

27 October 2023

September 2023 Quarterly Activities Report

Highlights

- **Wickepin Kaolin Project Ore Reserve upgraded to 64.9Mt, an increase of 113%**
 - **Production mine life increases to 73 years**
- **Expanded offtake agreement and \$7.7m equity investment with Stanco International**
 - **Offtake agreement to expand into additional Asia-Pacific region markets**
 - **\$7.7m placement to execute at share price of \$0.17**
- **Settlement of the sale of the Kwinana property**
- **Wickepin production ramp up continues in earnest despite short term challenges**
- **Upgrades to the Wickepin plant progressively being installed to meet evolving global customer demands for finer particle size specification**
- **Production rates into late October has seen a marked improvement, including in key metrics of quality and yield as a result of upgrades made to date**
- **WA Kaolin maintains a strong cash position of \$4.4m at 30 September 2023 with formal commitments for a further \$3.7m over the coming two quarters from Stanco**

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (**ASX: WAK**) is pleased to provide an update on its activities for the September 2023 quarter.

WA Kaolin holds the Wickepin Kaolin Project, 200km south-east of Perth, which produces kaolin products for tier one customers. The Company aims to expand its production from the Wickepin Project to 400,000tpa in a two-stage expansion strategy.

CEO Andrew Sorensen said, “The September quarter has been challenging for the business, with all efforts being made to continue with targeted production ramp up of the Wickepin plant despite plant downtime from installation of product quality upgrades. Importantly the results of these endeavours are now starting to show with strong plant performance into late October, including improved yield and product quality.

It has been an important period for building our financial strength as we continue the ramp up of the Wickepin Kaolin Project. The settlement of the Kwinana property sale early in the quarter and strengthening of our cash position was complemented by the offtake and equity placement to Stanco. We have received \$4m from Stanco to-date with another \$3.7m to be split into monthly payments until February 2024.

The signing of an expanded offtake agreement with Stanco also provides revenue certainty as production increases at Wickepin. We are delighted to have solidified our long-term relationship with Stanco.

These activities have provided long-term security to the business which post-quarter has been further cemented by the release of our updated Ore Reserve Estimate (ORE). Our world-class Wickepin Kaolin Project now has an ORE of 64.9Mt which equates to a 73-year mine life. This is a globally significant resource and confirms that WA Kaolin is a multi-generational industrial minerals business.”

Offtake Agreement and Equity Placement with Stanco International

During the quarter, WA Kaolin signed an expansion of its existing offtake and an equity investment with Stanco, a leading raw materials distribution company in the Asia Pacific region. As a result of the A\$7.7m placement, Stanco will become a major shareholder of WA Kaolin, holding 15% of equity.



Figure 1: Alf Baker (WAK Executive Director), Sean Hu (Stanco CEO) and Dr John White (WAK Chair)

Key Highlights of the Agreement

Subscription Agreement: Stanco has subscribed for and will be issued with 45,525,951 fully paid ordinary shares of WA Kaolin at an issue price of \$0.17 per share, for a total investment of \$7,739,411. This transaction will result in Stanco holding a 15% stake in WA Kaolin.

The issue price of \$0.17 per share represented a 26% premium to the last traded price of WA Kaolin and a 23.5% premium to the 10-day VWAP prior to the announcement of the Subscription Agreement.

Subscription Tranches: An initial subscription for 11,764,706 shares for \$2,000,000 was paid up front as part of agreement in mid-August 2023, followed by five monthly tranches of 5,882,353 shares for \$1,000,000 each. Payments for \$1m have been received in September and October. The final tranche of 4,349,480 shares for \$739,411.67 is scheduled for February 2024. Shares are being issued under the Company's placement capacity pursuant to Listing Rules 7.1 and 7.1A (18,405,392 shares and 27,120,559 shares, respectively).

Voluntary Escrow Deed: Stanco International voluntarily entered into an escrow deed, binding them to hold their WA Kaolin Subscription Shares for a period of 36 months from the date of their subscriptions.

Board Seat: Supply Agreement: Stanco is entitled to nominate a member to the Board of WA Kaolin on completion of the subscription, subject to Stanco maintaining a minimum 15% equity position in the Company.

