

ASX ANNOUNCEMENT

14 NOVEMBER 2022

MAJOR TAKE OR PAY, OFFTAKE AGREEMENT EXECUTED AND COMPANY UPDATE

HIGHLIGHTS

- ~A\$3.25 million to A\$3.50 million¹ take or pay Offtake Agreement executed with Chaozhou Chengcheng Industrial Co.,Ltd
- Agreement covers minimum order quantity of 4,275 tonnes of hydrous kaolin over a three-year period
- Hydrous kaolin supplied under the Agreement will be primarily used in the inks and pharmaceutical sectors, and attracts a price premium
- Additional legally binding supply contract signed with C&D Logistics Group Co Ltd (“C&D”) for the delivery of 80 tonnes (5 x 16 tonne containers) of Pittong hydrous kaolin product for use in commercial-scale trials. The product supplied is again earmarked for the inks sector
- Pittong Plant Upgrade and Optimisation tracking on schedule and on budget
- Green cement initiatives continue

Suvo Strategic Minerals Limited (ASX: SUV) (“Suvo” or “the Company”) is pleased to announce that it has signed a major take or pay Offtake Agreement (“Agreement”) with Chaozhou Chengcheng Industrial Co.,Ltd (“Chaozhou”).

¹ Dependant on delivery location and a forecast exchange rate of USD: AUD 0.64:1

Henk Ludik
EXECUTIVE CHAIRMAN

Aaron Banks
EXECUTIVE DIRECTOR

Oliver Barnes
NON-EXECUTIVE DIRECTOR

Dr Ian Wilson
NON-EXECUTIVE DIRECTOR

Suvo Strategic Minerals Ltd. ABN: 97 140 316 463
Head Office: Level 11, 40 The Esplanade, Perth, Western Australia 6000
Operations: 3610 Glenelg Highway, Pittong, Victoria 3360

suvo.com.au

ASX: SUV

Offtake Agreement executed

Bolstering the Company's earnings, this is a major supply agreement for the Company covering a minimum order quantity of 4,275 tonnes over a three-year term.

The hydrous kaolin to be supplied under this Agreement will primarily be used in the inks and pharmaceutical sectors, with the contract valued at between ~A\$3.25 million to A\$3.50 million, depending on delivery location and a forecast exchange rate of USD: AUD 0.64:1.

Under the terms of the contract, Chaozhou must either pre-pay for the goods upon issuance of a Purchase Order to Suvo, or by draw-down by Suvo via a letter of credit provided by Chaozhou to Suvo.

An Offtake of this size is in line with the Company's growth strategy and current upgrade of its Pittong plant. Further, the security provided via the offtake terms requiring prepayment/ability to drawdown from a letter of credit will provide a significant boost to the Company's cashflow and increase the weighted average value of products sold from Pittong. Importantly it paves the way for one of the main strategic focuses of the Company at present, which is to continue to diversify the Company's product basket, with a focus on premium end markets such as the inks, cosmeceutical and pharmaceutical sectors.

Commercial-scale trials with C&D continue

A second legally binding supply contract has now been executed with C&D for the delivery of an additional 80 tonnes (5 x 16 tonne containers) of Pittong hydrous kaolin product to be further used in the next round of commercial-scale trials. Of importance, the product supplied under this agreement is earmarked for the inks sector, which commands a pricing premium.

The original cooperation agreement dated 25 May 2022 between Suvo and C&D set out terms for the Companies cooperation agreement focussing on the development and growth of 'other kaolin related product' markets utilising Pittong Kaolin, with a view to developing long-term relationships with customers across a range of industries, products and locations.

In August 2022, C&D and Suvo signed a legally binding supply contract for the delivery of 20 tonnes of two Pittong hydrous kaolin products for use in commercial-scale trials. Suvo is happy to confirm this product has arrived in China with lab-scale testing advancing.

These binding contracts are an important next step, bringing Suvo 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 billion.

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

Pittong Plant Upgrade and Optimisation

As announced on 26 August 2022, the Pittong plant upgrade and optimisation review was completed.

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 Q1 CY 2023.

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.

The Company is pleased to confirm the upgrade and optimisation project is tracking on schedule and on budget. Certain key equipment has been installed, commissioned, and working as intended, with the remaining equipment ordered and expected to arrive in the coming months.

The Company has also made key management level appointments on site and is continuing an aggressive recruitment strategy to fill the remaining roles and ensure the plant is capable of operating 24/7, which is a condition required to achieve the name plate processing capacity.

