

# **QUARTERLY ACTIVITIES REPORT**

## **For the quarter ended 30 September 2022**

### **HIGHLIGHTS**

- Cash at bank of A\$6.83m at 30 September 2022
- A\$3.1m revenue generated in the quarter
- Pittong plant upgrade optimisation review completed validating ~60,000 tonnes per annum processing capacity
- Commercial trials commence with C&D Logistics
- Pittong mining lease extended through to December 2045
- Land access agreement signed to fast-track Eneabba Silica Sands Project
- Suvo invests in green HPA technology
- Research partnerships continue to progress green cement initiatives
- Appointment of Executive Chairman Henk Ludik

**Suvo Strategic Minerals Limited (ASX: SUV)** (“Suvo” or “the Company”) is pleased to release its September 2022 Quarterly Report.

### **Commercial update**

Suvo’s 100 per cent owned Pittong hydrous kaolin operations in Victoria generated A\$3.1m of revenue in the quarter, earning a weighted average selling price of ~A\$620 per tonne.

Bolstering the Company’s earnings growth strategy has been the completion of its Pittong plant upgrade and optimisation review.

Henik Ludik  
EXECUTIVE CHAIRMAN

Aaron Banks  
EXECUTIVE DIRECTOR

Oliver Barnes  
NON-EXECUTIVE DIRECTOR

Dr Ian Wilson  
NON-EXECUTIVE DIRECTOR

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**suvo.com.au**

**ASX: SUV**



The independent review confirmed the plant capacity expansion will be capable of delivering a name plate processing capacity of ~60,000 tonnes per annum under certain operating conditions, with a forecast completion date of end Q3 FY 2023, most of which the Company intends to satisfy by the forecast completion date.

At completion, Pittong is expected to produce ~50,000 tonnes per annum of hydrous kaolin, which represents an 83 per cent utilisation, based on the Company's proposed operating hours.

This comes as a result of a review of mining operations and processing infrastructure, with input from specialist engineering groups, identifying existing bottlenecks and optimisation opportunities.

In addition to the increase in nameplate capacity, the upgrade, optimisation of equipment and investment in human resources is forecast to unlock substantial cost efficiencies.

Suvo anticipates reducing its All-in Sustaining Cost ("AISC") at Pittong from A\$592/t to A\$359/t from FY 2024, representing a 39 per cent reduction. With the significant reduction in its AISC, Suvo expects a 4x uplift in EBITDA which is forecast to be A\$8.3m in FY 2024.

Importantly, Suvo remains fully funded to complete the Pittong plant upgrade, which comes at a capital cost of A\$2.3 million.

### **Commercial trials commence with C&D Logistics Group**

Suvo signed a legally binding supply contract in August for delivery of two high quality Pittong hydrous kaolin products to be used in commercial-scale trials by C&D Logistics Group Co Ltd ("C&D").

This binding contract is an important next step for the Company and brings it closer to a commercial offtake agreement with C&D, which is the minerals division of Xiamen C&D — a Global Fortune 500 (Top 100) company with annual revenue circa US\$100 million.

Pending the results of the commercial-scale trial, Suvo and C&D will continue to negotiate a Sales and Purchase Agreement in good faith.

## Investment in green HPA technology

In September Suvo signed a binding Subscription and Option Agreement to acquire a 26 per cent interest in Dingo HPA Pty Ltd (“Dingo”) through a private placement.

Dingo is an Australian proprietary company aiming to produce high purity alumina (“HPA”) from recycled feedstock.

Dingo’s intellectual property (“IP”) intends to transform waste aluminium feedstock into HPA, adopting a novel closed loop recycling process, which allows unrecoverable materials to be continually recycled without any waste going to landfill.

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.

Dingo is also granting Suvo a clear pathway to acquire up to 76 per cent of the issued capital of the Company.

Subject to various milestones being met, including Listing Rules and regulatory approvals, Suvo will also have an exclusive period to negotiate a share purchase acquisition of the remaining shares on issue in Dingo.

This provides a low-risk approach for shareholders as work is carried out to prove up technology to produce a high value and in demand critical mineral through a sustainable process.

HPA is used in the production of portable electronics, electric vehicles and LED lights, and is increasingly consumed in the manufacture of large format lithium-ion batteries.

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 cent<sup>1</sup>.

## Project updates

### Pittong Mining Lease Extension

During the quarter, Suvo successfully completed the renewal of its Pittong mining licence, held by wholly owned subsidiary Kaolin Australia Pty Ltd, through to December 2045.

