

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2023

HIGHLIGHTS

- A\$1.6 million (before costs) received following an oversubscribed Placement
- Chief Executive Officer, Hugh Thomas appointed as Managing Director
- 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
- New channel partners appointed throughout Asia Pacific
- Product testing of Pittong hydrous kaolin well advanced across a number of newly identified end users

Suvo Strategic Minerals Limited (ASX: SUV) (“Suvo” or “the Company”) is pleased to release its June 2023 Quarterly Report.

Commercial and sales update

During the quarter, the Company received A\$1.6 million before costs, following an oversubscribed share placement at \$0.023 per share (the ‘Placement’).

Since his appointment as CEO in April 2023 (subsequently Managing Director), Mr. Hugh Thomas and founding shareholder and Interim Chairman, Mr. Aaron Banks have completed a critical analysis of each of the Company’s projects and most importantly a complete overhaul of the Company’s hydrous kaolin sales and distribution strategy.

Aaron Banks
INTERIM NON-EXECUTIVE CHAIRMAN

Hugh Thomas
MANAGING DIRECTOR

Oliver Barnes
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



In order to execute the sales and distribution strategy, the working capital funding solution via the Placement provides the new management team time to execute the newly defined and controlled approach to the offshore market, making sure the Company maximises its opportunities to sell increased tonnes in a preferred end user market.

The Company has established a newfound depth of knowledge with respect to hydrous kaolin industry trends and market dynamics throughout Asia Pacific, which can now be leveraged. Being an extremely opaque market, to sell the additional hydrous kaolin tonnes available from the Company's Pittong plant requires an in depth and acute understanding of each region throughout Asia. Management is now very confident that the necessary knowledge of how the market works is well known, and there are a number of opportunities that the Company can take advantage of in the short term.

As part of this newly formed strategy, new channel partners have been appointed throughout Asia Pacific, including Indonesia, Philippines, China, Japan, Korea and India. A significant amount of new end users throughout Asia Pacific have been strategically targeted and product testing of Pittong hydrous kaolin is now well advanced.

Increase in Turnover

In June 2023, the Company 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 the Company's 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. Subsequent to the quarter end, Barfold has mobilised its own mobile equipment at the Pittong processing facility and has commenced dry screening of the existing silica sand stockpiles. All processing, capital and haulage costs are 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 expected 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.

Pittong Operation Production Guidance

The Company announced revised forecast production guidance on 19 June 2023.

Description	Unit	FY2023 Q4 (3-month Guidance)	FY2024 Q1 – Q4 (12-month Guidance)
Production	Tonnes	5,000	35,000
Revenue ¹	A\$m	3.1	22.0
EBITDA ²	A\$m	0.0	4.8

Other

Sadly, on 14 June 2023 the Company announced the passing of non-executive director, Dr. Ian Wilson. Further, the Company announced on 19 June 2023 the resignation of non-executive director, Henk Ludik.

¹ Assumed delivered price of A\$627/tonne and net selling price (less freight and commissions) of A\$525/tonne.

² Forecast EBITDA and All-in Sustaining Cost ("AISC") of A\$402/tonne includes a 25% allocation of head office corporate costs. Corporate costs are split evenly across the Company's Projects. This is consistent with the previous Production Guidance disclosure released on 26 August 2022.

Disclosure Requirements (Guidance Note 23 Disclosures)

Details of mining exploration activities:

The A\$0.02 million of exploration and evaluation expenditure was largely attributable to tenement rates and rents, consulting fees and tenement management.

Details of mining production and development activities:

The Company spent A\$2.6 million on production and A\$0.5 million on development activities during the quarter ended 30 June 2023.

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
E70/5517	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 Company paid A\$0.1 million to Directors for Salaries and Wages.

Approved for release by the Board

–ENDS–

For further information, please contact

Investor enquiries

Hugh Thomas

Managing Director and Chief Executive Officer

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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 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.

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.

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.

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 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,962	12,037
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(2,573)	(11,530)
	(d) staff costs	(482)	(1,709)
	(e) administration and corporate costs	(723)	(2,566)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	16	101
1.5	Interest and other costs of finance paid	(21)	(95)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	25
1.8	Other (income tax refunds)	-	-
1.9	Net cash from / (used in) operating activities	(821)	(3,737)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(527)	(2,734)
	(d) exploration & evaluation	(22)	(588)
	(e) investments	-	(220)
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 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	-	-
2.6	Net cash from / (used in) investing activities	(549)	(3,542)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,600	3,600
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	75
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(65)	(186)
3.5	Proceeds from borrowings	-	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)	(140)	(535)
3.10	Net cash from / (used in) financing activities	1,395	3,755

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,139	6,688
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(821)	(3,737)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(549)	(3,542)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,395	3,755

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	3,164	3,164

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	3,164	3,139
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (cash held in term deposit)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,164	3,139

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	131
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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	783
7.4 Total financing facilities	1,000	783
		-
7.5 Unused financing facilities available at quarter end		217
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(821)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(22)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(843)
8.4 Cash and cash equivalents at quarter end (item 4.6)	3,164
8.5 Unused finance facilities available at quarter end (item 7.5)	217
8.6 Total available funding (item 8.4 + item 8.5)	3,381
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.01
<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: 28 July 2023

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.