

WAK Secures \$12m Funding for Stage 1 Ramp Up and Acceleration of Stage 2

Highlights

- **WA Kaolin confirms a \$12m Capital Raising comprising:**
 - **\$6.1 m Placement of New Shares**
 - **\$0.9m underwritten Share Purchase Plan to eligible shareholders**
 - **\$5m secured working capital loan facility**
- **Proceeds of capital raising allows WAK to proceed with the acceleration of Stage 2 development**
- **First production from Stage 1 on track for Q2 CY22**
- **Mr. Rod Baxter to be appointed as non-executive director, rounding off the WAK Board to include the three core disciplines in the resources industry - geologist, metallurgist and mining engineer**

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (ASX: WAK) is pleased to announce a \$12m capital raising, comprising a share placement (“**Placement**”), Share Purchase Plan (“**SPP**”), and a Secured Working Capital Loan Facility (“**Loan Facility**”).

The installation and pre-commissioning of Stage 1 processing plant at Wickepin Kaolin Project remains **on time and on budget**. All process equipment is fabricated and currently on site, and **installation is due for completion by the end of Q1 2022**.

First production from Stage 1 is on track for Q2 CY2022, with production to commence at 25 tonne per hour nameplate capacity and steadily increasing to ~200,000 tonnes per annum (tpa) rate by the end of CY2022.

Throughout the development of Stage 1, WAK’s Kwinana proof of concept plant has continued operating with kaolin shipments seeding and developing markets. As such, WAK is experiencing unprecedented demand for its Stage 1 targeted production (200,000tpa) as new potential clients continue to emerge.

Due to this strong customer demand, elements of Stage 2 Capex (~\$4m) have been brought forward into the current Stage 1 construction phase, to take advantage of cost savings and to shorten lead-time to implement the next increase of production capacity from 200,000 to 400,000 tonnes per annum (Stage 2).

WA Kaolin has secured a shareholder loan of \$5m to replace the working capital spent in advance on Stage 2 and is seeking to raise a further \$7m of new equity to add to Stage 2 infrastructure and further market development initiatives.

CEO Andrew Sorensen said, “*We are thrilled to be in the position to be able to facilitate the acceleration of Stage 2 through the successful completion of Stage 1 on time and within budget and the Company’s foresight in implementing some of the Stage 2 infrastructure during Stage 1 commissioning.*”

Our initial Stage 2 Capex was estimated at \$13.6 million, as per our Definitive Feasibility Study, and contemplated as being funded out of Stage 1 cashflow. Inflationary impacts largely as a result of the COVID-19 pandemic have cautioned the Company to provide a contingency for an additional \$2.4m in Stage 2 (i.e., \$16m total).

Based on ~\$4m spent (on Stage 2) during Stage 1 and the fact that the Company has achieved Stage 1 work to date on time/on budget, Stage 2 is likely to be brought on stream in less than 12 months for an additional circa \$12m.

This is a fantastic result for the Company and its shareholders, and I wish to thank both existing and new investors that have supported the Company through this Capital Raising, in particular one of our largest shareholders, Mr Gordon Martin who has provided us with a \$5m secured working capital loan facility, through his company, Boneyard Investments Pty Ltd.

Additionally, we are looking forward to Mr. Rod Baxter joining the WAK board as a non-executive director. A highly respected mining executive, Rod brings many executive skills and experience within the resources space, both in Australia and abroad to the WAK team and his appointment rounds off our WAK board to now include the three core disciplines required within the resources industry - geologist, metallurgist and mining engineer."

Equity Raising

The Placement comprises a single tranche share placement of 33,888,889 fully paid ordinary shares ("**New Shares**") at an issue price of A\$0.18 per New Share to sophisticated, professional and other institutional investors in Australia to raise A\$6.1 million (before costs) for which firm commitments have been received for the full amount to be raised. The issue price represents a 10% discount to last closing price of \$0.20 as at 4 February 2022 and a 12.6% discount to the 5-day trading Volume Weighted Average Price of A\$0.206.

The New Shares will be issued through the Company's available placement capacity pursuant to ASX Listing Rule 7.1.

Share Purchase Plan

Eligible shareholders with a registered address in Australia or New Zealand at 5.00pm (AEST) on 8 February 2022 will also be invited to participate in the SPP at the same issue price as the Placement (A\$0.18 per New Share).

Key terms of the SPP are:

- Up to \$30,000 per eligible shareholder, across all of their holdings
- WA Kaolin intends to raise up to A\$0.9 million (the Board reserves the rights to scale back applications in its absolute discretion)
- The SPP is underwritten up to the target amount of \$0.9 million

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet, which will be made available to eligible shareholders shortly. Eligible shareholders wishing to participate in the SPP will need to apply in accordance with the instructions in the SPP offer booklet. Participation in the SPP is optional.

Canaccord Genuity (Australia) Limited is acting as Lead Manager and Bookrunner to the Placement and Lead Manager and Underwriter to the SPP. JP Equity Partners is acting as Co-Manager to the Placement.

Secured Working Capital Debt Facility

To support the Company's ramp up of Stage 2 development, WA Kaolin has also secured a loan facility of \$5m provided by its Top 5 shareholder, Mr. Gordon Martin (Boneyard Investments Pty Ltd). The \$5m facility has a maturity date of three years from the date of advance at an interest rate of 8% per annum, payable quarterly in arrears. A registered mortgage will be granted over the Company's East Rockingham property as security for this loan.

