

ASX ANNOUNCEMENT

29 SEPTEMBER 2022

SUVO INVESTS IN GREEN HPA TECHNOLOGY

HIGHLIGHTS

- Suvo to acquire 26 per cent share in Dingo HPA Pty Ltd (“Dingo”) through private placement
- Dingo is developing a technology that aims to produce high purity alumina (“HPA”) from recycled aluminium feedstock
- This transaction provides Suvo with the opportunity to develop a novel, green HPA process, offering significant environmental benefits through a closed loop recycling process
- Initial placement funding to be used by Dingo towards scoping study advancement and general working capital
- HPA is a high-value (US\$28,000 – US\$40,000 per tonne), high margin and high demand critical mineral used in the production of lithium-ion batteries, portable electronics, electric vehicles and LED lights
- Global HPA market projected to reach US\$4.8 billion by 2026 amid rising demand

Suvo Strategic Minerals Limited (ASX: SUV) (“Suvo” or “the Company”) is pleased to announce it has signed a binding Subscription and Option Agreement (“term sheet”) to acquire a 26 per cent interest in Dingo, an Australian proprietary company aiming to produce high purity alumina (“HPA”) from recycled feedstock, through a private placement (“placement”).

The placement will see Suvo acquire 220,000 fully paid ordinary shares in Dingo, at an issue price of \$1.00 per share.

In addition to the placement, Dingo is granting Suvo with a clear pathway to acquire up to 76% of the issued capital of the Company, subject to various milestones being met. At the end of the stage 3 earn-in, Suvo will have an exclusive period to negotiate a share purchase acquisition of the remaining shares on issue in Dingo, subject to the Listing Rules and any further regulatory approvals.

Dingo’s intellectual property (“IP”) intends to take advantage of “urban mining”, transforming waste aluminium feedstock into HPA, adopting a novel closed loop recycling process.

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This recycling process allows for unrecoverable materials to be continually recycled without any waste going to landfill.

The traditional Hydrochloric Acid Leach technique used for extracting HPA from kaolin, requires the calcination of kaolin feedstock, followed by hydrochloric leaching of the calcined clay. Other kaolin related HPA extraction technologies include patented Solvent Extraction and Griffin Process technologies, which are still under development.

Dingo's IP is currently at the concept study level and Dingo intends to use funds from the placement to support the advancement of a scoping study, as well as for general working capital.

The scoping study has been designed to assess the techno-economic viability of Dingo's proposed flowsheet to produce HPA and validate the feasibility of a potential near-term project.

The placement is subject to conditions precedent, including Suvo obtaining a letter from Dingo's patent attorneys setting out the current status of the Dingo IP, any necessary regulatory approvals and Dingo undertaking a reconstruction of its capital structure.

The directors and shareholders of Dingo are not related parties or substantial shareholders of Suvo.

Commercial opportunity

HPA is a high-purity form of aluminium oxide (Al_2O_3), with a minimum purity level of 99.99 per cent, and is a high value critical mineral used in the production of portable electronics, electric vehicles and LED lights.

HPA is being increasingly consumed in the manufacture of large format lithium-ion batteries, where it is used as a high-performance insulator to separate positive and negative components of the battery and prevent short-circuiting.

It is also a critical material in the production of synthetic sapphire, which is used to manufacture substrates for LED lights, semiconductor wafers used in the electronics industry, and scratch-resistant sapphire glass used in optical windows and electronics, such as smart phones.

The global HPA market was valued at \$1.3 billion in 2019, and is projected to reach US\$4.8 billion by 2026, growing at a CAGR of 20.7 per cent¹.

Several factors are contributing to the expected global HPA demand growth, including global adoption of LED lighting, smart technology and the growing electric vehicle market.

Australia's Federal Government recently added HPA to the critical minerals list as part of the 2022 Critical Minerals Strategy, citing broad-ranging economic and strategic importance.

HPA is traditionally produced using aluminium metal as a feedstock, which is typically sourced from bauxite or kaolin mines.