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<sup>1</sup> Allied Market Research

The approval by Victoria's Earth Resources Regulation, Department of Jobs, Precincts and Regions ("DJPR"), along with the recently announced maiden mineral resource estimate of 3.74Mt, supports the Company's future growth plans.

These plans are focussed around increasing production capacity at Pittong and diversifying the Company's product basket.

It also supports Suvo's ongoing capital investment into the Pittong operations and will enable the Company to continue playing a part in the local community as a responsible corporate citizen for years to come.

### **Land access agreement at Eneabba Silica Sands Project**

Suvo executed an Agreement to Agree, for land access, with Indian Ocean Farms Pty Ltd at its 100 per cent owned Eneabba Silica Sand project in Western Australia.

Indian Ocean Farms occupy the land to the east of granted tenure that contains the Eneabba Project maiden Inferred JORC Resource of 216Mt of Silica Sand (as announced 12 October 2021).

The Agreement provides certainty for the drilling campaign currently scheduled to commence in the December quarter aimed at determining a JORC Compliant Indicated Resource.

The proposed drilling campaign will allow the Company to obtain bulk samples to send to various end-users for further metallurgical test work.

These results will assist defining end user product specifications and potential product pricing, allowing for the fast track of potential offtake discussions.

Suvo has negotiated access to drill an area not under crop, allowing for a more streamlined and less onerous process as the Company continues to pursue the potential development of a Silica Sand operation at Eneabba.

The land is currently used for agricultural purposes and has infrastructure including road access, 3 phase power and water. In addition, there is a rail line direct to Geraldton Port which is ~2kms from the western boundary of Suvo's E70/5001 tenement.

## Research partnerships

### Initial findings from research partnership with Curtin University

Suvo received the initial findings from its research partnership with Curtin University, led by Dr Thong Pham, studying metakaolin's potential as a sustainable solution to decarbonise the cement industry.

The initial findings show metakaolin has several potential applications in the cement industry, particularly as a supplementary cementitious material ("SCM") in conjunction with other SCMs to maximise its potential.

The study also estimates the production of concrete incorporating 20 per cent metakaolin replacement could result in up to a 31 per cent reduction in CO<sub>2</sub> emissions, compared to ordinary Portland cement.

Initial findings reveal concrete incorporating metakaolin can provide up to a 40 per cent improvement in mechanical properties and increase the lifespan of concrete structures by up to 50 per cent, leading to another potential 14 per cent reduction in CO<sub>2</sub> emissions.

The study also highlights potential demand for metakaolin from the Australian construction industry alone at between 0.72 and 2.88 million tonnes per annum, representing a significant market opportunity.

### Study commences for installation of a calciner at Pittong

Suvo is collaborating with global industrial technology provider Calix Limited to explore the potential to install an electrified flash calciner to produce high quality metakaolin products at Pittong.

The companies are working together on a scoping study, which will include an initial assessment of desired plant throughput, energy requirements and calciner location.

The study will also provide an overall cost estimate for the Pittong calcination unit.

Any potentially installed calciner will utilise electricity as the primary heat source, meaning it is compatible for use with renewable energy.

The scoping study has commenced and results from the study are expected in Q4 CY2022.

## Appointment of Executive Chairman

Suvo was pleased to confirm the appointment of Henk Ludik as Executive Chairman of the Company in August.

This followed Mr Ludik's appointment as interim Non-Executive Chairman in March 2022 following an executive and board transition.

During his short time with the Company, Mr Ludik has been pivotal in managing the Pittong Plant expansion and with his engineering, feasibility and mine optimisation credentials, is perfectly placed to lead the Company through future growth.

## Disclosure Requirements (Guidance Note 23 Disclosures)

### Details of mining exploration activities:

The \$223,000 of exploration and evaluation expenditure was largely attributable to tenement rates and rents, environmental work, consulting fees and tenement management.

### Details of mining production and development activities:

Details of mining production and development activities are set out in the commercial update section above.

