

**Suvo Strategic Minerals Limited  
ACN 140 316 463**

**Notice of General Meeting**

**The General Meeting of the Company will be held at  
Level 11, 40 The Esplanade, Perth Western Australia 6000 on Friday 21 October  
2022 at 9:00 am (WST).**

The Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how to vote, they should seek advice from a suitably qualified professional advisor prior to voting.

**Should you wish to discuss any matter, please do not hesitate to contact the  
Company Secretary by telephone on +618 6268 2641**

Due to the ongoing COVID-19 pandemic, the Company is taking precautions to facilitate an in-person Meeting in accordance with COVID-19 restrictions. If the situation in relation to COVID-19 changes in a way affecting the ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by way of an announcement on the ASX market announcements platform.

**Shareholders are urged to attend or vote by lodging the proxy form attached to the  
Notice**

**Independent Expert's Report:** Shareholders should carefully consider the Independent Expert's Report prepared for the purpose of the Shareholder approvals required under Resolution 1, Resolution 2 and Resolution 3. The Independent Expert's Report opines on the fairness and reasonableness of the transactions the subject of Resolution 1, Resolution 2 and Resolution 3 to non-associated Shareholders. The Independent Expert has determined the transactions the subject of Resolutions 2 and 3 to be fair and reasonable to non-associated Shareholders.

The Independent Expert Report is available on the Company's website at [suvo.com.au/](https://suvo.com.au/). Shareholders may also request a hard copy of the Independent Expert Report at no cost to the holder by contacting the Company Secretary on (08) +618 6268 2641.

**Suvo Strategic Minerals Limited**  
**ACN 140 316 463**  
**(Company)**

**Notice of General Meeting**

Notice is given that the general meeting of Suvo Strategic Minerals Limited will be held at Level 11, 40 The Esplanade, Perth Western Australia 6000 on Friday 21 October 2022 at 9:00 am (**WST**) (**Meeting**).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of the Notice.

Terms and abbreviations used in the Notice are defined in Schedule 1.

**Agenda**

**Resolution 1 – Approval of the proposed acquisition of the Sale Assets from the Seller**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*"That, subject to each of the Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.1 and for all other purposes, Shareholders approve the acquisition of the Sale Assets from the Seller, Mr Aaron Banks, a related party of the Company, on the terms and conditions set out in the Explanatory Memorandum."*

**Resolution 2 – Approval to issue Consideration Options to Seller**

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

*'That, subject to each of the other Transaction Resolutions being passed, pursuant to and in accordance with Listing Rule 10.11 and section 195(4) of the Corporations Act and for all other purposes, Shareholders approve the issue of 333,334 Consideration Options to Aaron Banks as partial consideration for the Proposed Acquisition, on the terms and conditions in the Explanatory Memorandum.'*

**Resolution 3 – Approval to issue Deferred Consideration Shares**

To consider and, if thought fit, to pass with or without amendment, each as a **separate** ordinary resolution the following:

*'That, subject to the Transaction Resolutions being passed, for the purposes of Listing Rule 10.11 and for all other purposes, if each respective Milestone is met (if at all), approval is given for the Company to issue of up to 10,333,334 Deferred Consideration Shares as partial and deferred consideration for the Proposed Acquisition, on the terms and conditions in the Explanatory Memorandum, in the following tranches:*

- (a) *up to 7,666,667 Shares upon the satisfaction of Milestone 1; and*
- (b) *up to 2,666,667 Shares upon the satisfaction of Milestone 2."*

## Resolution 4 – Approval to issue Performance Rights to Directors

To consider and, if thought fit, to pass with or without amendment, each as a **separate ordinary resolution** the following:

*'That, pursuant to and in accordance with Listing Rule 10.14, sections 195(4) and 208 of the Corporations Act and for all other purposes, Shareholders approve the issue of Performance Rights to Directors (or their respective nominees) under the Plan as follows:*

- (a) up to 11,250,000 Performance Rights to Mr Henk Ludik (or his nominee); and*
- (b) up to 3,750,000 Performance Rights to Mr Oliver Barnes (or his nominee).*
- (c) up to 2,145,000 Performance Rights to Wilco Holdings Pty Ltd (an entity controlled by Mr Oliver Barnes and Henk Ludik).*

*on the terms and conditions in the Explanatory Memorandum.'*

## Resolution 5 – Ratification of prior issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, each as a **separate ordinary resolution** the following:

*'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:*

- (a) 33,235,295 Placement Shares issued under Listing Rule 7.1; and*
- (b) 55,000,000 Placement Shares issued under Listing Rule 7.1A,*

*on the terms and conditions in the Explanatory Memorandum.'*

## Resolution 6 – Ratification of prior issue of Attaching Options

To consider and, if thought fit, to pass with or without amendment, each as a **separate ordinary resolution** the following:

*'That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of:*

- (a) 28,854,262 Placement Options under Listing Rule 7.1; and*
- (b) 1,897,418 SPP Options under Listing Rule 7.1,*

*on the terms and conditions in the Explanatory Memorandum.'*

## Voting exclusions

Pursuant to the Listing Rules, the Company will disregard any votes cast in favour of:

- (a) Resolution 1, Resolution 2 and Resolution 3(a) and (b) by or on behalf of Mr Aaron Banks (or his respective nominee/s) and any other person who will obtain a material benefit as a result of the issue of the Securities (except a benefit solely by reason of being a Shareholder), or any of their respective associates;*

- (b) Resolution 4(a), (b) and (c) by or on behalf of Mr Henk Ludik and Oliver Barnes (or their respective nominees), and any person referred to in Listing Rule 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the employee incentive scheme in question, or any of their respective associates;
- (c) Resolution 5(a) and (b) by or on behalf of a person who participated in the Placement or an associate of that person or those persons; and
- (d) Resolution 6(a) and (b) by or on behalf of a person who participated in the issue of Placement Options or SPP Options, or an associate of that person or those persons.

The above voting exclusions do not apply to a vote cast in favour of the relevant Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

## Voting prohibitions

**Resolution 4(a), (b) and (c):** In accordance with section 250BD of the Corporations Act, a person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either a member of the Key Management Personnel or a Closely Related Party of such member; and
- (b) the appointment does not specify the way the proxy is to vote on the Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

In respect of **Resolution 4(a), (b) and (c)**, in accordance with section 224 of the Corporations Act, a vote on this Resolution must not be cast (in any capacity) by or on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

However, the above prohibition does not apply if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (b) it is not cast on behalf of a related party of the Company to whom the Resolution would permit a financial benefit to be given, or an associate of such a related party.

Please note: If the Chair is a person referred to in the section 224 Corporations Act voting prohibition statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed as proxy in writing and the Proxy Form specifies how the proxy is to vote on the relevant Resolution.

If you purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to read 'Chris Achurch', with a horizontal line underneath.

Chris Achurch  
Company Secretary  
Suvo Strategic Minerals Limited  
Dated: 23 August 2022

**Suvo Strategic Minerals Limited**  
**ACN 140 316 463**  
**(Company)**

**Explanatory Memorandum**

**1. Introduction**

The Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at **the offices of the Company**, at Level 11, 40 The Esplanade, Perth Western Australia 6000 on Friday 21 October 2022 at 9am (WST).

The Explanatory Memorandum forms part of the Notice which should be read in its entirety. The Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

The Explanatory Memorandum includes information about the following to assist Shareholders in deciding how to vote on the Resolutions:

Section 2	Action to be taken by Shareholders
Section 3	Resolution 1 – Approval of the proposed acquisition of the Sale Assets from the Seller
Section 4	Resolution 2 – Approval to issue Consideration Options to Seller
Section 5	Resolution 3 – Approval to issue Deferred Consideration Shares
Section 6	Resolution 4(a), (b) and (c) – Approval to issue Performance Rights to Directors
Section 7	Resolution 5(a) and (b) – Ratification of prior issue of Placement Shares
Section 8	Resolution 6(a) and (b) – Ratification of prior issue of Attaching Options
Schedule 1	Definitions
Schedule 2	Terms and conditions of Consideration Options
Schedule 3	Terms and Conditions of rights to receive Deferred Consideration Shares
Schedule 4	Independent Expert's Report
Schedule 5	Terms and conditions of Performance Rights
Schedule 6	Valuation of Performance Rights
Schedule 7	Summary of Employee Securities Incentive Plan
Schedule 8	Terms and conditions of Attaching Options

A Proxy Form is located at the end of the Explanatory Memorandum.

## **1.1 Transaction Resolutions**

The Transaction Resolutions are inter-conditional, meaning that each of them will only take effect if all of them are approved by the requisite majority of Shareholders' votes at the Meeting. If any one of the Transaction Resolutions are not approved at the Meeting, none of the Transaction Resolutions will take effect and the Proposed Acquisition and other matters contemplated by the Transaction Resolutions will not be completed pursuant to this Notice.

The Transaction Resolutions are Resolution 1, Resolution 2 and Resolution 3.

## **2. Action to be taken by Shareholders**

Shareholders should read the Notice including the Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

### **2.1 Impact of COVID-19 on the Meeting**

The health and safety of members and personnel, and other stakeholders, is the highest priority and the Company is acutely aware of the current circumstances resulting from COVID-19.

Based on the information available to the Board at the time of approving this Notice, the Board considers it will be in a position to hold an 'in-person' meeting to provide Shareholders with a reasonable opportunity to participate in and vote at the Meeting, while complying with the restrictions regarding gatherings and physical distancing. The Company, however, strongly encourages Shareholders to submit proxies prior to the Meeting.

If the situation in relation to COVID-19 were to change in a way that affected the position above, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

### **2.2 Voting in person**

To vote in person, attend the Meeting on the date and at the place set out above.

### **2.3 Chair's voting intentions**

Subject to the following paragraph, the Chair intends to exercise all available proxies in favour of all Resolutions, unless the Shareholder has expressly indicated a different voting intention.

### **2.4 Submitting questions**

Shareholders may submit questions in advance of the Meeting to the Company. Questions must be submitted by emailing the Company Secretary at [chris@westarcapital.com.au](mailto:chris@westarcapital.com.au) by 9am (WST) on Wednesday, 19 October.

Shareholders will also have the opportunity to submit questions during the Meeting in respect to the formal items of business. In order to ask a question during the Meeting, please follow the instructions from the Chair.

The Chair will attempt to respond to the questions during the Meeting. The Chair will request prior to a Shareholder asking a question that they identify themselves (including the entity name of their shareholding and the number of Shares they hold).