¹ [Allied Market Research](#)

However, with global aluminium demand forecast to increase nearly 40 per cent by 2030, the aluminium sector will need to produce an additional 33.3Mt to meet demand growth in all industrial sectors – from 86.2Mt in 2020 to 119.5Mt in 2030² while achieving stringent reduction in embedded emissions.

This presents an opportunity for recycling processes, such as that being developed by Dingo, to help meet the rising need for high quality low-carbon aluminium to create HPA.

More than 35,800 tonnes of aluminium cans are recovered in Australia per annum, accounting for almost two thirds of aluminium cans used by consumers. It is estimated that the remaining 1 billion cans fail to enter the recycling system and will often end up lost to landfill.

In addition to helping meet some of the rising demand for HPA, there are numerous environmental benefits compared to traditional mining practices to source aluminium.

Recycling aluminium requires up to 95 per cent less energy than production from ore, with the recycling of one aluminium can saving enough energy to recharge nearly 20 smart phones³.

Furthermore, every tonne of aluminium cans recycled is estimated to save 17.7 tonnes of CO₂ equivalent, as well as 202kL of water, while having the added benefit of reducing waste landfill.

Other aluminium waste streams that currently contain unrecoverable composites include coffee capsules, aluminium foil, e-waste, manufacturing wastes and aircrafts.

Executive Chairman Henk Ludik commented:

“The decision to acquire an initial 26 per cent interest in Dingo is in line with Suvo’s commitment to building a resilient and sustainable commodity offering from its industrial minerals assets and novel industrial processes.

The staged structure for Suvo to increase its interest in Dingo presents a low risk approach for shareholders as we prove up Dingo’s proprietary technology to produce this critical mineral.

Recent market reports show that demand for HPA in powder form is expected to grow to 187,000 tonnes per annum by 2028, with this growth likely to be constrained by supply limitations, leading to a potential spike in prices as supply struggles to keep pace with demand.

HPA is a commodity derived from kaolin production. Suvo has extensive operations in the development, production and sale of kaolin products and believes the acquisition will generate synergies with Suvo’s existing technical and commercial expertise.

Dingo’s bespoke IP offers a potential pathway for Suvo to produce a sustainable source of HPA with a low carbon footprint, compared to traditional HPA production, and take advantage of rising demand and prices.

² [Opportunities For Aluminium In A Post-Covid Economy – Cru Consulting](#)

³ [The International Aluminium Institute](#)

We look forward to providing shareholders with further updates on this unique market opportunity as the project progresses.”

Dingo Director Dan Fraser commented:

“We are pleased to enter this partnership with Suvo. Dingo and Suvo share the same strong commitment to producing critical minerals with positive environmental outcomes. HPA is a dirty business, and we intend to clean it up. Our intention is to change the market dynamic and to give consumers of HPA a green alternative. Dingo aims to be an ESG-leader, and a globally significant producer of green HPA for the rapidly growing Lithium-ion battery and LED lighting markets.”

-ENDS-

For further information please contact

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Key terms

Table 1: Ownership structure

	Price	Shares	Ownership	Terms
Placement	A\$1.00	220,000	26%	Dingo agrees to use, to the maximum extent possible after deducting general working capital expenses, the proceeds from the Offer towards the initial stages of the Scoping Study (Company Contribution)
Stage 1 option	-	430,000	51%	<p>The Stage 1 option is conditional upon:</p> <ul style="list-style-type: none"> ▪ the settlement of the Placement; ▪ Dingo providing the Company Contribution; and ▪ following the Company Contribution, Suvo completing, at its own cost, including all costs associated with the remuneration of all staff/contractors engaged by Suvo, and publishing the Scoping Study, on or before 15 July 2023 (or such later date as mutually agreed between the parties)
Stage 2 option	-	326,819	61%	<p>Subject to satisfaction (or waiver) of the Stage 1 Option, Dingo grants Suvo the option (Stage 2 Option) to subscribe for 326,819 shares.</p> <p>The Stage 2 Option is conditional upon Suvo spending a minimum of \$500,000 towards the development of the Pilot Plant on or before 15 December 2023 (or such later date as mutually agreed between the parties)</p>

