



25 January 2022

ASX ANNOUNCEMENT

SUVO

STRATEGIC MINERALS

Quarterly Report for the Period Ended 31 December 2021

Highlights

- Cash at bank of A\$4.54m at 31 December 2021
- Suvo's Pittong Operations generated unaudited EBITDA of \$442k for the December quarter. Total unaudited EBITDA of \$2.77m generated in first year of operations
- Positive operating cashflows generated of A\$230k with receipts from customers totalling A\$3.58m for the quarter
- Production for the quarter totalled 7,219t of refined kaolin products with sales of 6,355t
- Nova Maiden Resources Estimate completed. 216Mt Inferred Mineral Resource comprising silica glass sand (132 Mt), silica flour (60Mt) and coarse silica sand (24Mt)
- Nova Extension & Infill Drilling Campaign completed with results expected Q1 2022
- Test work on Trawalla refined clay continues to show significant concentration of halloysite up to 32.4%
- Maiden Mineral Resource estimate for Pittong nearing completion
Subsequent to the Quarter end:
- Major Supply Agreement extended for a further 3 years covering up to and above 25,500 tonnes of high-quality paper grade kaolin
- Environmental, Social and Governance (ESG) framework adopted
- Proposed tenement purchase for 100% of exploration license application E70/4981, located in the Muchea region of Western Australia

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 11
40 The Esplanade
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 31 December 2021.

Production Activities

Suvo's Pittong hydrous kaolin operations produced 7,219t of refined kaolin products for the December quarter. Operating cashflows of A\$230k were generated with revenue receipts totalling A\$3.58m.

This marks the third consecutive quarter where the Company has generated positive operating cashflows and demonstrated growth in production of its refined kaolin products. Suvo's Pittong hydrous kaolin operations generated total unaudited EBITDA of \$2.77m in the 2021 calendar year, being the first year of operations since acquisition. These are exceptional results for a Company still in the early stages of its life cycle and signifies a return of demand for refined kaolin products manufactured at Pittong.

Exploration & Evaluation Activities

On 12 October 2021, Suvo announced that the Inferred Mineral Resource estimate was completed at its Nova Silica sand project and reported in accordance with the 2012 JORC Code guidelines. Test work has shown that the various sands can be suitable for use in glass manufacturing, foundry applications and as a filler or for wellhead cement additives.

The Mineral Resource estimate was conducted by CSA Global Pty Ltd ("CSA"). Key highlights were;

- Samples from 51 air core holes drilled during 2020 and 2021 were used in the estimating and reporting of a Mineral Resource based on three silica sand size fractions which represent commercial markets for silica
- 216Mt Inferred Mineral Resource comprising silica glass, silica flour and coarse silica sand
- Silica glass sand of 132Mt @ 99.24% SiO₂, low deleterious elements including Fe₂O₃ of 0.05%, TiO₂ of 0.04% and Al₂O₃ of 0.36%
- 60Mt of silica flour and 24Mt of coarse silica sand suitable for foundry applications

On 9 November 2021, Suvo announced that extension and infill drilling at Nova had been concluded. 2,559m of drilling was completed to extend the current 216Mt inferred JORC Resource and produce bulk metallurgical test samples with results expected Q1 2022.

On the back of the Mineral Resource estimate and drilling campaign, scoping study works have been commissioned with Primero and metallurgical test work has since commenced to produce samples for immediate shipment to potential offtake partners and clients with flowsheet definition and product development works underway. The Company will update the market on progress accordingly.

Metallurgical samples from the Company's 100% owned White Cloud Kaolin Project were dispatched from Nagrom laboratories in Perth. The metallurgical samples have been shipped globally to various laboratories for ongoing metallurgical test work programs and further product development.

After the successful completion of the White Cloud Kaolin Scoping Study that demonstrated very robust economics, Suvo engaged Primero to commence a pre-feasibility study (PFS). In addition to the PFS, a series of other project related studies have commenced. These studies include flora and fauna, dust and noise, cultural heritage, hydrology and hydrogeology. The Company will update the market on progress accordingly.

Cash Position

The Company's Quarterly Cashflow Report (Appendix 5B) follows this activities report. The Company had \$4.54m in cash as 31 December 2021. The Company is adequately funded to continue its current activities and will continue to demonstrate appropriate fiscal management.

Material Events Subsequent to the Quarter End

On 12 January 2022, Suvo announced that it had extended a major supply agreement with Norske Skog Boyer until December 2024. The agreement covers supply of Suvo's hydrous kaolin products for up to and above 25,500t over the term.