## 2.5 Independent Expert's Report on the Proposed Acquisition

The Directors resolved to appoint RSM Corporate Australia Pty Ltd as an independent expert (**Independent Expert**) and commissioned it to prepare a report to provide an opinion as to whether or not the acquisition of the Sale Assets from the Seller and the issue of the Options (**Consideration Options**) and Deferred Consideration Shares to the Seller (or its nominees) in relation to the Proposed Acquisition is fair and reasonable to non-associated Shareholders.

Listing Rule 10.5 requires that a report on a transaction from an independent expert is required where approval of shareholders is sought under Listing Rule 10.1. Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party without the approval of the holders of the entity's ordinary shares. The Company will acquire a substantial asset from the Seller, a Director and related party, under the Proposed Acquisition and as such Listing Rule 10.1 Shareholder approval is required.

The Company confirms that completion of the Proposed Acquisition will not result in the Seller holding an interest in the Company in excess of 20%.

What is fair and reasonable must be judged by the Independent Expert in all the circumstances of the proposal. This requires taking into account the likely advantages to shareholders if the proposal is approved and comparing them with the disadvantages to them if the proposal is not approved.

The Independent Expert has determined the transactions the subject of the Transaction Resolutions to be fair and reasonable to non-associated Shareholders.

The Company strongly recommends that Shareholders read the Independent Expert's Report contained in Schedule 4.

## 3. Resolution 1 – Approval of the proposed acquisition of the Sale Assets from the Seller

### 3.1 General

On 20 January 2022, the Company announced that it had entered into a Binding Terms Sheet with Aaron Banks (**Seller**) whereby the Company is proposing to acquire the Sale Assets, being the White Hill Silica Sand Project in Gingin, Western Australia and certain Mining Information (**Binding Terms Sheet**) (**Proposed Acquisition**).

The White Hill Silica Sand Project comprises pending exploration licence E70/4981 (**Tenement Application**), located in the Muchea area, (Yeal nature reserve) 50km north of Perth, Western Australia and is highly prospective for high-quality silica sand. It spans an area of ~47km<sup>2</sup>.

The targeted Silica sand deposits lie in the Bassendean sand table. These are wind-blown dune systems that have been created over tens of thousands of years. The dunes sit above the natural surface of the ground with heights of up to 20m - 40m sitting well above the water table. Historical exploration within the tenement area is limited, though the adjoining Muchea Silica Sand tenement (ASX: VRX) has produced some ultra-high grade results where extensive drilling and testing has taken place (as announced by VRX:ASX on 5 April 2018).

The Tenement Application overlaps a nature reserve and may become subject to future tenement conditions in respect to the reserve. This has the potential to require additional



approvals and/or consents to be obtained prior to commencing any activities on the Tenement.

Further information on the Tenement Application is set out in the Company's announcement of 20 January 2022.

Completion of the Proposed Acquisition will be subject to the satisfaction or waiver of the following material conditions precedent:

- (a) the Company obtaining shareholder approval in respect of the Proposed Acquisition pursuant to Listing Rule 10.1, the subject of Resolution 1; and
  - (b) the Parties agreeing the form of a royalty deed in respect of the Royalty,
- (together, the **Conditions**).

Subject to the satisfaction of the conditions precedent, in order to exercise its rights under the Binding Terms Sheet and acquire the Tenement Application, the Company will be required to:

- (c) on Completion:
  - (i) issue 333,334 Options to the Seller exercisable at \$0.15, expiring 3 years from the date of issue; and
  - (ii) grant a 4% gross revenue royalty to the Seller, payable on product extracted and sold from the Tenement Application (**Royalty**); and
- (d) following Completion, issue to the Seller the following deferred consideration on the satisfaction of the following milestones:

Milestone 1:

- (i) upon the grant of a Mining Lease over any part of the Tenement Application Area (**Milestone 1**) the Company must issue Shares having a total aggregate value of A\$1,150,000 at the Milestone 1 Issue Price.

Milestone 2:

- (ii) upon the approval of a mining proposal that allows the Company to commence mining operations on the Mining Lease as required under the Mining Act; and
  - (iii) the grant of all necessary approvals, consents and permits required under any relevant legislation or the tenement conditions in order to commence mining operations and extraction of minerals from the Mining Lease, including but not limited to environmental permits, water licenses, and mine closure plans,
- (3.1(d)(ii) and 3.1(d)(iii) together **Milestone 2**), the Company must issue Shares having a total aggregate value of A\$400,000 at the Milestone 2 Issue Price.

(together, the **Deferred Consideration Shares**).

Resolution 1 seeks Shareholder approval pursuant to Listing Rule 10.1 for the acquisition of the Sale Assets from the Seller, a related party of the Company.

The Seller, Mr Aaron Banks, is a related party of the Company by virtue of being a Director. Pursuant to Listing Rule 10.7, 12 months ASX Escrow will apply to the:

- (a) Consideration Options, commencing from the date of issue; and
- (b) Deferred Consideration Shares, commencing from the date the Deferred Consideration Shares are issued.

### 3.2 **Listing Rule 10.1**

Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a substantial asset from, or dispose of a substantial asset to, inter alia, a related party without the approval of the holders of the entity's ordinary shares.

An asset is substantial if its value, or the value of the consideration being paid or received for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules.

The total consideration to be paid to the Seller in accordance with the Proposed Acquisition is set out in Section 3.1(c) and 3.1(d) above, being up to 333,334 Consideration Options, up to 10,333,334 Deferred Consideration Shares and the Royalty. While the Company has not undertaken a formal valuation of the Consideration Options, Deferred Consideration Shares or the Royalty, the Company has formed the view that the Deferred Consideration Shares alone have a value of \$1,550,000, being an amount sufficient to require the Company to seek approval under Listing Rule 10.1.

Pursuant to the Company's latest financial accounts, as at 30 June 2021 the total equity of the Company is \$12,359,812 (**Total Equity**). As the potential value of the consideration flowing to the Seller under the Proposed Acquisition is greater than 5% of the Total Equity (being approximately \$618,000), the Proposed Acquisition is a transaction to which Listing Rule 10.1 applies.

The effect of Shareholders passing Resolution 1 will be to allow the Company to approve the acquisition of the Sale Assets from the Seller and therefore be able to proceed with the Proposed Acquisition, subject to Shareholders approving the remaining Transaction Resolutions.

The effect of Shareholders not passing Resolution 1 will be to not allow the Company to proceed with the Proposed Acquisition, which will cause each of the Transaction Resolutions to fail, including the proposed issue of the Consideration Options and Deferred Consideration Shares to Mr Banks. If this occurs, Mr Banks will continue to hold the Sale Assets in his own right.

### 3.3 **Specific information required for the notice of meeting under Listing Rule 10.5**

Pursuant to and in accordance with Listing Rule 10.5, the following information is provided in relation to the Proposed Acquisition:

- (a) The Company is acquiring the Sale Assets from the Seller, Mr Aaron Banks, a related party of the Company by virtue of being a Director of the Company.

- (b) The Seller falls into category 10.1.1 of Listing Rule 10.1, being a related party of the Company.
- (c) Details of the Proposed Acquisition are in Section 3.1 above.
- (d) The consideration for the acquisition of the Sale Assets is:
  - (i) up to 10,333,334 Deferred Consideration Shares with a value of \$1,550,000;
  - (ii) 333,334 Consideration Options; and
  - (iii) the Royalty, being a 4% gross revenue royalty payable on product extracted and sold from the Tenement Application.
- (e) no cash funds are required to pay for the Proposed Acquisition, as the consideration only comprises of the issue of Deferred Consideration Shares and Consideration Options;
- (f) completion of the Acquisition will occur on the date that is 5 Business Days after the satisfaction or waiver of the Conditions set out in Section 3.1 above, or on such other date agreed between the Company and the Seller;
- (g) the Proposed Acquisition is occurring pursuant to the Binding Terms Sheet entered into by the Company and the Seller, the key terms of which are set out in Section 3.1;
- (h) a voting exclusion statement in respect of Resolution 1 is set out in the Notice; and
- (i) an Independent Expert's Report is included in Schedule 4. The Independent Expert has determined the Transaction Resolutions to be fair and reasonable to non-associated Shareholders.

### 3.4 **Additional information**

Resolution 1 is an ordinary Resolution and a Transaction Resolution.

In the event Shareholders vote against Resolution 1, the Proposed Acquisition will not proceed.

The Board (other than Mr Banks) recommends Shareholders vote in favour of Resolution 1.

## 4. **Resolution 2 – Approval to issue Consideration Options to Seller**

### 4.1 **General**

A summary of the Proposed Acquisition is in Section 3.1 above.

Resolution 2 seeks Shareholder approval to issue 333,334 Consideration Options to Mr Aaron Banks, the Seller, as partial consideration for the Sale Assets pursuant to the Binding Terms Sheet.

The Consideration Options will be issued for nil cash consideration, exercisable at \$0.15 expiring 3 years from the date of issue and otherwise on the terms and conditions set out in Schedule 2.

As Mr Banks is a Director of the Company, Resolution 2 seeks the approval of Shareholders for the issue of the Consideration Options to the Seller or his nominees under and for the purposes of Listing Rule 10.11.

#### 4.2 **Listing Rule 10.11**

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue Equity Securities to any of the following persons without the approval of its Shareholders:

- (a) a related party (Listing Rule 10.11.1);
- (b) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (30%+) in the company (Listing Rule 10.11.2);
- (c) a person who is, or was at any time in the 6 months before the issue or agreement, a substantial holder (10%+) in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so (Listing Rule 10.11.3);
- (d) an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3 (Listing Rule 10.11.4); or
- (e) a person whose relation with the company or a person referred to in Listing Rule 10.11.1 or 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders (Listing Rule 10.11.5).

Mr Banks is a related party of the Company by virtue of being a Director. Shareholder approval pursuant to Listing Rule 10.11 is therefore required unless an exception applies. It is the view of the Board that the exceptions set out in Listing Rule 10.12 do not apply in the current circumstances.

Approval pursuant to Listing Rule 7.1 is not required for the issue of the Consideration Options as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of the Consideration Options to Mr Banks (or his nominees) will not be included in the Company's 15% annual placement capacity pursuant to Listing Rule 7.1.

The effect of Shareholders passing Resolution 2 will be to allow the Company to issue the Consideration Options and therefore be able to proceed with the Proposed Acquisition.

If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the Considerations Options and therefore be unable to proceed with the Proposed Acquisition.

