The actual expenditure incurred to 30 June 2021, includes only exploration and development costs related to the Eneabba sands and Mt Marshall kaolin projects, including any working capital, administration and offer costs, consistent with those included and tabulated in the Company's use of funds within the Company's Prospectus dated 5 August 2020. Correspondingly, any costs related to the Pittong hydrous kaolin mining operations have been excluded from the total uses in the table above as the Pittong acquisition was subsequent to the aforementioned prospectus, and therefore should be excluded for the purposes of compliance with Listing Rule 5.3.4.
3. The Company does not allocate administration costs between its various exploration and operating entities. Correspondingly, administration costs incurred as shown in the table include costs incurred for the Pittong hydrous kaolin mining operations. This has resulted in an increase in actual against budget (Prospectus) in this category.

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

<ENDS>

Contacts:**Robert Martin**

Executive Chairman

E: robert.martin@suvo.com.au**Aaron Banks**

Executive Director

E: aaron.banks@suvo.com.au**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.

Forward looking statements

Information included in this release constitutes forward-looking statements. Often, but not always, forward looking statements can generally be identified by the use of forward looking words such as “may”, “will”, “expect”, “intend”, “plan”, “estimate”, “anticipate”, “continue”, and “guidance”, or other similar words and may include, without limitation, statements regarding plans, strategies and objectives of management, anticipated production or construction commencement dates and expected costs or production outputs.

Forward looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance and achievements to differ materially from any future results, performance or achievements. Relevant factors may include, but are not limited to, changes in commodity prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development, including the risks of obtaining necessary licences and permits and diminishing quantities or grades of reserves, political and social risks, changes to the regulatory framework within which the Company operates or may in the future operate, environmental conditions including extreme weather conditions, recruitment and retention of personnel, industrial relations issues and litigation.

Forward looking statements are based on the Company and its management’s good faith assumptions relating to the financial, market, regulatory and other relevant environments that will exist and affect the Company’s business and operations in the future. The Company does not give any assurance that the assumptions on which forward looking statements are based will prove to be correct, or that the Company’s business or operations will not be affected in any material manner by these or other factors not foreseen or foreseeable by the Company or management or beyond the Company’s control.

Although the Company attempts and has attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in forward looking statements, there may be other factors that could cause actual results, performance, achievements or events not to be as anticipated, estimated or intended, and many events are beyond the reasonable control of the Company. Accordingly, readers are cautioned not to place undue reliance on forward looking statements. Forward looking statements in these materials speak only at the date of issue. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information the Company does not undertake any obligation to publicly update or revise any of the forward-looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Scoping Study: The White Cloud Kaolin Project Scoping Study (the “Study” or the “Project”) referred to in this ASX announcement was first announced on 27 May 2021, is conceptual in nature and has been undertaken to assess the potential for the development of the Project. The Study is based on the Mineral Resources set out below. The Study is preliminary in nature and, although based entirely on Indicated Mineral Resources, the overall deposit includes Inferred Mineral Resources that are considered too speculative geologically to have the economic considerations applied that would enable them to be categorised as Ore Reserves. Mineral Resources are not Ore Reserves and do not have demonstrated economic viability. The Study includes a preliminary economic analysis based on a number of possible production targets (“Production Target”) and assumptions on Modifying Factors and evaluation of other relevant factors estimated by a Competent Person to be at the level of a Scoping Study. The Study outcomes, Production Target and forecast financial

30 July 2021

ASX ANNOUNCEMENT



information are based on information that is considered to be at a Scoping Study level. The information applied in the Study is insufficient to support the estimation of Ore Reserves. While each of the Modifying Factors was considered and applied to a level that is considered to be appropriate for a Scoping Study, there is no certainty of eventual conversion to Ore Reserves or that the Production Target will be realised. Further exploration and evaluation studies are required before the Company will be in a position to estimate any Ore Reserves or provide any assurance of an economic development case.

	White Kaolinised granite (Mt)	ISO Brightness (%)	Yield (%)	Kaolin (Mt)
Indicated	26.9	80.4	41.3	11.1
Inferred	45.6	80.6	41.1	18.8
Total	72.5	80.5	41.2	29.9

Mineral Resource estimate (<45 microns)

The Mineral Resource was first released on 25 March 2021. The Company confirms that it is not aware of any new information or data which materially affects the mineral resource and that the material assumptions underpinning the mineral resource continue to apply.