On 17 January 2022, Suvo announced that it had adopted an Environmental, Social and Governance (ESG) framework focusing on key ESG metrics and disclosures based on leading global ESG standards¹. In conjunction with the launch of this initiative, Suvo also established an independent ESG committee and appointed ESG specialist ESG+F Pty Ltd ("ESG+F") to oversee the execution of its ESG strategy.

Suvo's priority is to develop a resilient and sustainable business that is equipped to respond to a constantly changing environment. With climate volatility, nature loss, and the Covid-19 pandemic as recent examples of the evolving world in which we operate. Suvo's Board is continuously seeking to improve how the Company incorporates climate-related and other sustainability-related risks in its overall risk management framework.

On 20 January 2022 Suvo announced 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.

Disclosure Requirements

As required by ASX Listing Rule 4.7C3, the Company notes that \$112k 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 and Directors fees.

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%	Nil
E70/5332		100%	Nil
E70/5333		100%	Nil
E70/5334		100%	Nil
E70/5517		100%	Nil
E70/5324	Nova Silica Sands (held by Watershed Enterprise Solutions Pty Ltd)	100%	Nil
E70/5001		100%	Nil
E70/5322		100%	Nil
E70/5323		100%	Nil
M5408	Pittong (held by Kaolin Australia Pty Ltd)	100%	Nil
M5409		100%	Nil
M5365		100%	Nil

Note:

E = Exploration Licence (granted) ELA = Exploration Licence (application)
 M = Mining Lease (granted) L = Miscellaneous Licence (granted)

¹ Climate Disclosure Standards Board ("CDSB") – CDSB Framework for advancing and aligning disclosure of environmental information, Task Force on Climate-related Financial Disclosure ("TCFD") – Recommendations of the Task Force on Climate-related Financial Disclosures, Vale Reporting Foundation ("VRF") including Sustainability Accounting Standards Board ("SASB") and World Economic Forum ("WEF")

Pursuant to Listing Rule 5.3.4, a comparison of the Company's actual expenditure to 31 December 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	683	(489)
Exploration of Mt Marshall kaolin project	1,298	921	(377)
Development of Eneabba sands project	963	0	(963)
Development of Mt Marshall kaolin project	667	50	(617)
Working capital and administration costs	1,261	3,112	1,851
Expenses of the public offer	561	437	(124)
Total Uses	5,922	5,203	(719)

Notes:

- 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 31 December 2021.
- The actual expenditure incurred to 31 December 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). 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. The current JORC 2012 Mineral Resources are 72.5Mt of bright white kaolinised granite with an ISO Brightness of 80.5%, <45µm yield of 41.2% results in 29.9Mt of contained kaolin.

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.

The current JORC 2012 Inferred Mineral Resources are 216Mt comprising silica glass, silica flour and coarse silica sand.

Competent Persons Statement

The information in this report that relates to Mineral Resources is based on, and fairly reflects, information compiled by Mr Murray Lines who is the Overall Competent Person and who is a member of the Australian Institute of Mining and Metallurgy. Mr Lines has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Lines is a full-time employee of Stratum Resources and is a consultant to Suvo Strategic Minerals Limited and receives consultant fees in relation to his work on commercial terms. Mr Lines consents to the inclusion of the information in the release in the form and context in which it appears.

No New Information

Except where explicitly stated, this announcement contains references to prior exploration results and Minerals 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 Minerals 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Suvo Strategic Minerals Limited

ABN

97 140 316 463

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	3,580	7,656
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(2,874)	(5,847)
(d) staff costs	(314)	(599)
(e) administration and corporate costs	(320)	(823)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	4	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (income tax refunds)	154	154
1.9 Net cash from / (used in) operating activities	230	547
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(630)	(876)
(d) exploration & evaluation	(330)	(879)
(e) investments	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other	-	-
2.6 Net cash from / (used in) investing activities	(960)	(1,755)

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (repayment of lease liabilities)	(100)	(129)
3.10 Net cash from / (used in) financing activities	(100)	(129)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,370	5,877
4.2 Net cash from / (used in) operating activities (item 1.9 above)	230	547
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(960)	(1,755)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(100)	(129)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,540	4,540

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,511	4,479
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (cash held in term deposit)	1,029	891
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,540	5,370

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	112 ¹
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p>		
<p>¹ Amounts paid for Directors salaries and wages.</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	230
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(330)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(100)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,540
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	4,540
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	45.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2022

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.