

22 May 2023

## Production Ramp Up Hits Milestone at Wickepin Kaolin Operations

### Highlights

- **Operations at Wickepin K99 plant successfully transitioned to 24-hour operation on May 15, as production ramps up to meet demand**
- **On-boarding and training of new staff from local Western Australian towns significantly enhances capabilities of operational team**
- **Commissioning of 20kg packaging plant to take place mid-June with installation in final stages and all equipment now on site**
- **Completion of \$1M undercover ore store which allows WAK to reduce drying costs and store dry ore during wet season**
- **WAK to establish new office in Asia to support customers in the region with highly experienced kaolin marketing expert Pettysy Loo appointed to lead new branch as Regional Manager, Asia**
- **Shipping costs from Fremantle Port continue to ease enabling WAK to offer products from Wickepin at lower FIS prices in Asia**
- **Sale of non-core assets to strengthen cash position has progressed with further market update expected shortly**

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

On Monday May 15, WAK successfully transitioned the Wickepin K99 plant to 24-hour operation to ensure the Company continues to meet strong demand for its kaolin products. This transition has been supported by on-boarding and training of new staff, all local residents, who are enhancing operations.

As previously announced<sup>1</sup>, WA Kaolin invested in automatic packaging equipment to fill 20kg bags to market its kaolin product to customers who cannot purchase products in the larger bulk bags, providing access to a broader market in the sector.

Delivery of the Haver & Boecker kaolin bagging solution is progressing well with all equipment now on site and installation in its final stages. Commissioning of the packaging plant is expected to take place next month. Once operational, the packing equipment will deliver access to higher value markets and a larger segment of the kaolin market locally and internationally.

Additionally, in early May, WAK completed a \$1 million undercover ore store at the Project site – an additional component to the project scope. The ore store will enable WAK to reduce drying costs and store a 2–3-week supply of dry ore during the wet season.

<sup>1</sup> Refer WAK announcement, ‘Wickepin Kaolin Project Operational Update’ dated 16 March 2023

In the March quarter, WAK completed a strategic review of its property portfolio and recognised an opportunity to strengthen its cash position through the sale of underutilised assets now that production at the Wickein operation is ramping up<sup>2</sup>. The arrangements for the sale of these non-core assets are progressing well and WAK expects to update the market with further details shortly.

**CEO Andrew Sorensen said,** *“Successfully transitioning to 24-hour operation at the Wickein K99 plant is a key milestone in our ramp up to Stage 1 nameplate capacity. I would like to credit the ongoing commitment of our operational team in successfully moving to round-the-clock operations, which enables WAK to meet the growing demand for our high-quality kaolin products from international customers. Importantly, the operational performance at WAK has been supported by the on-boarding of new workers – all locals from Wheatbelt towns in WA – which has been a smooth process and been tremendous for the site.*

*“This operational performance sets the foundation for our strategy to expand further into the Asian kaolin market where demand is strong. WAK has recently made promising inroads into the Asian ceramics sector by taking steps towards building a stronger presence in this marketplace by establishing a new Asian office.”*



**Figure 1.** Aerial view of facilities at the Wickein Kaolin Operation

<sup>2</sup> Refer WAK announcement, ‘March 2023 Quarterly Activities Report’ dated 24 April 2023



**Figure 2.** The \$1 million undercover ore store at the Wickepin Kaolin Operation

### Continued Expansion into Asia

WA Kaolin continues to seek 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 enable closer relationships with customers in Asia, WAK has commenced a process to establish a new office in Malaysia. The Company expects that the regional office in Asia will be set up by the end of CY2023.

As part of the expansion into Asia, WAK has appointed Pettsy Loo as Regional Manager, Asia. Based in Malaysia, Pettsy brings a wealth of knowledge and experience in the Asian kaolin market to the company.

The Company's marketing in Asia continues in June with WAK set to exhibit at the China Ceramics 2023 Expo which takes place in Guangzhou on June 16-18.

In other good news for the company's sales growth, WAK notes that the price of export container shipping from Fremantle Port continues to ease, enabling it to offer its products at lower Free Into Store (FIS) prices in Asia. This reduction in the delivered price of its kaolin products will enable the company to penetrate further into the Asian kaolin market and boost the rapid growth of sales in the region.

**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<sup>3,4</sup>, 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.

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 (%)	In situ Kaolin (Mt)
			(<45 µm in size)	
Proved				
Probable	30.5	83.7	51.8	15.8
<b>Total</b>	<b>30.5</b>	<b>83.7</b>	<b>51.8</b>	<b>15.8</b>

Source: CSA Global Report No. R301.2020 – 30<sup>th</sup> July 2020

**Table 2.** Inferred Mineral Resources (<45 µm), WA Kaolin Project

	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
<b>Total</b>	<b>644.5</b>	<b>75.8</b>	<b>44.0</b>	<b>283.6</b>

Source: CSA Global Report No. R280.2017 – 3<sup>rd</sup> August 2017

<sup>3</sup> The Mineral Resource estimate is inclusive of Ore Reserves

<sup>4</sup> CSA Global Mineral Resource Estimate R280.2017

## 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.