



20 January 2022

ASX ANNOUNCEMENT

Proposed Acquisition White Hill High Grade Silica Sand Project

- **Proposed tenement purchase for 100% of exploration license application E70/4981, located in the Muchea region of Western Australia**
- **Highly prospective for high purity silica sand**
- **Located 50km North of Perth, comprising 16 blocks and ~4,700 Hectares (47km²)**
- **White Hill provides Suvo the potential to explore for high quality silica sand, targeting different end user markets to the Company's existing portfolio of assets**
- **E70/4981 shares the western boundary of VRX Silica' (ASX: VRX) Muchea silica sand project**
- **Strategically located next to the Brand Highway, with existing rail cart logistics in place and direct access to Kwinana bulk terminal**

**SUVO STRATEGIC
MINERALS LIMITED**

ABN: 97 140 316 463

CORPORATE DETAILS:

ASX: SUV

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Suvo Strategic Minerals Limited ('Suvo or the Company') is pleased to announce the proposed acquisition of mining tenement E70/4981, a highly prospective silica sand project near Muchea, north of Perth, Western Australia (the 'White Hill Silica Sand Project') subject to the necessary approvals, including shareholder approval. The White Hill Silica Sand Project is strategically located adjacent to Brand Highway with rail connections to the Kwinana port facility for bulk handling. The Company has undertaken a desk top due diligence review which indicates the potential prospectivity of the Project. The Project adjoins VRX Silica's (ASX:VRX) Muchea Silica Sand Projects western boundary and is a continuation of the aeolian dune systems located within the VRX project.

Commenting on the proposed acquisition the White Hill, high grade silica sand project, Suvo's Executive Chairman, Robert Martin said "to secure such a large tenement of land that is prospective for high quality silica sand for such a minimal upfront outlay is a significant outcome for our shareholders and strengthens our already impressive silica sand assets. Our neighbours to the East have reported significant high quality grades over large volumes and we believe that the dune system that is producing this continues through this tenement. We are excited to progress this project and to test its potential to provide material suitable to meet the stringent requirements for high end materials including inputs for specialty glass for solar panels and mobile phone, as well as high-capacity lithium-ion (Li-ion or LIB) rechargeable batteries.



Figure 1: Tenement maps

About the project

The White Hill Silica Sand Project comprises pending exploration licence E70/4981 (**Tenement Application**), located in the Muchea area, (Yeal nature reserve) 50km north of Perth, Western Australia (Figure 2), and is highly prospective for high-quality silica sand. It spans an area of ~47km².

The targeted Silica sand deposits lie in the Bassendean sand table. These are wind-blown dune systems that have been created over tens of thousands of years. The dunes sit above the natural surface of the ground with heights of up to 20m - 40m sitting well above the water table. Historical exploration within the tenement area is limited, though the adjoining Muchea Silica Sand tenement (ASX: VRX) has produced some ultra-high grade results where extensive drilling and testing has taken place producing grades of up to 99.93% SiO₂ and 40ppm Fe₂O₃ in the ground, these being some of the highest known naturally occurring grades in the world. (VRX:ASX Announcement 5 April 2018)



Figure 2: Project location and transport routes



Figure 3: Aerial photo of the tenement



Figure 4: Aerial photo of tenement outlining tracks



Figure 5: Tenement tracks

The Tenement Application overlaps a nature reserve and may become subject to future tenement conditions in respect to the reserve. This has the potential to require additional approvals and/or consents to be obtained prior to commencing any activities on the Tenement.

Overview of the Silica Sands Market

Silica sand deposits are widespread within a variety of sedimentary environments, particularly in coastal areas. Prime uses for silica sand includes the manufacture of glass, foundry material, solar panels, ceramics, chemical, paint and coatings. These industries in the Asia Pacific area are growing at a rapid rate, especially in developing economies as a result of infrastructure developments.

The Asia Pacific Silica Sand Market was valued at USD ~5.3 Billion in 2019 and is projected to reach USD 8.3 Billion by 2027. Demand for silica sand is growing rapidly in accordance with the growth of the glass materials industry. Rising demand for glass containers in the Asia Pacific is driving glass production which is fuelling demand for silica sand. Further, demand from construction, foundry, chemical production and other industries continues to increase year on year. ¹

Several industries such as glass and construction are dependent on silica sand. The growth of these industries has recently been hampered as a result of the difficulties caused by COVID 19 which has limited transportation and production across the globe. As a result, governments have been active in trying to increase the production of commodities and get their revenue generation back on track. This is forecast to continue to provide growth to the silica sand market. ¹

Companies involved in the development of silica sand continue to focus on finding new applications for silica sand based products. Silica sand is currently being used in solar panel production and specialty glass for electronic components. These are examples of newfound applications and are expected to continue to aid the expansion of the silica sand market. ¹

Market Trends

In terms of applications, the traditional silica sand market is predominantly classified as glass manufacturing, foundry, hydraulic fracturing, construction, chemical production, or other. The glass manufacturing segment holds a dominant share of the silica sand market. ¹

The consistently growing glass manufacturing industry in India and China continues to drive the demand for silica sand in the Asia Pacific. Moreover, silica sand finds applications in construction and foundries that are booming sectors across the Asia Pacific. The consumption of silica sand is expected to remain high across the glass manufacturing industry, as it is a significant end user for silica sand. Silica sand is used as a raw material for products such as flat glass, containers, fiberglass, and specialty glass. There is an increasing inclination towards using glass containers, bottles, and other products for food beverage packaging which is boosting glass production across the Asia Pacific. ¹