#### 4.3 **Specific information required by Listing Rule 10.13**

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Consideration Options:

- (a) the Consideration Options will be issued to Mr Aaron Banks (or his nominees);
- (b) Mr Banks falls into the category stipulated by Listing Rule 10.11.1 by virtue of being a Director of the Company;
- (c) a maximum of 333,334 Consideration Options will be issued to Mr Banks;

- (d) the Consideration Options are to be issued on the terms and conditions set out in Schedule 2. The Consideration Options will be subject to ASX escrow for a period of 12 months from the date of issue;
- (e) the Consideration Options will be issued at Completion no later than one month after the date of the Meeting;
- (f) the Consideration Options will be issued for nil cash consideration but partial consideration for the Proposed Acquisition of the Tenement Application, pursuant to the Binding Terms Sheet;
- (g) no additional funds will be raised by the issue of the Consideration Options and it is the Company's current intention that any funds raised from the exercise of the Consideration Options will be applied to the general working capital and costs incurred by the Company;
- (h) other than those stated, there are no other material terms to the proposed issue of the Consideration Options; and
- (i) a voting exclusion statement is included in the Notice.

#### 4.4 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Consideration Options constitutes giving a financial benefit to related parties of the Company.

The Board has engaged an Independent Expert to provide an opinion as to whether or not the acquisition of the Sale Assets from the Seller and the issue of the Consideration Options and Deferred Consideration Shares to the Seller (or its nominees) in relation to the Proposed Acquisition is fair and reasonable to non-associated Shareholders. The Board has reviewed the Independent Expert Report and considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Options because the giving of the financial benefit is on arm's length terms pursuant to Section 210 of the Corporations Act.

#### 4.5 **Additional information**

Resolution 2 is an ordinary resolution and is a Transaction Resolution.

In the event Shareholders vote against Resolution 2, the Proposed Acquisition will not proceed.

The Board (other than Mr Banks) recommends Shareholders vote in favour of Resolution 2.

## 5. Resolution 3 – Approval to issue Deferred Consideration Shares

### 5.1 General

Resolution 3 seeks Shareholder approval pursuant to and in accordance with Listing Rule 10.11 for the issue of up to 10,333,334 Shares to Mr Banks, the Seller (or his nominees) as partial consideration for the Proposed Acquisition and achievement of Milestone 1 and Milestone 2 (**Milestones**) (if at all) pursuant to and in accordance with the Binding Terms Sheet (refer to Section 3.1 above) on the following basis:

- (a) up to 7,666,667 Shares, being \$1,150,000 in Shares at the Milestone 1 Issue Price (**Milestone 1 Shares**) by way of deferred consideration; and
- (b) up to 2,666,667 Shares, being \$400,000 in Shares at the Milestone 2 Issue Price (**Milestone 2 Shares**) by way of deferred consideration.

A summary of the Proposed Acquisition is in Section 3.1 above.

The Company notes that, pursuant to the Binding Terms Sheet, the respective issue of the Deferred Consideration Shares will be completed in tranches owing to the separate conditions precedent attaching to the Deferred Consideration Shares, set out in the below table.

Tranche	Shares	Price	Condition Precedent
Milestone 1 Shares Resolution 3(a)	Up to 7,666,667 Shares, being Shares with a deemed value of \$1,150,000	Milestone 1 Issue Price, being no less than \$0.15	Achieving Milestone 1 by the date that is within 5 years after the date of Company Shareholder approval
Milestone 2 Shares Resolution 3(b)	Up to 2,666,667 Shares, being Shares with a deemed value of \$400,000	Milestone 2 Issue Price, being no less than \$0.15.	Achieving Milestone 2 by the date that is within 5 years after the date of Company Shareholder approval

The maximum number of Shares that may be issued in accordance with the Deferred Consideration Shares is 10,333,334 Shares. The Company currently has on issue 680,407,121 Shares. The Company expects to have at least 690,740,455 Shares at completion of the Proposed Acquisition. The Company expects the maximum dilutionary impact of the issue of the Deferred Consideration Shares upon the issue of the Deferred Consideration Shares will be 1.5%.

Given the number of Deferred Consideration Shares may change depending on the 5 Day VWAP calculated as at the date the relevant Milestone is satisfied, the Company provides the following table to show the potential dilution that may occur, assuming no further Shares are issued prior to the satisfaction of the Milestones:

5 Day VWAP	Deferred CS	Dilution
\$0.15	10,333,333	1.5%
\$0.20	7,750,000	1.1%
\$0.25	6,200,000	0.9%

Listing Rule 10.13.5 requires the Company to state in this Notice that the Deferred Consideration Shares will be issued within one month of the date of the Meeting. The Company intends to issue the Deferred Consideration Shares as a form of deferred consideration to be issued on the satisfaction of Milestone 1 and Milestone 2, which may occur at any stage within 5 years from the date of shareholder approval. Accordingly, the issue of the Deferred Consideration Shares is conditional on the Company receiving a Waiver from Listing Rule 10.13.5.

On 8 February 2022, ASX granted the Company a waiver from Listing Rule 10.13.5 (**ASX Waiver**) as follows:

**"Waiver Decision**

1. *Based solely on the information provided, ASX Limited ('ASX') grants Suvo Strategic Minerals Limited (the 'Company') a waiver from Listing Rule 10.13.5 to the extent necessary to permit the Company to, in its notice of meeting ('Notice') seeking shareholder approval for the issue of up to 10,333,334 deferred consideration shares to be issued to a related party vendor on the achievement of various milestones ('Milestone Shares') pursuant to an agreement between the Company and Aaron Banks ('Agreement'), not to state that the Milestone Shares will be issued within one month from the date of the shareholder meeting, on the following conditions:*
  - 1.1 *The Milestone Shares are to be issued immediately upon satisfaction of each of the relevant milestones and in any event no later than five years from the date of the shareholder meeting approving the issue of Milestone Shares*
  - 1.2 *The milestones must not be varied.*
  - 1.3 *The maximum number of Milestone Shares to be issued is to be capped at 10,333,334.*
  - 1.4 *Adequate details regarding the dilutionary effect of the Milestone Shares on the Company's capital structure be included in the Notice.*
  - 1.5 *For any annual reporting period during which any of the Milestone Shares have been issued or any of them remain to be issued, the Company's annual report sets out the number of Milestone Shares issued in that annual reporting period, the number of Milestone Shares that remain to be issued and the basis on which the Milestone Shares may be issued.*
  - 1.6 *The Notice contains the full terms and conditions of agreement pursuant to which the Milestone Shares are to be issued as well as the conditions of this waiver.*
  - 1.7 *The Company provides ASX the following undertaking in the form of a deed prior to the issue of any of the Milestone Shares:*
    - 1.7.1 *the Milestone Shares will be classified as restricted securities and made subject to an escrow period that is 12 months from the date the Milestone Shares are issued and the Company will not issue the Milestone Shares until:*
      - (a) *a restriction deed as contemplated by ASX Listing Rule 9.1 and Appendix 9A in relation to the Deferred Shares for the relevant*

*period has been entered into by the relevant parties and provided to ASX; and*

- (b) a written undertaking is provided to ASX by a bank, recognised trustee or the provider of registry services in relation to the Milestone Shares pursuant to listing rule 9.1(f) and/or 9.1(h).*

- 2. *ASX has considered Listing Rule 10.13.5 only and makes no statement as to the Company's compliance with other listing rules."*

## 5.2 Listing rule 10.11

A summary of Listing Rule 10.11 is in Section 4.2 above.

The effect of Shareholders passing Resolution 3 will be to allow the Company to issue the relevant Deferred Consideration Shares to Mr Banks upon the satisfaction of the Milestones (if at all) and therefore be able to proceed with the Proposed Acquisition. Subject to the terms of the ASX Waiver, Shareholder approval under this Resolution will remain valid until 5 years from the date of Shareholder approval.

The effect of Shareholders not passing Resolution 3 will be to not allow the Company to issue the relevant Deferred Consideration Shares to Mr Banks upon the satisfaction of the Milestones and therefore be unable to proceed with the Proposed Acquisition.

## 5.3 Specific information required by Listing Rule 10.13

Pursuant to and in accordance with Listing Rule 10.13, the following information is provided in relation to the proposed issue of the Deferred Consideration Shares:

- (a) the Deferred Consideration Shares will be issued to Mr Aaron Banks (or his nominees);
- (b) Mr Banks falls into the category stipulated by Listing Rule 10.11.1 by virtue of being a Director of the Company;
- (c) a maximum of:
  - (i) 7,666,667 Shares, being Shares with a value of \$1,150,000, with each Share having a deemed issue price equivalent to the Shares' 5 Day VWAP, provided that the 5 Day VWAP shall be no lower than \$0.15 (and shall be deemed to be \$0.15 if the 5 Day VWAP produces a price that is lower than \$0.15), calculated over the 5 Consecutive Trading Days immediately prior to the date Milestone 1 is satisfied (**Milestone 1 Issue Price**),
  - (ii) 2,666,667 Shares, being Shares with a value of \$400,000, with each Share having a deemed issue price equivalent to the 5 Day VWAP provided that the 5 Day VWAP shall be no lower than \$0.15 (and shall be deemed to be \$0.15 if the 5 Day VWAP produces a price that is lower than \$0.15), calculated over the 5 Consecutive Trading Days immediately prior to the date Milestone 2 is satisfied (**Milestone 2 Issue Price**),

will be issued to Mr Banks (or his nominees);

- (d) the Deferred Consideration Shares will be fully paid ordinary Shares in the capital of the Company and (subject to the application of ASX Escrow for a period of 12 months



from the date of issue) rank equally in all respects with the Company's existing Shares on issue. Until such time as the Deferred Consideration Shares are issued, the Seller will have contractual rights to be issued the Shares, on the terms set out in Schedule 3;

- (c) the Company will issue the Deferred Consideration Shares upon:
  - (i) in respect of the Milestone 1 Shares, upon the satisfaction of Milestone 1; and
  - (ii) in respect of the Milestone 2 Shares, upon the satisfaction of Milestone 2, and in any event, no later than:
    - (iii) one month after the date of the Meeting; or
    - (i) subject to the terms of the ASX Waiver, a date no later than 5 years from the date of Shareholder approval (or as ASX otherwise decides);
- (d) the Deferred Consideration Shares will be issued for nil cash consideration as consideration for the Proposed Acquisition. Based on the deemed issue price of the Company's Shares, the Deferred Consideration Shares have a deemed value of \$0.15 and represent total consideration value of \$1,550,000. Accordingly, no funds will be raised from the issue;
- (e) a summary of the material terms of the Binding Terms Sheet is set out in Section 3.1; and
- (f) a voting exclusion statement is included in the Notice.

