

WAK Secures \$7.0m Placement

Highlights

- **Two-tranche placement to raise approximately \$7.0m (before costs) at an issue price of A\$0.06 a Share comprising:**
 - **Tranche 1 to raise approximately \$2.05m using the Company's available 15% placement capacity**
 - **Tranche 2 to raise approximately \$4.95m subject to shareholder approval (and FIRB approval in respect of \$1.05m)**
 - **Issue price at a substantial premium to current share price, and strongly supported by WAK's directors, major shareholders and biggest offtake partner**
 - **Participants will receive one (1) free unlisted option (\$0.09 exercise price, expiring 30 June 2027) for every four (4) Shares allocated**
- **The Company intends to conduct a Share Purchase Plan to raise up to \$0.5m to eligible shareholders on the same terms with a record date of 30 April 2024**
- **Proceeds of capital raising to fund engineering solution to increase yield and capacity of its premium kaolin products at the Company's Wickepin plant to ramp up finer grade production, and for working capital**

WA Kaolin Ltd ("**WA Kaolin**" or the "**Company**") (ASX: WAK) is pleased to announce a two-tranche placement to raise approximately A\$7.0m (before costs) at an issue price of A\$0.06 a share ("**Placement**").

Managing Director Alf Baker said: *"We are very pleased to have the Company's biggest offtake partner, major shareholders and others commit funds in support of the company as we execute our strategy to produce premium finer grades of kaolin at our Wickepin plant."*

WA Kaolin has placed orders for classification equipment and will use the funds to implement the project that enables WA Kaolin to achieve its goal of high yield production of premium finer grade kaolin at the Wickepin plant. The funds will also ensure the Company has sufficient working capital as it strives for success and positive operating cashflow".

Placement

The Placement comprises a two-tranche placement to raise approximately A\$7.0 million (before costs) through the issue of 116,705,502 fully paid ordinary shares ("**New Shares**") at an issue price of A\$0.06 per New Share to sophisticated, professional and other institutional investors in Australia.

Tranche 1 will raise approximately \$2.05 million (before costs) using the Company's available placement capacity under Listing Rule 7.1 and is expected to complete on 6 May 2024.

Tranche 2 will raise approximately \$4.95 million (before costs) largely from Directors Alf Baker and Ken Hall and major shareholder Century Horse Limited (an affiliate of WA Kaolin's largest offtake partner) and is anticipated to complete on 24 June 2024 subject to the Company obtaining necessary shareholder approvals (and FIRB approval in respect of A\$1.05m subscription by Century Horse Limited).

The issue price of New Shares represents a 42.9% premium to the last closing price of A\$0.042 as at 26th April 2024 and a 32.3% premium to the 15-day trading Volume Weighted Average Price of A\$0.045.

Participants in the Placement will receive one (1) free unlisted attaching option for every four (4) New Shares allocated, exercisable at A\$0.09 and expiring 30 June 2027 (“**Attaching Options**”).

The capital structure of the Company on successful completion of the Placement is set out below.

	Shares	Options
Existing Securities on issue	423,784,121	35,500,000
Placement Securities		
- Tranche 1	34,200,001	8,550,000
- Tranche 2	82,505,501	20,626,375
Total Placement Securities	116,705,502	29,176,376
Total Securities on issue post Placement	540,489,623	66,676,376
Market Capitalisation at A\$0.06 a Share	\$32,429,377	

Share Purchase Plan

The Company also intends, subject to meeting ASX Listing Rule requirements, to conduct a Share Purchase Plan (**SPP**) on the same terms (\$0.06 issue price per New Shares, with free Attaching Options) to raise up to \$A0.5 million. The record date for the SPP is 30 April 2024.

Further information regarding the SPP (including terms and conditions of the SPP) will be provided to eligible shareholders in the SPP offer booklet, which will be made available in due course. Eligible shareholders wishing to participate in the SPP will need to apply in accordance with the instructions in the SPP offer booklet. Participation in the SPP is optional.

Canaccord Genuity (Australia) Limited is acting as Lead Manager and Bookrunner to the Placement and Lead Manager to the SPP.

Use of Funds

Following the completion of the Placement, the intended use of funds is as follows:

Item	A\$ million
Source of funds	
Placement	7.0
Use of funds	
Plant and equipment	3.0
Working capital/contingency	3.9
Costs of the Offer	0.1
Total	7.0

Please note that the above table does not include any proceeds from the SPP, which would increase working capital.

Further details can be found in the Company's presentation titled "**Equity Raising Presentation**" also lodged on the ASX platform on 1 May 2024.

Indicative Timetable

Indicative Timetable	Date
Settlement of New Shares and Attaching Options under Tranche One	Monday, 6 May 2024
Expected date of ASX Quotation of Tranche One New Shares	Tuesday, 7 May 2024
Shareholder Meeting to Approve Issue of New Shares and Attaching Options issued under Tranche Two	Monday, 17 June 2024
Settlement of Tranche Two New Shares and Attaching Options	Monday 24 June 2024
Expected date of ASX Quotation of Tranche Two Shares	Tuesday, 25 June 2024

The above timetable is indicative only and subject to change.

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 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.

The two-stage capacity expansion comprises of Stage 1 that will see the production rate optimised up to 200,000tpa followed by the second stage which will expand production to 400,000tpa.

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.

¹ The Mineral Resource estimate is inclusive of Ore Reserves

² CSA Global Mineral Resource Estimate R313.2023

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 (%) ($<45\ \mu\text{m}$ 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 (ASX announcements 10 and 11 October 2023)

Table 2. Inferred Mineral Resources ($<45\ \mu\text{m}$), 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 (ASX announcements 10 and 11 October 2023)

Estimates

The Mineral Resources and Ore Reserves Estimates referred to in this announcement were previously released to the ASX on 10 and 11 October 2023. 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 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.