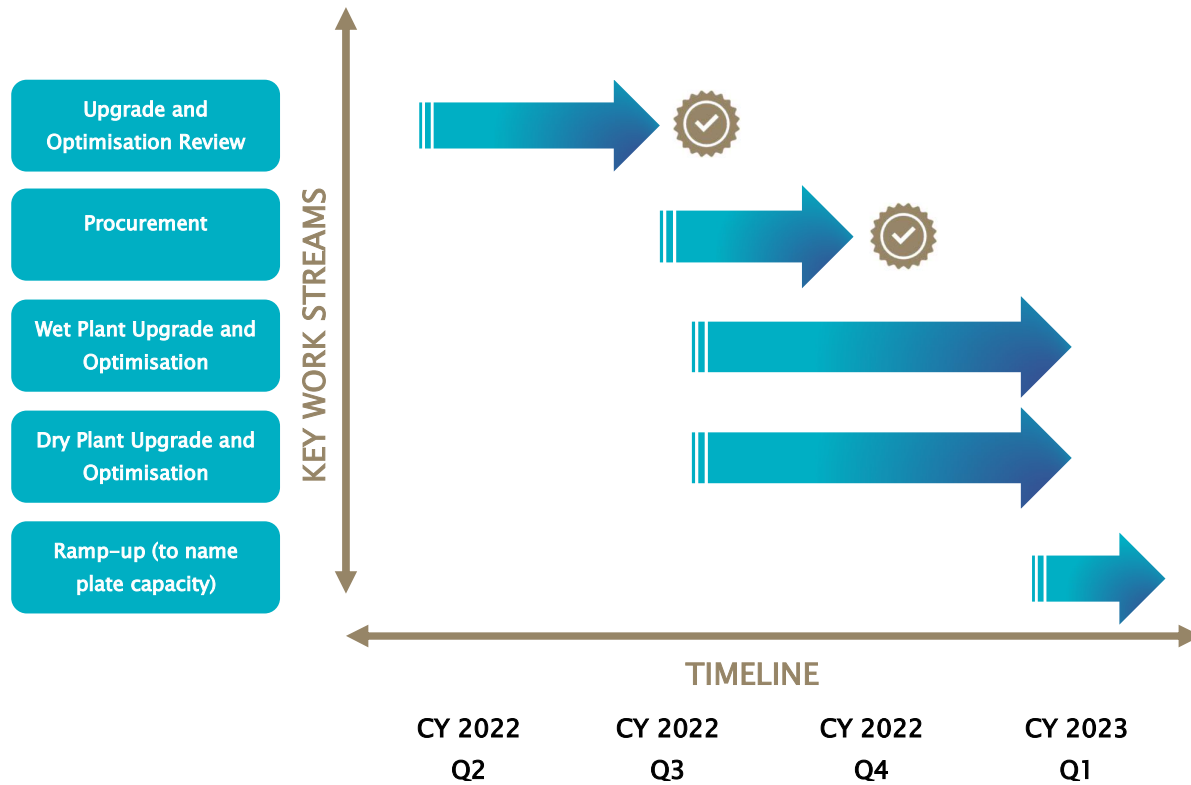


Figure: Pittong plant upgrade and optimisation timeline

Green cement initiatives continue

Suvo is expecting to conclude the current scoping study with Calix (ASX: CXL) for the production of metakaolin to be used in “Green Cement” and will provide an update to the market on this in due course.

The cement industry is the single largest industrial polluter of the planet, accounting for 8% of all global emissions. Metakaolin can reduce the carbon footprint of cement by up to 40%.

Suvo is more closely looking at this decarbonisation strategy and the role it can play in advancing these initiatives with metakaolin, but also with various additional materials. A number of potential commercial opportunities to test a carbon reduced concrete have presented and the company looks forward to updating the market as these are progressed.

Executive Chairman Henk Ludik commented:

“We are pleased to provide confirmation that the upgrade and optimisation of the Pittong operations is on budget and on schedule for commissioning in Q1 CY23. The commissioning date is aligned to the ongoing increase in off-takes for our premium hydrous Kaolin product set. Both the new contract with Chaozhou and the expanded trial contract with C&D supports Suvo’s commitment to sell new volumes from the upgraded operations into the premium market.”

-ENDS-

For further information, please contact

Investor enquiries

Henk Ludik
Executive Chairman
P. +61 8 9389 4495
E: henk.ludik@suvo.com.au

Media enquiries

Josh Lewis
Spoke Corporate
M. +61 412 577 266
E: lewisj@spokecorporate.com

Annexure – Key Terms of Offtake Agreement

Term:

The supply of hydrous Kaolin under the Agreement shall be for a period of 3 (three) years, commencing on the Commencement Date (Term). The Parties may, by mutual written agreement, agree to extend the Term.

Minimum Quantity:

1,425 tonnes in each contract year.

Take or Pay:

In consideration for the Seller agreeing to make the Minimum Quantity available to the Buyer in accordance with the Agreement, the Buyer agrees to pay the Take or Pay Payment to the Seller.

The Buyer must pay a Take or Pay Payment to the Seller in respect of each Contract Year during the Term, which is the greater of zero and the amount calculated at the end of the relevant Contract Year.

For the avoidance of doubt, zero would indicate that the Minimum Quantity has been ordered for the Contract Year i.e., 1,425 tonnes.

Termination:

The contract can be terminated under Force Majeure or an event of default by either party.

An event of default in the case of either party:

- a) a failure to make a payment due under the Agreement (not otherwise in bona fide Dispute), where such failure remains uncured for 5 (five) Business Days following written Notice thereof;
- b) a breach of any other material obligation under the Agreement where such failure remains uncured for 20 (twenty) Business Days following written Notice thereof; or
- c) the occurrence of an Insolvency Event in respect of a Party.

Remedy periods are available to either party

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 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

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.