#### 5.4 **Chapter 2E of the Corporations Act**

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The proposed issue of the Deferred Consideration Shares constitutes giving a financial benefit to related parties of the Company.

The Board has engaged an Independent Expert to provide an opinion as to whether or not the acquisition of the Sale Assets from the Seller and the issue of the Consideration Options and Deferred Consideration Shares to the Seller (or its nominees) in relation to the Proposed Acquisition is fair and reasonable to non-associated Shareholders. The Board has reviewed the Independent Expert Report and considers that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Consideration Options because the giving of the financial benefit is on arm's length terms pursuant to Section 210 of the Corporations Act.

## 5.5 Additional information

Resolution 3 is an ordinary Resolution and a Transaction Resolution.

In the event Shareholders vote against Resolution 3, the Proposed Acquisition will not proceed.

The Board (other than Mr Banks) recommends Shareholders vote in favour of Resolution 3.

## 6. Resolution 4(a), (b) and (c) – Approval to issue Performance Rights to Directors

### 6.1 General

The Company is proposing, subject to obtaining Shareholder approval, to issue 11,250,000 performance rights to Mr Henk Ludik (or his respective nominees), 3,750,000 performance rights to Mr Oliver Barnes (or his respective nominees) and 2,145,000 performance rights to Wilco Holdings Pty Ltd (an entity controlled by Mr Oliver Barnes and Henk Ludik), (collectively, the **Performance Rights**) under the Company's Employee Securities Incentive Plan approved by Shareholders on 28 February 2020 (**Plan**).

Subject to Shareholders approving the respective Resolutions, the Performance Rights will be issued in the following proportions:

Resolution	Director	Tranche A Performance Rights	Tranche B Performance Rights	Tranche C Performance Rights
Resolution 4(a)	Henk Ludik	3,750,000	3,750,000	3,750,000
Resolution 4(b)	Oliver Barnes	1,250,000	1,250,000	1,250,000
Resolution 4(c)	Oliver Barnes and Henk Ludik	715,000	715,000	715,000

The Board considers that Performance Rights, rather than Shares, are an appropriate form of incentive because they reward Mr Ludik and Mr Barnes (together, the **Relevant Directors**) for the achievement of business objectives over a period of up to 3 years from their date of issue. Additionally, the Performance Rights further align the interests of the Relevant Directors with those of the Shareholders and provide appropriate remuneration for the Directors' ongoing commitment and contribution to the Company whilst minimising the expenditure of the Company's cash resources. The Board considers that the number of Performance Rights to be granted to the Directors is commensurate with their value to the Company and is an appropriate method to provide a cost effective incentive component to their remuneration.

Resolution 4(a), (b) and (c) seek Shareholder approval pursuant to Listing Rule 10.14 and sections 195(4) and 208 of the Corporations Act for the issue of up to 17,145,000 Performance Rights under the Plan to the Directors or their respective nominees.

### 6.2 Technical information required by Listing Rule 14.1A

If Resolution 4(a), (b) and (c) are passed, the Company will be able to proceed with the issue of the Performance Rights to the Relevant Directors.

If Resolution 4(a), (b) and (c) are not passed, the Company will not be able to proceed with the issue of the Performance Rights and the Company may consider other forms of performance-based remuneration, including by the payment of cash.

### 6.3 Listing Rule 10.14

Listing Rule 10.14 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As Shareholder approval is sought under Listing Rule 10.14, approval under Listing Rules 7.1 or 10.11 is not required.

### 6.4 Specific information required by Listing Rule 10.15

In accordance with Listing Rule 10.15, the following information is provided in relation to the proposed issue of the Performance Rights:

- (a) the Performance Rights will be issued to Henk Ludik, Oliver Barnes and Wilco Holdings Pty Ltd (an entity controlled by Oliver Barnes and Henk Ludik);
- (b) each of Mr Ludik and Mr Barnes are a related party of the Company by virtue of being a Director and fall into the category stipulated by Listing Rule 10.14.1. In the event the Performance Rights are issued to a nominee of a Relevant Director, that person will fall into the category stipulated by Listing Rule 10.14.2;
- (c) the maximum number of Performance Rights to be issued to the Relevant Directors and Wilco Holdings Pty Ltd (or their respective nominees) is 17,145,000, comprising 11,250,000 to Mr Ludik, 3,750,000 to Mr Barnes and 2,145,000 to Wilco Holdings Pty Ltd;
- (d) the current total remuneration package for each of the Relevant Directors as at the date of this Notice is set out in the table below:

Director	Position	Salary and fees (\$ (excluding GST))
Henk Ludik	Executive Chair	\$300,000 p.a. excluding Superannuation
Oliver Barnes	Non-Executive Director	4,000/month

Messrs Ludik and Barnes are directors of Wilco Holdings Pty Ltd (**Wilco**) and ESG-F Pty Ltd (**ESG+F**). Wilco is paid fees for the provision of executive advisory services to the Company in accordance with agreed hourly rates under a letter of engagement dated 10 March 2022 between the Company and Wilco for the services of Messrs Ludik and Barnes. ESG+F also receives \$15,000 (ex GST) per month for a period of 12 months commencing 1 January 2022 as consideration for the provision of ESG related services in accordance with a letter of engagement dated 20 December 2021 between the Company and ESG+F.

- (e) the Performance Rights will be subject to the following vesting conditions:

- (i) Tranche A: the Tranche A Performance Rights vest upon the Company achieving Kaolin production of at least 35ktpa across any 12 month period commencing on or after the date of issue and ending within 3 years after the date of issue;
  - (ii) Tranche B: the Tranche B Performance Rights vest upon the Company achieving Kaolin production of at least 50ktpa across any 12 month period commencing on or after the date of issue and ending within 3 years after the date of issue; and
  - (iii) Tranche C: the Tranche C Performance Rights vest upon the Company's VWAP being at least \$0.18 over 20 consecutive trading days on which the Company's shares have actually traded (commencing after the date of the Meeting) and expiring 3 years after the date of issue,
- (f) the Relevant Directors have not previously been issued any Securities under the Plan;
- (g) the Performance Rights will otherwise be issued on the terms and conditions in Schedule 5;
- (h) a valuation of the Performance Rights is set out in Schedule 6;
- (i) the Performance Rights will be issued as soon as practicable following the Meeting, and in any event, no later than 3 years after the date of the Meeting;
- (j) the Performance Rights will have an issue price of nil as they will be issued as part of the Directors' remuneration packages;
- (k) any Performance Rights that have not vested on or before the date that is 3 years after the date of issue will automatically lapse and become incapable of vesting into Shares;
- (l) a summary of the key terms of the Plan is set out in Schedule 7;
- (m) no loan will be provided to any of the Relevant Directors in relation to the issue of the Performance Rights;
- (n) details of any Securities issued under the Plan will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14;
- (o) any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of Securities under the Plan after Resolution 4(a), (b) and (c) are approved and who were not named in the Notice will not participate until approval is obtained under Listing Rule 10.14; and
- (p) a voting exclusion statement for each of the resolutions comprising Resolution 4 are included in the Agenda of this Notice.

## 6.5 Chapter 2E of the Corporations Act

In accordance with Chapter 2E of the Corporations Act, in order to give a financial benefit to a related party, the Company must:

- (a) obtain Shareholder approval in the manner set out in section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Performance Rights constitutes giving a financial benefit and the Relevant Directors are each a related party of the Company by virtue of being a Director.

It is the view of the Board that the exceptions set out in sections 210 to 216 of the Corporations Act do not apply in the current circumstances. Accordingly, the Company is seeking approval for the purposes of Chapter 2E of the Corporations Act in respect of the Performance Rights proposed to be issued to the Directors pursuant to Resolution 4(a), (b) and (c).

## 6.6 Information requirements for Chapter 2E of the Corporations Act

In accordance with section 219 of the Corporations Act, the following information is provided in relation to the proposed issue of the Performance Rights:

- (a) **Identity of the related parties to whom Resolution 4(a), (b) and (c) permit a financial benefit to be given**

The Performance Rights will be issued to Henk Ludik and Oliver Barnes and Wilco Holdings Pty Ltd (an entity controlled by Mr Barnes and Mr Ludik), (or their respective nominees).

- (b) **Nature of the financial benefit**

Resolution 4(a), (b) and (c) seek approval from Shareholders to allow the Company to issue the Performance Rights to each of the Directors (who are each a related party of the Company).

The Performance Rights are to be issued in accordance with the Plan and otherwise on the terms and conditions in Schedule 5, subject to Shareholder approval pursuant to the resolutions comprising Resolution 4.

The Shares to be issued upon conversion of the Performance Rights will be fully paid ordinary shares in the capital of the Company on the same terms and conditions as the Company's existing Shares and will rank equally in all respects with the Company's existing Shares. The Company will apply for official quotation of the Shares on ASX.

- (c) **Valuation of financial benefit**

A valuation of the Performance Rights is set out in Schedule 6.

- (d) **Remuneration of Relevant Directors**

The total annual remuneration of each of the Directors is described in Section 6.4(d) above.

(e) **Existing relevant interests**

At the date of this Notice, the Relevant Directors (or their nominees), and Wilco Holdings Pty Ltd, do not hold a relevant interest in Equity Securities of the Company.

Assuming that the resolutions comprising Resolution 4 are approved by Shareholders and, all of the Performance Rights applicable to these Resolutions are issued, vested and exercised into Shares, and no other Equity Securities are issued or exercised, Wilco Holdings Pty Ltd will have a 0.31% interest in the Company's expanded capital. Mr Ludik and Mr Barnes each have a relevant interest in Wilco Holdings Pty Ltd and, accordingly, will have a relevant interest of 1.92% and 0.85% in the Company's expanded capital, respectively.

(f) **Trading history**

The highest and lowest closing market sale prices of the Shares on ASX during the 12 months prior to the date of this Notice were:

Highest: \$0.175 per Share on 21 October 2021

Lowest: \$0.039 per Share on 24 June 2022

The latest available closing market sale price of the Shares on ASX prior to the date of this Notice was \$0.065 per Share on 19 August 2022.