The Glass Manufacturing segment was valued at USD ~1.6 Billion in 2017 and is anticipated to reach USD 3 Billion by the end of year 2027. ¹

1. Up Market Research – Asia Pacific Silica Sand Market Analysis & Forecast, 2017 – 2027 - September 2020. Leading distributor of market research reports

Key Terms of the Acquisition

In consideration for the Tenement Application, subject to the satisfaction of the conditions precedent, the Company intends to issue or grant (as the case may be) the following consideration to the Vendor:

- a) Completion consideration: 333,334 Unquoted Options to acquire one (1) fully paid share ordinary share in the capital of SUV (**Shares**) at the exercise price of \$0.15 per Share on or before 3 years from the date of issue;
- b) Royalty: 4% of the proceeds of gross sales from Product derived from the Tenement Application;
- c) Deferred Consideration Shares: Subject to shareholder approval and the following development milestones having first been satisfied, issue to the Vendor up to \$1,550,000 Shares (**Deferred Consideration Shares**), in the following tranches:
 - i. Grant of Mining License: Upon the grant of a mining license over any area the subject of the Exploration License. The number of Shares calculated by dividing \$1,150,000 by the greater of:
 - the 5 Day VWAP; and
 - \$0.15
 - ii. Grant of Mining Permit: Upon the grant of all necessary mining permits over any area the subject of the Tenement Application required to commence production on a tenement (including environmental permits, water licenses, project management plans and mine closure plans), the number of Shares calculated by dividing \$400,000 by the greater of:
 - the 5 Day VWAP; and
 - \$0.15

The Deferred Consideration Shares must be issued within 5 years of the date of the relevant shareholder approval (if any), or the rights to the Deferred Consideration Shares will lapse.

Conditions Precedent

Completion of the proposed acquisition is subject to and conditional upon the Company obtaining all necessary regulatory approvals, obtaining shareholder approval pursuant to Listing Rule 10.1, obtaining a waiver of Listing Rule 10.13.5 from ASX in relation to the issue of Deferred Consideration, and agreeing the terms of the royalty deed. The Company has not yet approached the ASX for a waiver.

The vendor of the White Hill Silica Sand Project is Mr Aaron Banks (**Vendor**), a director of the Company. The Company's notice of meeting seeking approval for the sale and acquisition of the Tenement Application will include an independent expert's report opining on the fairness and reasonableness of the proposed acquisition for non-interested shareholders of the Company.

Cautionary Statement

Suvo Strategic Minerals is optimistic about concluding this transaction, however as at the date of this announcement there cannot be any assurance that the conditions precedent with

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respect to the transaction will be completed to the satisfaction of each party. Accordingly, investors are cautioned against making investment decisions based on this announcement.

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

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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). Suvo is focused on production at, and redevelopment of, their 100% owned Pittong hydrous kaolin operation located 40km west of Ballarat in Victoria. Suvo's exploration focus is on their 100% owned White Cloud Kaolin Project located adjacent to Gabbin in the Central Wheat Belt, and the 100% owned Nova Silica Sands Project located in the Gin Gin Scarp near Eneabba, both situated in Western Australia.

Pittong Operations

The 100% owned Pittong Operations, located in Victoria 40km west of Ballarat, is the sole wet kaolin mine and processing plant in Australia and has been in operation since 1972. Pittong comprises the Pittong, Trawalla and Lal Lal deposits located on approved Mining Licences MIN5408, MIN5365 and MIN5409 respectively.

At Pittong mining contractors deliver crude kaolin ore to stockpiles from the two currently operating mines, Pittong and Lal Lal. The plant takes its feedstock from the ROM and it is processed into four separate products for end users. These products are 10% moisture lump, high solids slurry, 1% moisture powder and 1% moisture pulverised powder. The solids slurry is used in paper and board manufacturing. The other products are used in paper, coatings, paint and specialist industries including rubber and pharmaceutical applications. Around 20-25kt per annum is supplied to various end users.

Current Reserves and Resources at Pittong are reported to PERC code and are in the process of being upgraded to JORC 2012 compliance.

The White Cloud Kaolin Project

The 100% owned White Cloud Project is located 215km northeast of Perth, Western Australia. The project area comprises four granted exploration licences (E70/5039, E70/5332, E70/5333, E70/5517) for 413km², centred around the town and rail siding of Gabbin.

The generally flat area is primarily cleared farming land devoid of native bushland and is currently used for broad-acre cereal cropping. A mining access agreement is in place over the current resource area with the landowner and occupier.

The main rock types at White Cloud are primarily Archaean granite, gneiss, and migmatite. These rocks are overlain and obscured by Tertiary sand and Quaternary sheetwash. The weathering profile is very deep and contains thick kaolin horizons capped by mottled clays or laterite zones.

Nova Silica Sands Project

The 100% owned Nova Silica Sands Project is located 300km north of Perth, Western Australia. The project comprises four granted exploration licences (E70/5001, E70/5322, E70/5323, E70/5324) for 169km².

The project is located on the Eneabba Plain whose sandy cover is very flat to gently undulating. Outcrop is rare due to the accumulations of windblown and alluvial sand at surface. Below this is a thin hard silcrete or lateritic claypan which overlies deep white and yellow sands.

No New Information

Except where explicitly stated, this announcement contains references to prior exploration results and Mineral Resource estimates, all of which have been cross-referenced to previous market announcements made by the Company. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the results and/or estimates in the relevant market announcement continue to apply and have not materially changed.

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.