Existing Offtake Agreement: As part of the deal, Stanco International has upgraded their May 2023 offtake agreement for the supply of 339,000 tonnes of kaolin over a six-year period, as previously documented in the Company's Prospectus in late 2020.

About Stanco International

Stanco International is a renowned distributor of premium quality raw minerals with a strong presence in the fiberglass, glassware, ceramic, papermaking, electric wire and cable, and iron and steel industries across the Asia Pacific region. The company's corporate headquarters are in Taipei, Taiwan, with a head office in Shanghai, China, and local offices in HCMC, Vietnam, and several other countries. Stanco International boasts an extensive distribution network, including local warehouses in China, Taiwan, Vietnam, and other APAC countries, ensuring efficient service to its valued customers.

The partnership between WA Kaolin and Stanco International is built on a long-standing relationship, with Stanco being the largest off taker for WA Kaolin. This agreement not only deepens the collaboration but also reflects a shared vision of fostering a strong and prosperous partnership.

Wickepin Plant Operations

WA Kaolin is emerging as a globally significant kaolin producer and continues to experience strong demand for kaolin products. Deliveries to customers from the Wickepin Project commenced in late 2022.

The processing plant has been constructed to utilise WA Kaolin's proprietary 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.

Customer quality demands have materially increased within the international Kaolin markets over the last 12 months. WA Kaolin is proactively managing these demands with continued modification and upgrade to the plant, in particular around increased customer demand for finer particle size. The engineering team have designed a new process flow scheme for second stage separator section of the plant, and simultaneously have been testing additional stage separation equipment with suppliers from Europe and the USA.

During the September quarter, WA Kaolin continued the production ramp up of the Wickepin plant, achieving a production of 1,456 tonnes for the quarter. This result was below target, largely due to continued plant modification and upgrades in addition to unscheduled maintenance associated with the kiln and the second stage separators at the plant. The kiln was shut down for three weeks during the quarter to implement design changes and layout modifications, this downtime accounting for most of the drop in the quarter's production.

Post quarter, the new process flow scheme was implemented and after a week of tuning the new scheme is showing promise with the plant throughput up by more than 40% and a better metallurgical recovery evident. WA Kaolin will provide further updates to the market as the production ramp up continues.

Production and Deliveries

Table 1. Wickepin Kaolin Production

PRODUCTION	Q2 FY2023	Q3 FY2023	Q4 FY 2023	Q1 FY 2024
Kaolin Produced and Bagged	1,057	1,254	2,089	1,456

Table 2. Kaolin Shipping & Sales

PRODUCTION	Q2 FY2023	Q3 FY2023	Q4 FY 2023	Q1 FY 2024
Kaolin sales (dmt)	1,308	759	1,346	1,532
Revenue from sales (\$)	\$434,871	\$204,240	\$352,712	\$366,922
Average FOB price (\$)	\$277	\$269	\$262	\$240

Supporting Customers

Representatives from WA Kaolin have undertaken international visits to current and potential customers across Asia.

Our Malaysian office run by Ms Pettsy Loo is now established and has provided greater support and visibility to customers and has led to an increase in inbound customer enquiries.

The prices of export container shipping from Fremantle Port continue to ease, enabling WA Kaolin to offer 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.

Ore Reserve Estimate & Mineral Resource Estimate

Subsequent to the quarter-end, on 10 October 2023, the Company announced an updated Ore Reserve Estimate (“ORE”) and Mineral Resource Estimate (“MRE”) for the Wickepin Kaolin Project in Western Australia.

WA Kaolin commissioned CSA Global, an independent geological and mining consultancy who also authored the previous estimates, to provide an updated ORE and MRE for the Company’s Wickepin operation in accordance with the JORC 2012 Code.

New 2012 JORC Ore Reserve Estimate

A total (Proved and Probable) Ore Reserve of 64.9Mt has been estimated, an increase of 113% on the previously reported Ore Reserve (Source: CSA Global Report No. R301.2020 – 30th July 2020), based on the approved pit designs and with the usage of several modifying factors.

The mine design, production schedule, and associated financial and other studies have demonstrated that kaolin can be produced with a mine production life of approximately 73 years. The initial 20 years are reported as Proved Ore Reserve while the remaining fall under Probable and comprise the remaining Life of Mine.

