

Wickepin Kaolin Project Operational Update

Highlights

- **WA Kaolin progresses production ramp up at Wickepin Kaolin Project towards Stage 1 nameplate capacity of 200,000tpa**
- **Ramp up across range of kaolin grades produced at Wickepin continues:**
 - **K99S and K99C on track to produce sustainably at nameplate capacity by end of FY2023**
 - **Consistent production of K99F now underway**
- **Production of K999P has commenced with ramp up expected over coming weeks**
- **Customer site visit recently undertaken at Wickepin Kaolin Project**

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (ASX: WAK) is pleased to provide an update on recent activities at the Wickepin Kaolin Project in Western Australia. Following progress during the current quarter, WA Kaolin is tracking towards achieving Stage 1 nameplate capacity of ~200,000 tonnes per annum.

The Company holds the Wickepin Kaolin Project, 200km south-east of Perth, which has a 644.5 million tonne Mineral Resource, including an Ore Reserve Estimate of 30.5 million tonnes of kaolinised granite. WA Kaolin produces kaolin products for tier one customers and the Company aims to expand its production from the Wickepin Project to 400,000tpa in a two-stage expansion strategy.

First production from Wickepin Stage 1 commenced in September 2022, with production steadily increasing towards ~200,000 tonnes per annum rate in the months since. The processing plant at Wickepin Kaolin Project was completed in October on budget.

WAK is emerging as a globally significant kaolin producer experiencing unprecedented demand for kaolin products. Deliveries to customers from the Wickepin commenced in late 2022 and the average FOB price continues to exceed company estimates.

The processing plant has been constructed to utilise WA Kaolin’s proprietary dry processing method, the ‘K99 Process’, developed by the Company specifically for the high-grade Wickepin kaolin resource. The K99 Process produces an ultra-bright, high-quality kaolin product at a low cost, in comparison to other methods which rely on chemical bleaching and multiple wet mechanical and magnetic separation methods.

Currently, production of the K99S and K99C grades is ramping up with operations on track to perform sustainably at nameplate capacity by the end of FY2023. Wickepin is now consistently producing K99F, a finer particle size grade, with work continuing to increase throughput of this product through incremental plant tuning and equipment upgrades. Recently, production of K999P, the finest grade produced at Wickepin, commenced with WA Kaolin aiming to successfully ramp up output of this grade within weeks.

The Wickepin Kaolin Project recently hosted a site visit comprising a delegation of Asian and European customers, which provided positive feedback regarding opportunities for business development. With travel restriction in China easing, WA Kaolin has also recently completed a successful visit to meet with current and prospective customers in the Asian nation.

CEO Andrew Sorensen said, *“We are delighted with the progress made to date at the Wickepin Kaolin Project as our team continues to ramp up production following the completion of Stage 1 commissioning in October 2022. WA Kaolin has worked hard to overcome a number of challenges during the ramp up to keep Wickepin in a strong position to achieve Stage 1 nameplate capacity.*

Encouragingly, we have also been actively strengthening relationships with our clients in the kaolin market and developing new opportunities in parallel with the ramp up at Wickepin. The recent customer visit to Wickepin was a tremendous success and our own international visit by WA Kaolin staff to China has led to positive feedback about the quality of our product. Additionally, WA Kaolin remains focussed on its research and development capabilities to enhance the penetration of our product across key end markets and the international jurisdictions we currently or can potentially supply our product to.”



Figure 1: Aerial Photo of the Wickepin Plant

Kaolin Market Update

WA Kaolin is seeking further penetration into the ceramics market in Asia as the high purity and brightness of the company’s kaolin product is sought after in this jurisdiction. To achieve this target, WA Kaolin is adding technical sales specialist resources in this area to accelerate growth into this market.

The Company also intends to target expansion into the paper market, which is the largest sector for the kaolin industry. Over the next 2 quarters, the technical team will undertake trials to produce a finer paper-grade kaolin product suitable for the paper market. If successful, this new product would grow the suite of products produced at Wickepin and provide an opening to the significant paper marketplace.

WA Kaolin has also invested in automatic packaging equipment to fill 20kg bags which will come online towards the end of FY2023. WA Kaolin plans to market its kaolin product to customers which cannot purchase products in the larger bulk bags, providing access to a broader market in the sector.

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

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Project Background

WA Kaolin holds the Wickepin Kaolin Project, 220km south-east of Perth, a Mineral Resource (JORC 2012) of 644.5 million tonnes^{1,2}, including an Ore Reserve Estimate of 30.5 million tonnes of kaolinised granite. The Wickepin Project produces kaolin products for tier one customers and the Company aims to expand its production to 400,000tpa in a two-stage strategy.

WA Kaolin has a two-stage ramp up strategy. Stage 1 will see the production rate optimised up to 200,000tpa followed by the second stage which will expand production to 400,000 tpa.

The Company acquired the Wickepin Project in 1999 from Rio Tinto which, through exploration, had discovered and drilled out a Mineral Resource and commissioned engineering and feasibility studies. The acquisition included the tenements covered by the Wickepin Project and all associated engineering and feasibility studies.

Since then and prior to the Company's IPO in November 2020, WA Kaolin co-founders and owners invested over \$42 million to develop and progress the Wickepin Project. Through extensive R&D of product and processes, the Company has spent significant time and funds in optimising its proprietary dry processing method for kaolin ("K99 Process") to build and extend on its success as a kaolin producer and exporter to global markets.

As part of the process, the Company has undertaken trial mining and processing to ensure proof of concept and to produce product for, amongst other things, establishing customer confidence and price discovery.

The project comprises a mining lease, a general-purpose lease, a miscellaneous licence and retention licences. It is one of the largest known remaining kaolin resources in the world, and contains:

- A **Probable Ore Reserve of 30.5 million tonnes** (Table 1) in the mining lease which is part of and included in;
- An **Inferred Mineral Resource (reported in 2017) of 644.5 million tonnes** (Table 2) of high-grade premium kaolinised granite across all tenements.

Table 1. Ore Reserves by JORC Classification

JORC classification	Tonnes (Mt)	ISO brightness (%)	Yield (%) ($<45 \mu\text{m}$ in size)	In situ Kaolin (Mt)
Proved				
Probable	30.5	83.7	51.8	15.8
Total	30.5	83.7	51.8	15.8

Source: CSA Global Report No. R301.2020 – 30th July 2020

¹ The Mineral Resource estimate is inclusive of Ore Reserves ² CSA Global Mineral Resource Estimate R280.2017

Table 2. Inferred Mineral Resources ($<45 \mu\text{m}$), WA Kaolin Project

	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
Total	644.5	75.8	44.0	283.6

Source: CSA Global Report No. R280.2017 – 3rd August 2017

Estimates and production targets

The Mineral Resources, Ore Reserves and production targets referred to in this announcement 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 and 25 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 target or forecast financial information derived from a production target continue to apply and have not materially changed.

Forward Looking Statements

This ASX announcement may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on WAK's current expectations, estimates and assumptions about the industry in which WAK operates, and beliefs and assumptions regarding WAK's future performance. Any forward-looking statements, that are inconsistent with previous forward-looking statements made by the Company supersede those previous statements or prevail to the extent of any inconsistency. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of WAK. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law, WAK does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.