(g) **Dilution**

The issue of the Performance Rights will have a dilutive effect on the percentage interest of existing Shareholders' holdings if the Performance Rights vest and are exercised. The potential dilution effect is summarised below:

Director	Proposed maximum issue of Performance Rights	Dilutive effect
Henk Ludik	11,250,000	1.65%
Oliver Barnes	3,750,000	0.55%
Wilco Holdings Pty Ltd	2,145,000	0.33%

The above table assumes the current Share capital structure of the Company as at the date of this Notice (being 680,407,121 Shares on 19 August 2022) and that no other Shares are issued other than the Shares issued on exercise of the Performance Rights. The exercise of all of the Performance Rights will result in a total dilution of all other Shareholders' holdings of 2.53% (assuming that all of the Performance Rights are vested and exercised). The actual dilution will depend on the extent that additional Shares are issued by the Company.

(h) **Corporate governance**

The Board acknowledges the grant of the Performance Rights to Mr Barnes as a Non-Executive Director is contrary to Recommendation 8.2 of the 4th edition of the ASX

Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board considers that the grant of Performance Rights is reasonable in the circumstances for the reasons set out in Section 6.1 above.

(i) **Taxation consequences**

There are no taxation consequences for the Company arising from the issue of the Performance Rights (including fringe benefits tax).

(j) **Board recommendation**

The Board (other than Mr Ludik and Mr Barnes due to their personal interest in the outcome of the Resolutions) recommends that Shareholders vote in favour of Resolution 4(a), (b) and (c).

6.7 **Other information**

The resolutions comprising Resolution 4 are ordinary resolutions.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass each of Resolution 4(a), (b) and (c).

7. **Resolution 5(a) and (b) – Ratification of prior issue of Placement Shares**

7.1 **General**

On 7 March 2022, the Company announced a two-stage capital raising, comprising:

- (a) a placement to sophisticated and professional investors of approximately 88,235,295 Shares at \$0.085 each (**Placement Shares**) to raise \$7,500,000 before costs (**Placement**); and
- (b) an offer to Eligible Shareholders under a share purchase plan (**SPP**) to raise up to a further \$2,000,000 before costs by the issue of up to 23,529,412 Shares at \$0.085 each (**SPP Shares**).

The Placement Shares were issued on 14 March 2022 as follows:

- (a) 33,235,295 Placement Shares issued under the Company's available 15% placement capacity under Listing Rule 7.1; and
- (b) 55,000,000 Placement Shares issued under the Company's available 10% placement capacity under Listing Rule 7.1A.

The Placement Shares issued under the Placement were offered to sophisticated and professional investors without disclosure under the Corporations Act.

The Placement and SPP also included an offer of one free attaching Option for every three Shares subscribed for under the Placement and SPP. The Company lodged a prospectus with ASIC dated 3 May 2022 offering up to a maximum of 37,254,902 free attaching Options exercisable at \$0.15 each and expiring on 30 June 2023.

The free attaching Options were issued on 24 May 2022 as follows:

- (a) 28,854,262 Options issued to Placement participants under the Company's available 15% placement capacity under Listing Rule 7.1 (**Placement Options**); and
- (a) 1,897,418 Options issued to SPP participants under the Company's available 15% placement capacity under Listing Rule 7.1 (**SPP Options**),

(together, the **Attaching Options**)

Resolution 5(a) and (b) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Shares.

## 7.2 Listing Rules 7.1, 7.1A and 7.4

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of Equity Securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period.

Under Listing Rule 7.1A, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

The issue of the Placement Shares does not fit within any of the exceptions to Listing Rules 7.1 and 7.1A and, as it has not yet been approved by Shareholders, effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1 and 10% placement capacity under Listing Rule 7.1A. This reduces the Company's capacity to issue further Equity Securities without Shareholder approval under those Listing Rules for the 12 month period following the issue of the Placement Shares.

Listing Rule 7.4 provides an exception to Listing Rules 7.1 and 7.1A. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing Rules 7.1 and 7.1A), those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rules 7.1 and 7.1A.

The effect of Shareholders passing Resolution 5(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1 and the 10% additional placement capacity set out in Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

If Resolution 5(a) is passed, 33,235,295 Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5(b) is passed, 55,000,000 Placement Shares will be excluded in calculating the Company's 10% limit in Listing Rule 7.1A, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 5(a) is not passed, 33,235,295 Placement Shares will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder



approval, to the extent of 33,235,295 Equity Securities for the 12 month period following the issue of those Placement Shares.

If Resolution 5(b) is not passed, 55,000,000 Placement Shares will continue to be included in the Company's 10% limit under Listing Rule 7.1A, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 55,000,000 Equity Securities for the 12 month period following the issue of those Placement Shares (and assuming the Company's approval under Listing Rule 7.1A remains in force for this period).

### 7.3 **Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Placement Shares:

- (a) the Placement Shares were issued to sophisticated and professional investors, none of whom is a related party. No Material Investors participated in the Placement. The participants in the Placement were identified through a bookbuild process, which involved MST Financial Services (the **Lead Manager**) seeking expressions of interest to participate in the Placement from existing contacts of the Company and clients of the Lead Manager;
- (b) a total of 88,235,295 Placement Shares were issued as follows:
  - (i) 33,235,295 Placement Shares issued under the Company's available 15% placement capacity under Listing Rule 7.1; and
  - (ii) 55,000,000 Placement Shares issued under the Company's available 10% placement capacity under Listing Rule 7.1A;
- (c) the Placement Shares are fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (c) the Placement Shares were issued on 14 March 2022;
- (d) the Placement Shares were issued at \$0.085 per Share;
- (e) the proceeds from the issue of the Placement Shares have been and are intended to be applied towards funding the expansion of the Pittong hydrous kaolin plant and to fast track the completion of project studies on the Company's Western Australian kaolin and silica sand assets;
- (f) there are no other material terms to the agreement for the subscription of the Placement Shares; and
- (g) a voting exclusion statement is included in the Notice.

### 7.4 **Additional information**

Resolution 5(a) and (b) are ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 5(a) and (b).

## **8. Resolution 6(a) and (b) – Ratification of prior issue of Attaching Options**

### **8.1 General**

Background of the proposed issue of Attaching Options is set out above in Section 7.1.

Resolution 6(a) and (b) seek the approval of Shareholders pursuant to Listing Rule 7.4 to ratify the issue of the Placement Options and SPP Options, respectively.

### **8.2 Listing Rules 7.1 and 7.4**

A summary of Listing Rule 7.1 and 7.4 is in Section 7.2.

The effect of Shareholders passing Resolution 6(a) and (b) will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% additional placement capacity set out in Listing Rule 7.1, without the requirement to obtain prior Shareholder approval.

If Resolution 6(a) is passed, 28,854,262 Placement Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 6(b) is passed, 1,897,418 SPP Options will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of Equity Securities it can issue without Shareholder approval over the 12 month period following the issue date.

If Resolution 6(a) is not passed, 28,854,262 Placement Options will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 28,854,262 Equity Securities for the 12 month period following the issue of those Placement Options.

If Resolution 6(b) is not passed, 1,897,418 SPP Options will continue to be included in the Company's 15% limit under Listing Rule 7.1, effectively decreasing the number of Equity Securities the Company can issue or agree to issue without obtaining prior Shareholder approval, to the extent of 1,897,418 Equity Securities for the 12 month period following the issue of those SPP Options.

### **8.3 Specific information required by Listing Rule 7.5**

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the ratification of the issue of the Attaching Options:

- (a) the Placement participants were identified in the manner outlined above at Section 7.3(a);
- (b) the SPP Options were issued to Shareholders that participated in the SPP;
- (c) a total of 28,854,262 Placement Options and 1,897,418 SPP Options were issued under Listing Rule 7.1;
- (d) the Attaching Options are exercisable at \$0.15 each, expiring on 30 June 2023 and were otherwise issued on the terms and conditions in Schedule 8;

- (h) the Attaching Options were issued on 24 May 2022;
- (i) the Attaching Options were free attaching Options to the SPP Shares and Placement Shares. Accordingly, no funds were raised as a result of their issue;
- (j) there are no other material terms to the agreement for the subscription of the Attaching Options; and
- (k) a voting exclusion statement is included in the Notice.

#### 8.4 **Additional information**

Resolution 6(a) and (b) are ordinary resolutions.

The Board recommends that Shareholders vote in favour of Resolution 6(a) and (b).

## Schedule 1      Definitions

In the Notice, words importing the singular include the plural and vice versa.

<b>\$ or A\$</b>	means Australian Dollars.
<b>ASX</b>	means the ASX Limited (ABN 98 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX Limited.
<b>ASX Escrow</b>	means the application of trading restrictions on the relevant securities pursuant to the Listing Rules.
<b>ASX Waiver</b>	means a waiver from Listing Rule 10.13.5 to permit the Deferred Consideration Shares to be issued within 5 years from the date of Shareholder approval.
<b>Attaching Options</b>	means the Placement Options and SPP Options.
<b>Binding Terms Sheet</b>	means the binding terms sheet between the Company and Mr Aaron Banks for the acquisition of Tenement Application E70/4981 in relation to the Proposed Acquisition and otherwise has the meaning given in Section 3.1.
<b>Board</b>	means the board of Directors.
<b>Chair</b>	means the person appointed to chair the Meeting of the Company convened by the Notice.
<b>Completion</b>	means the fixed date on which completion of the Proposed Acquisition occurs.
<b>Company</b>	means Suvo Strategic Minerals (ACN 140 316 463).
<b>Consecutive Trading Days</b>	means consecutive trading days in which the Shares actually traded on a recognised stock exchange. For example, if Shares trade on a Monday, Tuesday, Thursday and Friday, then this will comprise four consecutive trading days, notwithstanding that no trades occurred on the Wednesday and that Wednesday was a trading day.
<b>Consideration</b>	means the Consideration Options, Deferred Consideration Shares and the Royalty.
<b>Consideration Options</b>	means 333,334 Options to be issued to the Seller (or its nominees) pursuant to the Binding Terms Sheet.
<b>Constitution</b>	means the constitution of the Company as at the date of the Meeting.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Deferred Consideration Shares</b>	means up to 10,333,334 Shares to be issued to the Seller (or its nominees) pursuant to the Proposed Acquisition, which are the subject of Resolution 3(a) and (b).
<b>Director</b>	means a director of the Company.
<b>Equity Security</b>	has the same meaning as in the Listing Rules.