The Ore Reserve is reported in accordance with the JORC Code and is shown in Table 3.

Table 3. Ore Reserves by JORC Classification

JORC classification	Tonnes (Mt)	ISO brightness (%)	Yield (%) ($<45 \mu\text{m}$ in size)	In situ Kaolin (Mt)
Proved	15.8	81.9	49.9	7.9
Probable	49.1	82.2	50.7	24.9
Total	64.9	82.2	50.5	32.8

Source: CSA Global Report No. R310.2020 – 29th September 2023

Mineral Resource Estimate

The last statement for a Mineral Resource Estimate for the WA Kaolin Project Wickepin deposit was dated 3 August 2017 with 644.5 million tonnes of ore.

Since the discovery of Wickepin by Rio Tinto in 1994, approximately 17,512m have been drilled over the Project by the air-core method.

The resultant model is depleted with the open pits as of 19 May 2023 and presented in Table 4. The total Mineral Resource Estimate is 643.0Mt, consisting of 65.5Mt in Measured and Indicated Category and 577.5Mt in Inferred Resource.

The variables under consideration for estimation were ISO brightness and kaolin yield ($<45 \mu\text{m}$ in size) and are shown in Table 4.

Table 4. Inferred Mineral Resources ($<45 \mu\text{m}$), WA Kaolin Project

Classification	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
Total	643.0	75.8	44.0	283

Source: CSA Global Report No. R313.2023 – 29th September 2023

Corporate

Sale of Kwinana Property

During the June quarter, WA Kaolin signed a term sheet for the sale of its Kwinana property, excluding the plant and equipment on site which remain the property of WA Kaolin. The \$7 million sale of the Kwinana property to Coogee Chemicals Pty Ltd was settled during July 2023.

As part of the sale, WA Kaolin secured excellent lease back terms with the purchaser, which facilitates the use of the Kwinana property for the next three years, providing stability and continuity for its ongoing operations at the site. This enables the Company to continue to focus on research and development into new product offerings and value-added products in the kaolin market. Significantly, the lease agreement provides for a “peppercorn” (\$1 per annum) rent over the term, in exchange for providing the purchaser with access to park vehicles, tanks and equipment on a section of the property.

With the sale of the property, the existing \$5 million debt facility provided by Boneyard Investments Pty Ltd, which was secured against the Kwinana property, was repaid at the same time the property sale settled.

Additionally, the Company has now established a new \$3 million debt facility with Boneyard Investments Pty Ltd with the following terms and conditions:

- Term of 3 years, then repaid in full.
- Can be repaid in part during the Term – minimum of \$300,000 per each repayment.
- Interest rate is 8% per annum compounded quarterly.
- Interest to accrue for the first 18 months, the amount accrued, added to the principal loan and then, going forward the interest due is to be paid quarterly.
- If the principal and accrued interest are not repaid by the end of the Term, the Purchaser has the option to convert the balance into shares in WAK at 20% below VWAP market share price, being the average WAK trading price for the period 60 days prior to end of term. WAK is required to advise the Purchaser 60 days prior to end of term if it would like the Purchaser to consider the option to convert and not repay the loan. The conversion to Company shares will be subject to shareholder approval.
- If the Purchaser does not plan to exercise the share option, it is required to advise WAK 30 days prior to the end of the term.

The sum total of the sale of the Kwinana property and new debt arrangement yields a net improvement in WA Kaolin's financial position of \$5m and has provided working capital for the ramp up of operations to full production.

The total company debt including the existing company debt to the founders will reduce from \$25.4m to \$23.4m and has a weighted average interest rate of 3.2%. The existing debt to the founders of \$20.4m, who jointly own circa 28% of WAK's shares, is unsecured and will only be repaid from free cash flow.

Annual General Meeting

The Annual General Meeting (AGM) of the Company will be held at 2pm WST on Friday, 24 November 2023.

Financial information

WA Kaolin held a cash position of \$4.4m at 30 September 2023.

In accordance with Listing Rule 5.3.1, the Company advises that it did not undertake any exploration activities during the quarter ended 30 September 2023.

In accordance with Listing Rule 5.3.2, the Company advises that it spent approximately \$1.2m during the quarter on mining production costs, largely related to ore extraction costs (\$0.3m) and cost of gas and other associated costs (\$0.4m).