### Details of tenement activities:

The Company holds the following tenements at the end of the quarter:

TENEMENT	PROJECT	OWNERSHIP	CHANGE
E70/5039	Gabbin Kaolin	100%	Nil
E70/5332	Gabbin Kaolin	100%	Nil
E70/5333	Gabbin Kaolin	100%	Nil
E70/5334	Gabbin Kaolin	100%	Nil
E70/5517	Gabbin Kaolin	100%	Nil
E70/5324	Eneabba Silica Sand	100%	Nil
E70/5001	Eneabba Silica Sand	100%	Nil
E70/5322	Eneabba Silica Sand	100%	Nil
E70/5323	Eneabba Silica Sand	100%	Nil
M5408	Pittong Kaolin	100%	Nil
M5409	Trawalla Kaolin	100%	Nil
M5365	Lal Lal Kaolin	100%	Nil

E = Exploration License (granted)

M = Mining Lease (granted)

**Details of related party payments:**

During the quarter the following payments were made to related parties;

- A\$0.269 million to Directors for Salaries and Wages
- A\$0.075 million to a Company related to Directors, Mr Oliver Barnes and Mr Henk Ludik, for executive services
- A\$0.075 million to a Company related to Directors, Mr Oliver Barnes and Mr Henk Ludik, to provide ESG support and implementation services

The release of this announcement has been approved by the Board of Directors of Suvo Strategic Minerals Limited.

–ENDS–

**For further information, please contact**

**Investor enquiries**

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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 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 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 product forms for end users. These product forms 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 413km<sup>2</sup>, 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 169km<sup>2</sup>. 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.

## ASX CHAPTER 5 COMPLIANCE AND CAUTIONARY AND FORWARD-LOOKING STATEMENTS

### ASX Listing Rules 5.19 and 5.23

#### ASX Listing Rule 5.19

The information in this announcement relating to production targets, or forecast financial information derived from a production target, is extracted from the announcement entitled 'Pittong Plant Upgrade & Optimisation & Production Guidance' released to the ASX on 26 August 2022 which is available on the Company's website [www.suvo.com.au](http://www.suvo.com.au).

The Company confirms that all material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the original market announcement continue to apply and have not materially changed.



### ASX Listing Rule 5.23

The information in this announcement relating to exploration results and mineral resource estimates for the Company's Projects has been extracted from the following announcements:

Pittong Maiden Mineral Resource Estimate, ASX Announcement dated 1 March 2022,  
 Maiden Nova Mineral Resource Estimate, ASX Announcement dated 12 October 2021,  
 Trawalla Maiden Mineral Resource Estimate, ASX Announcement dated 22 September 2021,  
 Suvo increases White Cloud kaolin resource by 84% to 72.5Mt of bright white kaolinised granite, ASX  
 Announcement dated 25 March 2021,

which are all available on the Company's website [www.suvo.com.au](http://www.suvo.com.au).

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the competent person's findings are presented have not been materially modified from the original market announcement.

### Forward-Looking Statements

This release may contain certain forward-looking statements with respect to matters including but not limited to the financial condition, results of operations and business of SUV and certain of the plans and objectives of SUV with respect to these items.

These forward-looking statements are not historical facts but rather are based on SUV's current expectations, estimates and projections about the industry in which SUV operates and its beliefs and assumptions.

Words such as "anticipates," "considers," "expects," "intends," "plans," "believes," "seeks," "estimates", "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the industry in which SUV operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of SUV, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such risks include, but are not limited to resource risk, product price volatility, currency fluctuations, increased production costs and variances in product grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our product to, and government regulation and judicial outcomes. For more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings.

SUV cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of SUV only as of the date of this release.

The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made.

SUV will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

## 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")

30 September 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3,136	3,136
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(3,425)	(3,425)
	(d) staff costs	(580)	(580)
	(e) administration and corporate costs	(607)	(607)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	12	12
1.5	Interest and other costs of finance paid	(23)	(23)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	21	21
1.8	Other (income tax refunds)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(1,466)</b>	<b>(1,466)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1,115)	(1,115)
	(d) exploration & evaluation	(223)	(223)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,338)</b>	<b>(1,338)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	10	10
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	801	801
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)	(122)	(122)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>689</b>	<b>689</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	8,943	8,943
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,466)	(1,466)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,338)	(1,338)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	689	689

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>6,828</b>	<b>6,828</b>

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	4,573	6,688
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (cash held in term deposit)	2,255	2,255
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>6,828</b>	<b>8,943</b>

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	419
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>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 (equipment finance facility)	1,000	941
7.4 <b>Total financing facilities</b>	1,000	941
		-
7.5 <b>Unused financing facilities available at quarter end</b>		59
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.		
The facility is an equipment finance facility provided by National Australia Bank. The rates on the existing equipment loans drawn range from 4.15% to 7.43%. The rates are specific to the prevailing rate of the day, loan amount, equipment being financed and term of the loan. The loans vary from 3-5 years. The facility is secured.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,466)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(223)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,689)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,828
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,828
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.04
<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

*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.*

### 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: 31 October 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.