<b>Explanatory Memorandum</b>	means the explanatory memorandum which forms part of the Notice.
<b>Holder</b>	means the holder of a right to receive a Deferred Consideration Share.
<b>Independent Expert</b>	has the meaning given in Section 2.5.
<b>Independent Expert's Report</b>	means the independent expert's report completed by RSM Corporate Australia Pty Ltd dated June 2022
<b>Independently Verified</b>	means where an independent Competent Person verifies that the Milestone has been achieved.
<b>Key Management Personnel</b>	has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any Director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.
<b>Listing Rules</b>	means the listing rules of ASX.
<b>Material Investor</b>	<p>means, in relation to the Company:</p> <ul style="list-style-type: none"> <li>(a) a related party;</li> <li>(b) Key Management Personnel;</li> <li>(c) a substantial Shareholder;</li> <li>(d) an advisor; or</li> <li>(e) an associate of the above,</li> </ul> <p>who received or will receive Securities in the Company which constitute more than 1% of the Company's anticipated capital structure at the time of issue.</p>
<b>Meeting</b>	has the meaning given in the introductory paragraph of the Notice.
<b>Milestone 1 Issue Price</b>	has the meaning given in Section 5.3(c)(i).
<b>Milestone 2 Issue Price</b>	has the meaning given in Section 5.3(c)(ii).
<b>Milestones</b>	has the meaning given in Section 3.1(d).
<b>Mining Lease</b>	means a mining lease under the <i>Mining Act 1978</i> (WA).
<b>Mining Information</b>	means all technical and legal documentation and information including (without limitation) geological, geochemical and geophysical reports, surveys, mosaics, aerial photographs, drill logs, core samples, assay results, title documents, maps and plans relating to the Tenement Application, whether in physical, written or electronic form.
<b>Notice</b>	means this notice of general meeting.
<b>Option</b>	means an option to acquire a Share.
<b>Placement</b>	has the meaning given in Section 7.1.

<b>Placement Options</b>	has the meaning given in Section 7.1.
<b>Placement Shares</b>	has the meaning given in Section 7.1.
<b>Plan</b>	means the Company's Employee Incentive Securities Plan.
<b>Performance Rights</b>	means a right to acquire a Share subject to the satisfaction of a performance based milestone.
<b>Proposed Acquisition</b>	has the meaning given in Section 3.1.
<b>Proxy Form</b>	means the proxy form attached to the Notice.
<b>Remuneration Report</b>	means the remuneration report of the Company contained in the Directors' Report.
<b>Resolution</b>	means a resolution referred to in the Notice.
<b>Rights</b>	means the rights to receive a Deferred Consideration Share.
<b>Royalty</b>	has the meaning given in Section 3.1(c)(ii).
<b>Sale Assets</b>	means the Tenement Application and the Mining Information.
<b>Schedule</b>	means a schedule to the Notice.
<b>Section</b>	means a section of the Explanatory Memorandum.
<b>Securities</b>	means any Equity Securities of the Company (including Shares, Options and/or Performance Rights).
<b>Seller</b>	means Mr Aaron Banks.
<b>Share</b>	means a fully paid ordinary share in the capital of the Company.
<b>Shareholder</b>	means the holder of a Share.
<b>SPP</b>	has the meaning given in Section 7.1.
<b>SPP Options</b>	has the meaning given in Section 7.1.
<b>SPP Shares</b>	has the meaning given in Section 7.1.
<b>Tenement Application</b>	has the meaning given in Section 3.1
<b>Tenement Area</b>	means the geographical area the boundaries of which are the same as the area the subject of the Tenement Application as varied from time to time.
<b>Trading Day</b>	has the meaning given in the Listing Rules.
<b>Transaction Resolutions</b>	means Resolution 1, Resolution 2 and Resolution 3.
<b>VWAP</b>	means volume weighted average market price.
<b>WST</b>	means Western Standard Time, being the time in Perth, Western Australia.

## Schedule 2 Terms and conditions of Consideration Options

The following terms and conditions apply to each of the Consideration Options (**Options**).

- (a) (**Entitlement**): Each Option entitles the holder to subscribe for one Share upon exercise of the Option.
- (b) (**Issue Price**): The Options were issued for nil consideration.
- (c) (**Exercise Price**): The Options have the following exercise prices:

Holder	Options	Exercise Price	Expiry Date
Aaron Peter Banks	333,334	\$0.15	5.00 pm (WST) on the date that is 3 years from the issue date.

- (d) (**Expiry Date**): Each Option will expire at 5:00pm (WST) on the corresponding expiry date set out above (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) (**Exercise Period**): The Options are exercisable at any time and from time to time on or prior to the Expiry Date.
- (f) (**Notice of Exercise**): The Options may be exercised by notice in writing to Suvo Strategic Minerals Limited Pty Ltd (ACN 140 316 463) (**Company**) in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

- (g) (**Timing of issue of Shares and quotation of Shares on exercise**): As soon as practicable after the valid exercise of an Option, the Company will:
  - (i) issue, allocate or cause to be transferred to the Holder the number of Shares to which the Holder is entitled;
  - (ii) issue a substitute Certificate for any remaining unexercised Options held by the Holder;
  - (iii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
  - (iv) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the exercise of Options will upon issue rank equally in all respects with the then issued Shares.

- (h) **(Restrictions on transfer of Shares):** If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on exercise of the Options may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.
- (i) **(Cashless exercise of Options):** The holder of Options may elect not to be required to provide payment of the Exercise Price for the number of Options specified in a Notice of Exercise but that on exercise of those Options the Company will transfer or allot to the holder that number of Shares equal in value to the positive difference between the then Market Value of the Shares at the time of exercise and the Exercise Price that would otherwise be payable to exercise those Options (with the number of Shares rounded down to the nearest whole Share). This term only applies to the Seller Options.

**'Market Value'** means, at any given date, the volume weighted average price per Share traded on the ASX over the five (5) trading days immediately preceding that given date.
- (j) **(Dividend and voting rights):** The Options do not confer on the holder an entitlement to vote at general meetings of the Company or to receive dividends.
- (k) **(Transferability of the Options):** The Options are not transferable, except with the prior written approval of the Company and subject to compliance with the Corporations Act. The Options will be subject to ASX Escrow for a period of 12 months from the date of issue (**Escrow Period**). Any Shares issued on exercise of the Options during the Escrow Period will continue to be held in escrow for the balance of the Escrow Period.
- (l) **(Quotation of the Options):** The Company will not apply for quotation of the Options on any securities exchange.
- (m) **(Adjustments for reorganisation):** If there is any reorganisation of the issued share capital of the Company, the rights of the Option holder will be varied in accordance with the Listing Rules.
- (n) **(Participation in new issues):** There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to fully paid ordinary shareholders in the Company (**Shareholders**) during the currency of the Options without exercising the Options.
- (o) **(Adjustment for bonus issues of Shares):** If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Option holder would have received if the Option holder had exercised the Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.



## Schedule 3      Terms and Conditions of rights to receive Deferred Consideration Shares

1.      **(Milestones)** The rights to receive Deferred Consideration Shares (the **Rights**) have the following milestones attached to them (each referred to as a **Milestone**) and will be converted into the number of Shares specified below:

Class	Number	Performance Milestone	Expiry Date
M1	Up to 7,666,667 Shares, being Shares with a value of \$1,150,000, with each Share having a deemed issue price equivalent to the Shares' 5 Day VWAP, provided that the 5 Day VWAP shall be no lower than \$0.15 (and shall be deemed to be \$0.15 if the 5 Day VWAP produces a price that is lower than \$0.15), calculated over the 5 Consecutive Trading Days immediately prior to the date Milestone 1 is satisfied	Upon the grant of a Mining Lease over any part of the Tenement Application.	The date that is 5 years after the date that the Company obtains shareholder approval for the Proposed Acquisition.
M2	Up to 2,666,667 Shares, being Shares with a value of \$400,000, with each Share having a deemed issue price equivalent to the 5 Day VWAP provided that the 5 Day VWAP shall be no lower than \$0.15 (and shall be deemed to be \$0.15 if the 5 Day VWAP produces a price that is lower than \$0.15), calculated over the 5 Consecutive Trading Days immediately prior to the date Milestone 2 is satisfied	Upon: (a) approval of a mining proposal that allows the Company to commence mining operations on the Mining Lease as required under the Mining Act; and (b) grant of all necessary approvals, consents and permits required under any relevant legislation or the tenement conditions in order to commence mining operations and extraction of minerals from the Mining Lease, including but not limited to environmental permits, water licenses, and mine closure plans.	The date that is 5 years after the date that the Company obtains shareholder approval for the Proposed Acquisition.

2.      **(Independent verification)** The Milestones set out above must be Independently Verified prior to the Deferred Consideration Shares and their associated Rights being able to be converted into Shares.
3.      **(Issue)** Subject to the satisfaction of the relevant Milestone, the Company will issue the relevant Deferred Consideration Shares, which will occur as soon as reasonably practicable

after the Independent Verification has been completed or as otherwise agreed between the parties.

4. **(Transfer)** The Rights are not transferable.
5. **(Entitlements and bonus issues)** Subject always to the rights under condition 6, Holders will not be entitled to participate in new issues of capital offered to shareholders such as bonus issues and entitlement issues.
6. **(Reorganisation of capital)** In the event that the issued capital of the Company is reconstructed, all the Holder's rights will be changed to the extent necessary to comply with the Listing Rules at the time of reorganisation provided that, subject to compliance with the Listing Rules, following such reorganisation the Holder's economic and other rights are not diminished or terminated.
7. **(Voting rights)** A Right does not entitle the Holder to vote on any resolutions proposed at a general meeting of the Company, subject to any voting rights provided under the Corporations Act or the Listing Rules where such rights cannot be excluded by these terms.
8. **(Dividend rights)** A Right does not entitle the Holder to any dividends.
9. **(Return of capital rights)** The Rights do not confer any right to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
10. **(Rights on winding up)** The Rights have no right to participate in the surplus profits or assets of the Company upon a winding up of the Company.
11. **(Change in control):** The Rights will not automatically vest on a change of control.
12. **(Issue of Shares)** As soon as practicable after the later of the following:
  - (a) the satisfaction of the relevant Milestone; and
  - (b) when excluded information in respect to the Company (as defined in section 708A(7) of the Corporations Act) (if any) ceases to be excluded information,the Company will:
  - (c) issue the Shares specified in the Application Form;
  - (d) apply a holding lock on the Shares for a period of 12 months from the date of issue.