In accordance with Listing Rule 5.3.5, \$93,307 was paid to related parties or their associates during the quarter. The payments comprise the following:

- Director fees and superannuation: \$41,689
- Salary, superannuation, vehicle allowance and expenses reimbursements to the daughter of executive director (per contract of employment as the Company's Territory Sales Executive): \$19,118
- Fees paid to the executive director in lieu of salary: \$23,333 (per executed consultancy deed)
- Royalties paid to an entity associated with the executive director: \$9,167

Mining Tenements

In accordance with Listing Rule 5.3.3, the Company advises that it held the following tenements at the end of the quarter:

Tenement	Prospect	Ownership (%)	Change
M70/1143	South West Kaolin	100%	Nil
R70/40	Balgulpinn	100%	Nil
R70/42	Levi	100%	Nil
R70/43	Walters Hill	100%	Nil
R70/44	Doraking	100%	Nil
L70/156	Wickepin	100%	Nil
G70/251	Wickepin	100%	Nil

M – Mining Lease (granted)

R – Retention Licence (granted)

L – Miscellaneous Licence (granted)

G – General Purpose Lease (granted)

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

For further information, please contact:

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Investor Relations

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Project Background

WA Kaolin holds the Wickepin Kaolin Project, 220km south-east of Perth, a Mineral Resource (JORC 2012) of 643.0 million tonnes^{1,2}, including an Ore Reserve Estimate of 64.9 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 64.9 million tonnes** (Table 1) in the mining lease which is part of and included in;
- An **Inferred Mineral Resource of 643.0 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	15.8	81.9	49.9	7.9
Probable	49.1	82.2	50.7	24.9
Total	64.9	82.2	50.5	32.8

Source: CSA Global Report No. R310.2020 – 29th September 2023

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

	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
Total	643.0	75.8	44.0	283

Source: CSA Global Report No. R313.2023 – 29th September 2023

Estimates and production targets

The Mineral Resources and Ore Reserves Estimates referred to in this announcement were previously released to the ASX on 10 October 2023. The production targets referred to in this announcement were previously reported in the Company's 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.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

WA KAOLIN LIMITED

ABN

56 083 187 017

Quarter ended ("current quarter")

30 September 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	316	316
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	(1,185)	(1,185)
(d) staff costs	(1,198)	(1,198)
(e) administration and corporate costs	(671)	(671)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(134)	(134)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	43	43
1.8 Other (provide details if material)	0	0
1.9 Net cash from / (used in) operating activities	(2,829)	(2,829)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(643)	(643)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	6,993	6,993
	(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 (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	6,350	6,350

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	3,000	3,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(5,177)	(5,177)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(2,177)	(2,177)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,093	3,093
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,829)	(2,829)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	6,350	6,350
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,177)	(2,177)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,437	4,437

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	4,437	3,093
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,437	3,093

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	69
6.2	Aggregate amount of payments to related parties and their associates included in item 2	23

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.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,500	4,150
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,500	4,150
7.5 Unused financing facilities available at quarter end		350
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.		
<p>1) <i>Toyota Fleet Management – 6 x Hire Purchase agreements at varying interest rates for mobile equipment and motor vehicle (secured)</i></p> <p>2) <i>\$3m Convertible Loan Agreement with Boneyard Investments Pty Ltd, 3-year term from June 2023, 8% interest rate however interest accrued (not paid) until 31 December 2024.</i></p>		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,829)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,829)
8.4 Cash and cash equivalents at quarter end (item 4.6)	4,437
8.5 Unused finance facilities available at quarter end (item 7.5)	350
8.6 Total available funding (item 8.4 + item 8.5)	4,787
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.69
<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: Operating cashflow continues to improve as production at the Company's Wickepin plant ramps up.	
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: Yes, the Company has entered into a share subscription arrangement with several tranches (\$4.7m) still be delivered by February 2024 which will improve its cash position, whilst production ramps up at its Wickepin plant and operating cashflow is expected to improve.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

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: Yes, on the basis that the Company is heading toward positive operating cashflow and has undertaken the share subscription arrangement mentioned in 8.8.2 above.

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: 27 October 2023

Authorised by: By the Board

(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.