Use of Funds

Following the completion of the capital raising the use of funds will be as follows:

Item	A\$ million
Source of funds	
Working Capital Facility	5.0
Placement & SPP	7.0
Total	12.0
Stage 2 Infrastructure	
Building Upgrade	1.3
Stage 2 Electrical Works	0.7
Mine Upgrade	0.5
ROM Storage Upgrade	1.0
Mine Mobile Equipment	1.0
Market Development	
20kg Bagging Filling and Palletising	1.0
Rockingham Opex	1.1
Working Capital and R&D (inc. Costs of the Offer)	5.4
Total	12.0

Further details can be found in the Company's presentation titled "WAK – Commissioning Stage 1 and Accelerating Stage 2", also lodged on the ASX platform on 9 February 2022.

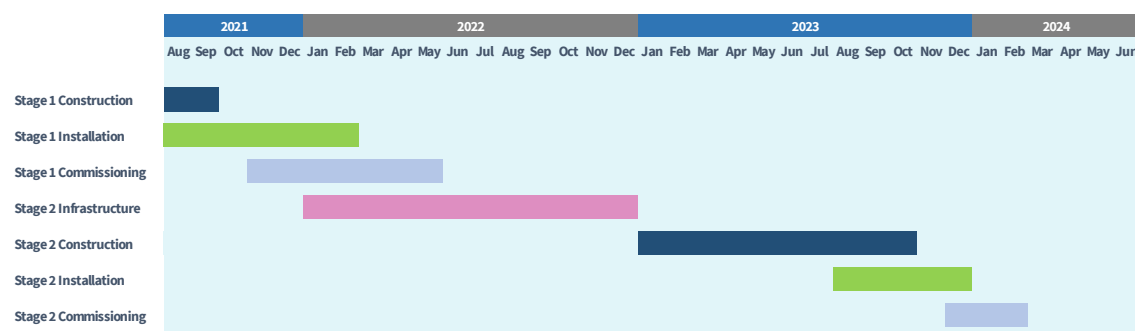
Indicative Timetable

Event	Date
Trading halt	Monday, 7 February
Record date for the SPP	2pm (WST) Tuesday, 8 February
ASX announcement Placement & underwritten SPP, Appendix 3B lodged with ASX	Pre-open Wednesday, 9 February
Trading halt lifted – trading resumed on the ASX	7am (WST) Wednesday, 9 February
Settlement of Placement, New Shares issued under Placement, Appendix 2A and Cleansing Notice lodged with ASX	Tuesday, 15 February
Dispatch of SPP offer booklet and application forms to Eligible Shareholders	Wednesday, 16 February
Opening date for SPP acceptances	
Commencement of trading of New Shares issued under the Placement	Wednesday, 16 February
Closing date for SPP acceptances	Wednesday, 2 March
Announce result of SPP	Tuesday, 8 March
Allotment of New Shares issued under the SPP and Appendix 2A lodged with ASX	
Normal trading of New Shares issued under the SPP	Wednesday, 9 March
Dispatch of holding statements under the SPP	Thursday, 10 March

The above timetable is indicative only and subject to change.

Stage 2 Anticipated Program

WAK is pleased to provide the following indicative timetable to the Stage 2 work program:



Appointment of non-executive director

WA Kaolin is pleased to advise that it will appoint Mr. Rod Baxter as non-executive director to the Board effective mid-March 2022.

Mr Baxter is a highly respected mining executive and seasoned director, who has extensive international and multi-sector experience. Previous leadership roles include Managing Director and Non-Executive Chairman of listed and unlisted companies including Podium Minerals Ltd, Trigg Mining Ltd, Ausenco, Carmichael Rail and Cullen Wines and he has operated across several different industry sectors in Australia and internationally.

Rod has an established track record of successfully transforming businesses and delivering substantial company growth through organic expansion, M&A, and IPO's, generating healthy returns for investors.

In his executive career, he has held operational, functional, and company leadership positions in global organisations operating across a number of continents in three different industry sectors: Global diversified mining resources, engineering construction, and manufacturing.

Additional Information

The Mineral Resources, Ore Reserves and production targets referred to in this presentation were previously reported in the Prospectus dated 11 October 2020 and released to the ASX on 24 November 2020 and the Definitive Feasibility Study announcements released on 24 November 2020. WA Kaolin confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates, production targets or forecast financial information derived from a production target continue to apply and have not materially changed.

About WA Kaolin

WA Kaolin's Wickepin Kaolin Project, 220km south-east of Perth, contains a Mineral Resource (JORC 2012) of 644.5 million tonnes^{1,2} of high-grade premium kaolinised granite. This world-class resource at Wickepin is one of the largest known remaining premium primary resources of kaolin globally. It is characterised by its purity, quality and brightness, producing kaolin products that typically attract higher prices from a growing collection of top tier customers.

With more than \$42 million invested in the project prior to the Company's IPO in November 2020, WA Kaolin has developed a proprietary dry processing method, known as K99, to turn raw material into market suitable feedstock for global customers, and constructed a small-scale commercial processing plant on 3ha of portside industrial land at Kwinana, Western Australia. The Company is focused on increasing production from Wickepin to 400,000 tonnes per annum by 2023 with further modular increases to capacity to be implemented in tune with market demand and funding capability

¹ The Mineral Resource estimate is inclusive of Ore Reserves and the 2019 Mineral Resource estimate.

² CSA Global Mineral Resource Estimate R280.2017

This announcement was authorised for market release by the Board of WA Kaolin Limited.

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