	Price	Shares	Ownership	Terms
Stage 3 option	-	1,000,634	76%	<p>Subject to the satisfaction (or waiver) of the Stage 2 Condition, both Suvo and the Dingo shareholders other than Suvo (Non-Suvo Shareholders) have the option (Stage 3 Option) to:</p> <ul style="list-style-type: none"> require Suvo (or its nominee) to subscribe for 1,000,634 shares; and require Suvo to seek shareholder approval to issue the Non-Suvo Shareholders (or its nominee(s)) such number of Suvo Shares determined by dividing \$3,000,000 by the 20-day volume weighted average price of the Suvo Shares immediately prior to the exercise of the Stage 3 Option. <p>In the event Suvo does not obtain the shareholder approval to issue the Suvo Shares, Suvo must pay cash in the amount of \$3,000,000 Non-Suvo-Shareholders in consideration for the Suvo Shares.</p> <p>The Stage 3 Option is conditional upon:</p> <ul style="list-style-type: none"> Suvo exercising the Stage 2 Option; and Dingo achieving test results from the Pilot Plant of 4N+ (i.e. 99.99% or greater purity) HPA <p>on or before 15 December 2024 (or such later date as mutually agreed between the parties)</p>
Exclusivity Period for acquisition	-	624,510	100%	<p>Upon the satisfaction of the Exclusivity Condition:</p> <ul style="list-style-type: none"> Dingo grants Suvo an exclusive period of 6 months commencing on the date the exclusivity condition is satisfied (Exclusivity Period) to negotiate the sale and purchase of all outstanding Shares (including any other securities that may be on issue from time to time) held by the Non-Suvo Shareholders (Outstanding Shares); and the parties agree to negotiate in good faith (and Dingo agrees to procure that the Non-Suvo Shareholders negotiate) the proposed terms by which Suvo acquires the Outstanding Shares <p>The Exclusivity Period is conditional upon Suvo exercising the Stage 1 Option and Stage 2 Option or before 31 January 2025 (or such later date as mutually agreed between the parties) (Exclusivity Condition)</p>

Other

- Subject to Settlement, it is agreed that Suvo will be entitled to appoint one (1) representative to the Board as a director. Upon the submission of the Stage 1 Notice (exercise of Stage 1 Option), Suvo will be entitled to appoint one (1) additional representative to the Board as a director in addition to the Board Nominee.

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 expansion of, their 100% owned Pittong hydrous kaolin operation located 40km west of Ballarat in Victoria. Suvo's exploration focus is on near-term kaolin and high purity silica assets with 100% owned Gabbin (kaolin), Eneabba and Muchea (silica sands) projects located in Western Australia.

Pittong Operations

The 100% owned Pittong Operations, located in Victoria 40km west of Ballarat, is the sole hydrous kaolin operations in Australia, which 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.

Gabbin Kaolin Project

The 100% owned Gabbin Kaolin Project (White Cloud) 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 Gabbin 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%.

Eneabba Silica Sands Project

The 100% owned Eneabba 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.

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.

ASX Listing Rules 11.1.2 and 11.1.3

The Company has not sought prior approval for the proposed transaction under Listing Rules 11.1.2 and 11.1.3. The proposed acquisition (assuming the exercise of the Stage 1, 2 and 3 options) would result in increases to total consolidated assets, total equity, annual revenue, annual profit, total number of shares and budgeted expenditure of less than 25%, being in all cases below the notifiable threshold set out in section 2.5 of Guidance Note 12. The Company has not negotiated the terms of a final acquisition of outstanding Dingo shareholders to occur following the exercise of the Stage 3 option and will reconsider the potential application of Listing Rules 11.1.2 and 11.1.3 prior to entering into a formal agreement in respect of any such acquisition. The Company intends to seek shareholder approval under Listing Rule 7.1 prior to exercising the Stage 3 Option. HPA is a commodity derived from kaolin production. Suvo has extensive operations in the development, production and sale of kaolin products and believes the acquisition will generate synergies with Suvo's existing technical and commercial expertise.