

22nd January 2025
ASX Market Announcement
Via e-lodgment

WA KAOLIN UPDATE

Overview

- The classifier project, commissioned by WA Kaolin Ltd (the company) at the end of November, has proven more successful than previously indicated. The three objectives of the project have been achieved, being 1) finer products, 2) higher production rates, and 3) improved yield. In commissioning, both classifiers achieved 15 tonnes per hour each of standard K99 products, i.e., total output of 30 tonnes per hour, which is 20% above nameplate. We would expect further increases as production is fine tuned.
- Once continuously operating at these levels the intention is to increase the feed and drying system capacities to optimise the first train.
- Another exciting project outcome is that the Company, from all indications to date, will no longer need to implement a wet process to participate in the paper, paint and other markets that require super fine particle size. Further test market results are required to validate this outcome.
- Two new technical/engineered clay products with provisional specifications, have been launched to the Ceramics industry: - EC-SAN for sanitary ceramics and EC-PLA for high end ceramics where plasticity is a key performance criterion, e.g., high-end tableware.
- The Company has commenced active pursuit of the above-mentioned finer product markets and distribution agreements have been signed for the purpose.
- The team on site has now accumulated considerable experience and has overseen and implemented these production and efficiency improvements and have identified a number of low-cost incremental improvements that can enhance the production profile and reduce energy costs.
- With sales orders growing, production capability in place, the path to profitability is more certain.

Operations

Operations have been streamlined with staff numbers aligned to the current production profile and capable of delivering circa 50% of nameplate capacity and generating positive EBITDA. A number of roles have been combined reflecting the campaign nature of operations. For example, the operations manager has absorbed the logistics management role, the production supervisor has taken on the safety advisor role having completed the required training, and mobile plant operators have absorbed the drilling, excavation and ore transfer-to-plant roles.

With these improvements, the Company does not anticipate significantly increasing staff levels until sales exceed 8,000 tonnes per month. This implies annualised production of circa 100,000 tonnes being 50% of nameplate capacity.

Some imported transfer equipment has been subject to high maintenance and is being replaced during first half of calendar year 2025, using left over contingency funds from the classifier project.

The Company is committed to operating without accidents and injuries and remains focussed on continuous improvement of safety awareness and working conditions.

Classifier Project

The Company confirms that the project is completed and commissioned, with better-than-expected outcomes. The project emphasis is to provide the marketing team with the finest products possible to help grow the business towards positive operating cash flow.

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



The new classifier plant fully installed and commissioned (12m x 11m x 18m high)

R&D

Successful R&D efforts have led to two new engineered clay grades being launched into the ceramics market. With provisional specifications applied, the two products are EC-SAN for sanitary ware and EC-PLA for tableware and other applications where plasticity is important.

R&D is also assisting marketing efforts to have finer grades approved for the paper and paint markets.

First results of characterising the Company's kaolin for geopolymer concrete applications ('green cement') are encouraging, with efforts proceeding with a consulting group and Curtin University into 2025.

Sales

In December the company onboarded a new customer in China in the ceramics sector with an anticipated sales volume for CY2025 of 10,000 tonnes.

We have commenced the customer roll out of the finer grade kaolins made possible by the classifier project. In the two weeks since the Christmas break, the Company has shipped 26 containers, and the current forward order book stands at circa 4,000 tonnes.

The installation of the new classifiers at Wickepin has opened a new chapter for WA Kaolin, with the active pursuit of the above-mentioned finer product markets now possible. In December we signed a letter of intent with a large distributor in the Chinese paper market. The agreement covers longer term supply and distribution agreements as well as technical cooperation for developing new products for the paper industry.

Our participation in the Guangzhou ChinaCoat expo in early December was very successful with strong demand identified for the new finer kaolin grades. We have an extensive list of potential customers who have requested samples of the new coating grade kaolins when they are released to the market early in 2025.



WA Kaolin Ltd booth at ChinaCoat expo 2024

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

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