

# SALE OF SILICA SAND FROM PITTONG

## HIGHLIGHTS

- Three-year agreement signed with BQ Nominees Pty Ltd trading as Barfold Quarry (“Barfold”) for the sale of silica sand
- Silica sand is produced as a by-product at SUV’s Pittong hydrous kaolin plant
- Revenue generated under the three-year agreement is significant and estimated at ~A\$1.5–A\$2.0 million
- Sale of silica sand offsets potential \$9 per tonne liability to backfill the Pittong mine
- Barfold has agreed to purchase the existing silica sand stockpiles in year one of the agreement and all future production of silica sand thereafter
- Current saleable silica sand stockpiles at the Pittong processing facility estimated to be ~180,000 tonnes
- No capital cost to Suvo with Barfold to fully fund all processing, capital and haulage costs

**Suvo Strategic Minerals Limited (ASX: SUV)** (“Suvo” or “the Company”) is pleased to announce that it has signed a three-year agreement with BQ Nominees Pty Ltd trading as Barfold Quarry (“Barfold”) for the sale of silica sand, a by-product produced from its hydrous kaolin operation at Pittong, Victoria.

Barfold is a basalt quarry and recycled concrete company and will use the Pittong silica sand in its premix concrete. The Company currently operates three batching plants throughout Victoria and is in the process of building a fourth. Barfold will mobilise its own mobile equipment at the Pittong processing facility in the coming weeks and commence dry screening of the existing silica sand stockpiles. All processing, capital and haulage costs will be incurred by Barfold.

Suvo estimates the current silica sand stockpiles at the Pittong processing facility is ~200,000 tonnes, of which ~90% (180,000 tonnes) is saleable silica sand.

Due to the supply shortages of sand and growth in the construction industry, it is estimated that all 180,000 tonnes of silica sand stockpiles at the Pittong processing facility will be processed and hauled by Barfold in the first year of the agreement.

Post depletion of the current stockpiles, sales of the by-product will be linked to production of hydrous kaolin at Pittong. Based on current recoveries, 1 tonne of hydrous kaolin produced generates ~1.2 tonnes of saleable silica sand. Barfold will process and purchase all available future production during the term of the agreement.

This is an amazing result for Suvo as it is estimated the cost to the Company to re-locate and backfill would be approximately \$9 per tonne in labour and equipment. Not only is the Company generating free cash-flow, the sale of the silica sand is reducing a future cash flow burden.

**Managing Director and Chief Executive Officer Hugh Thomas commented:**

*"We are delighted to enter into this agreement with Barfold Quarry for the sale of our silica sand from Pittong. In addition to generating immediate free cashflow and generating A\$1.5-A\$2.0m across the term of the contract, the Company is also saving an estimated \$9 per tonne in costs to re-locate and backfill the Pittong mine.*

*The additional cash flow to be generated comes after the successful Placement which was necessary to provide additional working capital to the Company as we expand our sales team and technical knowledge. Our number one focus is to increase our sales of hydrous kaolin in the Asia Pacific region, to match our increased production capacity following the successful plant upgrade at Pittong.*

*We continue to make significant headway in defining and augmenting Suvo's sales and distribution strategy."*

**Approved for release by the Board.**

**-ENDS-**

## Key Terms

Terms	Agreement
<b>Term</b>	3 years.
<b>Product</b>	Silica sand.
<b>Tonnes</b>	Silica sand production is estimated to be between 250,000 and 330,000 tonnes across the term. This includes the existing stockpile of ~180,000 tonnes.
<b>Revenue</b>	Approx. A\$1.5–A\$2million across the term (again dependant on production levels).
<b>Payment Terms</b>	Barfold must pay each invoice within 14 days from the date of issue with Invoices issued fortnightly.
<b>Exclusivity</b>	Barfold has the exclusive right to prepare, wash, haul and sell the Product from the Stockpiles.
<b>Termination</b>	<p>If Suvo or Barfold suffers an insolvency event, subject to Chapter 5 of the Corporations Act, either party may terminate the agreement with immediate effect.</p> <p>If Suvo or Barfold is in breach of its obligations and either party has provided a notice specifying the breach requiring rectification (rectification period to be at least 15 business days), and within that period the party has not rectified the breach to the other party's satisfaction, either party may terminate the agreement with immediate effect.</p>

For further information, please contact.

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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.

Category	Kaolinised Granite Tonnes (Mt) Pittong	Kaolinised Granite Tonnes (Mt) Trawalla
Indicated	3.74	9.9
Inferred	1.96	2.8
<b>Total</b>	<b>5.69</b>	<b>12.7</b>

The Company first disclosed the Trawalla and Pittong Mineral Resource Estimates on 22 September 2021 and 1 March 2022. The Company confirms that it is not aware of any new information or data that materially effects the Announcement and confirms that the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**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 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.

### **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.