But for the application of ASX Escrow for a period of 12 months from the date of issue, all Deferred Consideration Shares issued upon the conversion of Rights will upon issue rank pari passu in all respects with other Shares.
13. **(Quotation)** the Rights will not be quoted on ASX. The Company will apply for quotation of the Deferred Consideration Shares in accordance with condition 12(c).
14. **(No other rights)** A Performance Right does not give a Holder any rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
15. **(Amendments required by ASX)** The terms of the Rights may be amended as considered necessary by the Board in order to comply with the Listing Rules, or any directions of ASX

regarding the terms provided that, subject to compliance with the Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.

## **Schedule 4      Independent Expert's Report**



# SUVO STRATEGIC MINERALS LIMITED

August 2022

*We have concluded that the Proposed Transaction is Fair and Reasonable*

# FINANCIAL SERVICES GUIDE

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 ("RSM Corporate Australia Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the financial services that we will be providing you under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the financial services that we will be providing to you;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

## Financial services we will provide

For the purposes of our report and this FSG, the financial service we will be providing to you is the provision of general financial product advice in relation to securities.

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

## General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

## Benefits that we may receive

We charge various fees for providing different financial services. However, in respect of the financial service being provided to you by us, fees will be agreed, and paid by, the person who engages us to provide the report and such fees will be agreed on either a fixed fee or time cost basis. You will not pay to us any fees for our services; the Company will pay our fees. These fees are disclosed in the Report.

Except for the fees referred to above, neither RSM Corporate Australia Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

## Remuneration or other benefits received by our employees

All our employees receive a salary.

## Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

## Associations and relationships

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Australia Partners.

From time to time, RSM Corporate Australia Pty Ltd, RSM Australia Partners, RSM Australia and / or RSM Australia related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

## Complaints resolution

### Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints should be directed to The Complaints Officer, RSM Corporate Australia Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination. If a complaint is received in advance of a shareholder meeting or other key date where shareholders or investors may be making decisions which are influenced by our report, we will make all reasonable efforts to respond to complaints prior to that date.

### Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("AFCA"). AFCA is an independent dispute resolution scheme that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au). You may contact AFCA directly by email, telephone or in writing at the address set out below.

Australian Financial Complaints Authority  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1800 931 678  
Email: [info@afca.org.au](mailto:info@afca.org.au)

Time limits may apply to make a complaint to AFCA, so you should act promptly or consult the AFCA website to determine if or when the time limit relevant to your circumstances expires.

## Contact details

You may contact us using the details set out at the top of our letterhead on page 5 of this report.

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19 August 2022

The Directors  
Suvo Strategic Minerals Limited  
Level 11, 40 The Esplanade  
Perth WA 6000

Dear Directors

## INDEPENDENT EXPERT'S REPORT ("REPORT")

### 1. Introduction

- 1.1 This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to be provided to shareholders for a General Meeting of Suvo Strategic Minerals Limited ("SUV" or "Suvo" or "the Company") to be held on or around September 2022, at which shareholder approval will be sought for the acquisition of the White Hill Silica Sand Project ("Acquisition") from Mr Aaron Banks, a Director of SUV in his personal capacity ("the Vendor").
- 1.2 The White Hill Silica Sand Project comprises pending exploration licence E70/4981 ("Tenement Application") located in the Muchea area of Western Australia.
- 1.3 The proposed consideration for the Acquisition is structured as follows:
- 1) Completion consideration – on completion ("Completion Consideration"):
    - (i) Completion options – issue to the Vendor 333,334 options to acquire ordinary shares at an exercise price of \$0.15 per SUV share on or before 3 years from issue ("Options"); and
    - (ii) Royalty – net smelter return agreement entitling the Vendor to 4% of the proceeds of gross sales from product derived from the Tenement Application ("Royalty").
  - 2) Deferred consideration shares – subject to the following development milestones being satisfied, issue to the Vendor up to \$1.55 million of SUV shares ("Deferred Consideration") in two tranches:
    - (i) Grant of mining licence – upon the grant of a mining licence over any part of the Tenement Application, the number of SUV shares calculated by dividing \$1.15 million by the greater of the 5-Day VWAP or \$0.15; and
    - (ii) Grant of mining permit – upon the grant of all necessary mining permits over any part of the Tenement Application, necessary to commence production, the number of SUV shares calculated by dividing \$0.40 million by the greater of the 5-Day VWAP or \$0.15.

(together the "Proposed Transaction").

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

- 1.4 The Directors of the Company have requested that RSM Corporate Australia Pty Ltd ("RSM"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Non-Associated Shareholders").
- 1.5 The request for approval of the Proposed Transaction is included as Resolutions 1 to 3 in the Notice ("the Transaction Resolutions") with each resolution being inter-conditional. If any of the Transaction Resolutions are not passed, then the Proposed Transaction will not proceed. Therefore, in considering the Proposed Transaction, we have included any impact the Transaction Resolutions will have on fairness and reasonableness.
- 1.6 The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

## 2. Summary and conclusion

### Opinion

- 2.1 In our opinion, and for the reasons set out in Sections 7 and 8 of this Report, the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders of SUV.

### Requirement for the Report

- 2.2 The Directors of SUV have requested that RSM express an opinion as to whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders for the purposes of ASX Listing Rule 10.1 in order to assist the Shareholders in their decision whether to approve the Proposed Transaction.
- 2.3 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to a related party or relevant substantial shareholder or any of its associates without the approval of holders of the entity's ordinary securities. Mr Banks is a Director of SUV and therefore a related party of the Company.
- 2.4 ASX Listing Rule 10.5.10 sets out the requirement for the inclusion of an independent expert's report opining on whether the transaction is fair and reasonable.

### Approach

- 2.5 Our Report has been prepared having regard to Australian Securities and Investments Commission ("ASIC") Regulatory Guide 111 'Contents of Expert's Report' ("RG 111"), Regulatory Guide 112 'Independence of Experts' ("RG 112") and Regulatory Guide 76 'Related Party Transactions' ("RG 76").
- 2.6 In providing our opinion, we have considered the terms of the Proposed Transaction as set out in this Report. We note that the Tenement Application is at a very early stage of exploration with the exploration licence application still pending. The Completion Consideration is minimal, being the issue of share options and a commitment for a future royalty stream, and the Deferred Consideration is only payable on achievement of development milestones which are uncertain at this time.
- 2.7 We have considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing whether the terms of the Completion Options and Royalty are commercial in nature.
- 2.8 We have considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction, including the Deferred Consideration component of the Proposed Transaction.
- 2.9 Further information of the approach we have employed in assessing whether the Proposed Transaction is "fair" and "reasonable" is set out at Section 6 of this Report.

### Fairness

- 2.10 In relation to the Royalty, we have considered:
- Research on arm's length royalty rates payable on similar mineral assets;
  - Comparable transactions to that proposed by the Company; and
  - Typical rates for arrangements of this type.
- 2.11 We have then compared this to the rate that the Vendor will receive if the Company sells silica sand products derived from the Tenement Application.

- 2.12 In relation to the Completion Options, we have considered whether the terms associated with these Options are comparable to other options issued by the Company and assessed whether any additional financial benefit is being obtained by the Vendor.
- 2.13 The exercise price attached to the Completion Options exceeds the value of the Company's traded shares and are on no more favourable terms than existing options on issue by the Company, therefore we do not consider that the issue of the Completion Options provides any additional financial benefit to the Vendor than other security holders.
- 2.14 We have concluded that the Royalty rate is marginally above arm's length royalty rates payable on acquisition of similar mineral assets. However, most of the comparable transactions reviewed included other forms of consideration payable in addition to a future royalty; it would therefore be expected that the Royalty rate in the Proposed Transaction would be higher as the other Completion Consideration is minimal and in the form of share options.
- 2.15 In our overall assessment of fairness, we have taken into consideration all of the above, not as two separate components. In the absence of any other relevant information, for the purposes of ASX Listing Rule 10.1, we consider the Proposed Transaction to be **fair** to the Non-Associated Shareholders of SUV.

## Reasonableness

- 2.16 RG 111 establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the offer closes. As such, we have also considered the following factors in relation to the reasonableness aspects of the Proposed Transaction:
- Advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
  - Other considerations including the consequences if the Proposed Transaction does not proceed.
- 2.17 The key advantages of the Proposed Transaction are:

Advantage	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Access to prospective silica sands tenement	If the Proposed Transaction is approved, then the Company will have access to a prospective high purity silica sands tenement application that is adjacent to VRX Silica's Muchea Silver Sand Project.
No depletion of cash reserves	The structure of the Proposed Transaction allows the Company to maintain its cash reserves, as none of the Consideration is payable in cash.
Royalty only payable if production commences at Tenement Application	If the Proposed Transaction is approved, the Royalty will only be payable to the Vendor on revenue generated from silica sand products extracted on the Tenement Application, which should also create value for Shareholders.
Minimises risk by aligning consideration payments with key development milestones	Given the limited exploration activity undertaken on the Tenement Application, it would be difficult to assign a value to it currently. The structure of the Proposed Transaction minimises risk by comprising a future Royalty stream and Deferred Consideration payments with key development milestones. The only committed up-front consideration is the issue of the Completion Options.

2.19 The key disadvantages of the Proposed Transaction are:

Disadvantage	Details
Dilution of Non-Associated Shareholders if Deferred Consideration paid	If the Proposed Transaction is approved and all consideration paid, then the Non-Associated Shareholders' interest in SUV will be reduced from 89.3% to 88.0% on an undiluted basis and from 89.4% to 88.3% on a fully diluted basis.
Requirement to fund future exploration activities and regulatory approval processes	The Company expects to spend approximately \$75,000 on exploration activities on the Tenement Application over 12 months and will be responsible for funding all future regulatory approval processes in relation to the Tenement Application.

2.20 If the Proposed Transaction does not proceed then the Company will continue exploration activities on existing projects while considering new potential business acquisitions to advance the Company and provide value to Shareholders.

2.21 In our opinion, the position of the Non-Associated Shareholders of SUV if the Proposed Transaction is approved is more advantageous than if the Proposed Transaction is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of SUV.

