

27 November 2024

ASX Market Announcement

Via e-lodgment

WA KAOLIN UPDATE

Overview

- **Sales of the new technical grades have accelerated in recent months and the Company is negotiating its first significant technical product offtake agreement for 2025 with a Chinese customer.**
- **The sales volume of K99 products has continued steady improvement, while the customer base eagerly awaits the new finer products being released by the end of November following the classifier plant upgrade project.**
- **The classifier project was completed week ending Friday 22nd November 2024. It came in sufficiently under budget to allow some additional labour and maintenance saving improvements to both upstream and downstream plant.**
- **Commissioning runs have confirmed that the two main goals have been realised – improved yield (up c. 40% and finer products. Continuous production recommences on Monday 27th November 2024 and we look forward to confirming results at nameplate rate or better.**

Operations

The Company now transfers ore from the mine to the plant on an as required basis, rather than in campaigns. This reduces double handling and allows better control of quality using our own trained staff. Plant performance has reached 90% for the first time and further improvements are being focussed on.

While the Company continues to operate without accidents and injuries, it remains focussed on continuous improvement of safety awareness and working conditions.

In addition to these production initiatives, the Company has negotiated a significant reduction in energy costs thanks to our supplier understanding the needs and the long-term potential.

Classifier Project

Now that the project is completed and commissioned, the emphasis will be on growing the markets where finer products are required and working towards positive operating cash flow.

The capital cost of the project is within the \$3m budget. The \$0.3 contingency will be used for improvements to packaging, product transfer and other plant improvements.



Figure 1: The new Classifier Plant fully installed and commissioned (12m x 11m x 18mhigh)

R&D

Development efforts continue with new grades launched into the ceramics market. Also, with modified finer grades, work will now be accelerated to gain approvals in the paper and paint markets.

Work has commenced with a consulting group and Curtin University to characterise and qualify WAK's kaolin for geopolymer concrete applications ('green cement'). This project, while having major potential, is not taking precedence over growing the core business.

Sales

Earlier in 2024 the Company released a new range of technical products. These products are aimed at the commodity end of the market and are attractively priced. From a slow start at the beginning of this year the sales revenues from these products have risen significantly faster in recent months. The sales team continues to uncover new potential markets for this product and have recently commenced negotiations for an offtake agreement for 2025 with a Chinese customer. This is the Company's first offtake agreement for the technical grades and represents a milestone in the product development cycle.

Overall, the improvement in sales volumes month by month is underpinned by the baseline sales of the K99 products and boosted by the sales of the new technical grades and engineered ceramic grades. The quarterly sales revenue is depicted in Figure 1 below. Forward orders stand at 2,430 tonnes or approx. \$600k.

With the new classifiers commissioned, the Company anticipates another boost in sales volumes as the finer grades of kaolin are released to the market and gain customer acceptance.

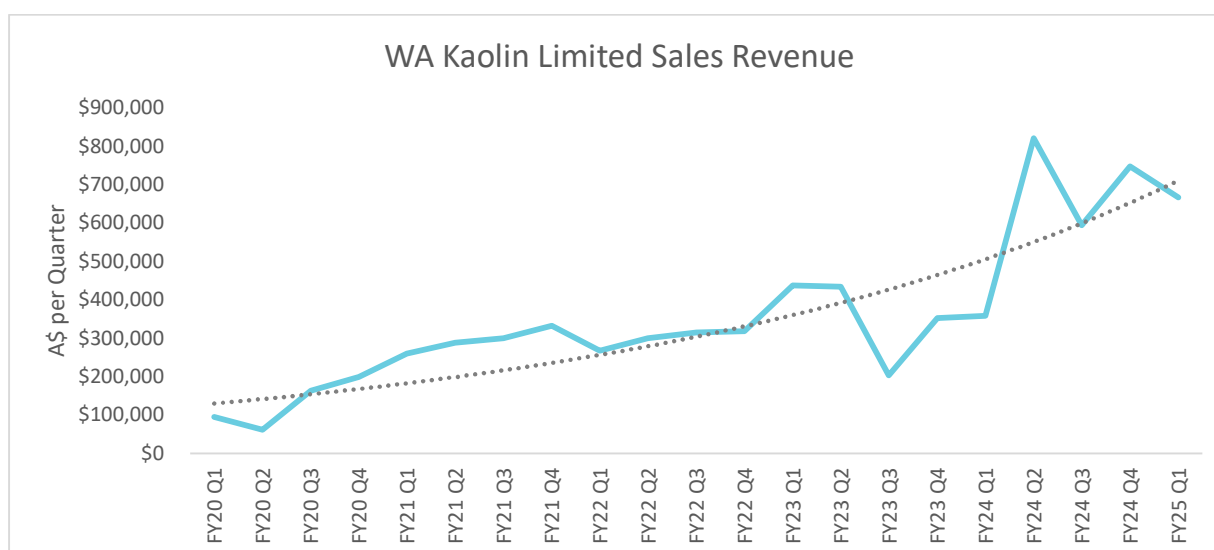


Figure 2 – Sales revenue by quarter

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

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