### 3. Summary of Proposed Transaction

#### Overview

- 3.1 As announced on 20 January 2022, SUV has entered into a Binding Term Sheet with the Vendor to acquire 100% ownership of the pending exploration licence E70/4981 from Mr Aaron Banks, a Director of SUV in his personal capacity.
- 3.2 Consideration for the Tenement Application is structured as follows:
- 1) Completion consideration – on completion:
    - (i) Completion options – issue to the Vendor 333,334 unquoted options to acquire ordinary shares at an exercise price of \$0.15 per SUV share on or before 3 years from issue; and
    - (ii) Royalty – grant a net smelter return royalty entitling the Vendor to 4% of the proceeds of gross sales from product derived from the Tenement Application.
  - 2) Deferred consideration shares – subject to shareholder approval and the following development milestones being satisfied, issue to the Vendor up to \$1.55 million of SUV shares (“Deferred Consideration Shares”) in the following tranches:
    - (i) Grant of mining license (“Milestone 1”) – upon the grant of a mining license over any area the subject of the Tenement Application, the number of SUV shares calculated by dividing \$1.15 million by the greater of the 5-Day VWAP at the date Milestone 1 is achieved or \$0.15; and
    - (ii) Grant of mining permit (“Milestone 2”) – upon the grant of all necessary mining permits over any area the subject of the Tenement Application necessary to commence production, the number of SUV shares calculated by dividing \$0.40 million by the greater of the 5-Day VWAP at the date Milestone 2 is achieved or \$0.15.
- 3.3 The Deferred Consideration Shares must be issued within 5 years of the date of the relevant shareholder approval or the rights to the Deferred Consideration Shares will lapse.

#### Key conditions of the Proposed Transaction

- 3.4 Completion of the Proposed Transaction is subject to and conditional upon SUV obtaining all regulatory approvals required, obtaining all necessary shareholder approvals pursuant to Listing Rule 10.1 and the relevant parties agreeing the form of the royalty deed.

#### Details of the Tenement Application

- 3.5 The Vendor submitted an application for E70/4981 on 22 May 2017, known as the White Hill Silica Sand Project. At the date of this Report the Tenement Application had not been granted and no work had been conducted on the Tenement Application as it is pending grant. We have been informed that the costs involved in submitting the application were approximately \$5,500 and no further direct costs have been incurred.
- 3.6 The Tenement Application covers an area of approximately 4,700 hectares and is located around 50km north of Perth. It is adjacent to VRX Silica’s Muchea Silver Sand Project and also shares a southern boundary with Hanson Construction which has a pending Mining Licence application in relation to silica sands.
- 3.7 Due to its location, the Tenement Application is considered to be prospective for high purity silica sand, however limited exploration activity has been undertaken on the Tenement Application to date.
- 3.8 Recent announcements by VRX Silica note that their Muchea project has access to established infrastructure with an underutilised railway connecting to Kwinana and the Brand Highway adjacent, in addition to local power and water supply.

## Rationale for the Proposed Transaction

- 3.9 The Tenement Application is considered prospective for high purity silica sand and the Directors of SUV consider that the Proposed Transaction supports the Company's exploration activities with the potential to target different end user markets to the existing portfolio of assets.

## Impact of Proposed Transaction on SUV's capital structure

- 3.10 The table below sets out a summary of the capital structure of SUV prior to and post the Proposed Transaction, separately identifying the impact of the Completion Consideration and Deferred Consideration.

**Table 1 Share structure of SUV Prior to and Post the completed Proposed Transaction**

	Prior to Proposed Transaction		Completion Consideration		Deferred Consideration	
<b>Shares on issue:</b>						
Non-Associated Shareholders	607,842,605	89.3%	607,842,605	89.3%	607,842,605	88.0%
Vendor Shares	72,564,516	10.7%	72,564,516	10.7%	82,897,849	12.0%
<b>Total undiluted shares on issue</b>	<b>680,407,121</b>	<b>100%</b>	<b>680,407,121</b>	<b>100%</b>	<b>690,740,454</b>	<b>100%</b>
<b>Options and Performance Rights:</b>						
Non Associated Shareholders Options	150,285,253	76.0%	150,285,253	75.9%	150,285,253	75.9%
Vendor Options	-	0.0%	333,334	0.2%	333,334	0.2%
Non Associated Shareholders Performance Rights	26,666,667	13.5%	26,666,667	13.5%	26,666,667	13.5%
Vendor Performance Rights	20,733,333	10.5%	20,733,333	10.5%	20,733,333	10.5%
<b>Total Options and Performance Rights</b>	<b>197,685,253</b>	<b>100%</b>	<b>198,018,587</b>	<b>100%</b>	<b>198,018,587</b>	<b>100%</b>
<b>Fully Diluted Position:</b>						
Non-Associated Shareholders	784,794,525	89.3%	784,794,525	89.3%	784,794,525	88.3%
Vendor Interest	93,297,849	10.7%	93,631,183	10.7%	103,964,516	11.7%
<b>Total diluted shares on issue</b>	<b>878,092,374</b>	<b>100%</b>	<b>878,425,708</b>	<b>100%</b>	<b>888,759,041</b>	<b>100%</b>

Source: Company

Note: The number of Deferred Consideration Shares has been calculated using the minimum stipulated issue price of \$0.15.

- 3.11 The Vendor currently holds 72,564,516 ordinary shares in SUV, representing a 10.7% interest in the Company, and has 20,733,333 performance rights in SUV, representing a total diluted interest of 10.7% in the Company.
- 3.12 Immediately on completion of the Proposed Transaction (but with the development milestones not yet being satisfied), the Vendor's interest will remain the same at 10.7% on an undiluted and fully diluted basis.
- 3.13 Subject to the development milestones being satisfied and the Deferred Consideration being paid, the Vendor's interest will increase from 10.7% to a maximum of 12.0% on an undiluted basis and from 10.7% to a maximum of 11.7% on a fully diluted basis.

## 4. Scope of the Report

### ASX Listing Rules

- 4.1 ASX Listing Rule 10.1 states that an entity must ensure that neither it, nor any of its child entities, acquires a substantial asset from, or disposes of a substantial asset to, a substantial shareholder, a related party or any of its associates without the approval of holders of the entity's ordinary securities.
- 4.2 The Vendor is a Director of SUV, therefore for the purposes of the ASX Listing Rules, the Vendor is a related party of the Company.
- 4.3 An asset is considered substantial "if its value; or the value of the consideration for it is, or in the ASX's opinion is 5% or more of the equity interest of the entity as set out in the latest financial statements given to the ASX".
- 4.4 The audited equity value of SUV as at 30 June 2021 was \$12.36 million. As the Deferred Consideration component of \$1.55 million is greater than 5% of the published equity value, the Proposed Transaction is considered to be substantial and is with a related party.
- 4.5 ASX Listing Rule 10.5.10 states that the notice for the shareholders' meeting required under ASX Listing Rule 10.5 must include a report on the transaction from an independent expert. The report must state whether, in the expert's opinion, the transaction is fair and reasonable to the Non-Associated Shareholders.
- 4.6 Accordingly, SUV is to hold a meeting of its Shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSM to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to Non-Associated Shareholders.

### Basis of evaluation

- 4.7 In determining whether the Proposed Transaction is "fair" and "reasonable" we have given regard to the views expressed by the ASIC in RG 111.
- 4.8 RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.9 RG 111 states that the expert's report should focus on:
  - the issues facing the security holders for whom the report is being prepared: and
  - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.10 RG 111 states that in relation to a related party transactions the expert's assessment of fair and reasonable should not be applied as a composite test – that is, there should be a separate assessment of whether the transaction is "fair" and whether it is "reasonable" as in a control transaction.
- 4.11 While RG 111 does not define "fair and reasonable" it does provide some guidance as to how the terms should be interpreted in a range of circumstances, stating:
  - A related party offer is considered "fair" if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity; and
  - A related party offer is considered "reasonable" if it is fair or, where the offer is "not fair", it may still be "reasonable" if the expert believes that there are sufficient reasons for security holders to approve the transaction.



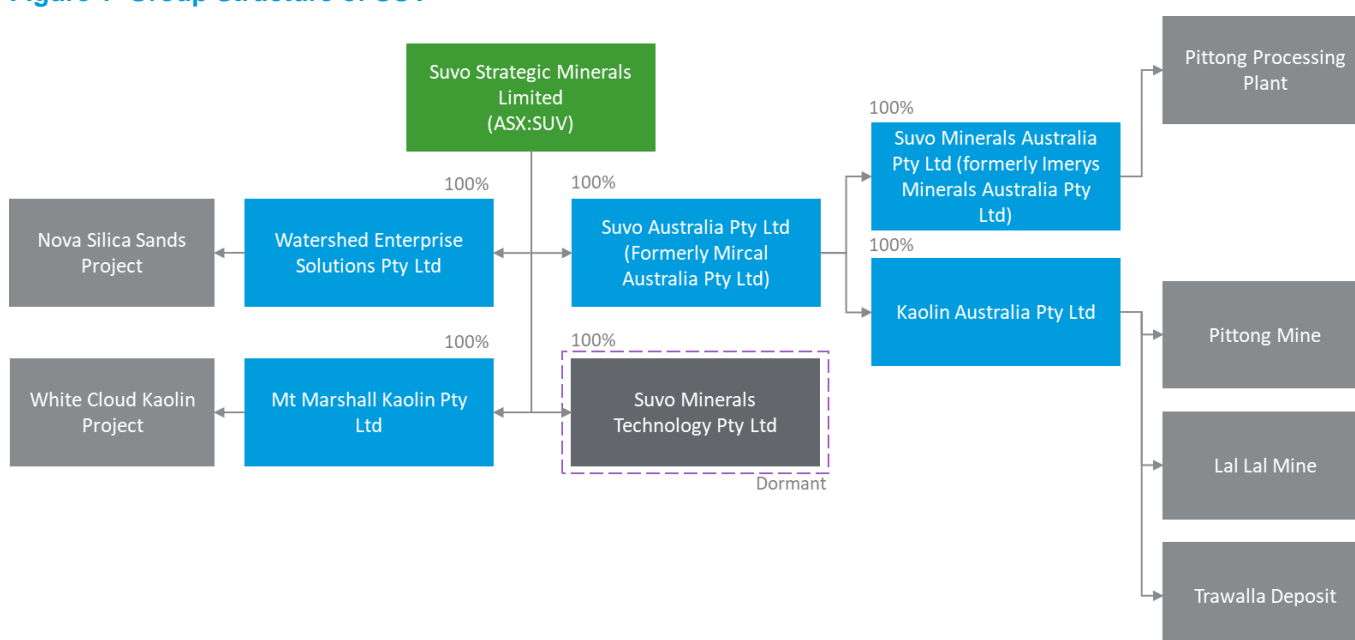
- 4.12 Consistent with the guidelines in RG 111, in assessing whether the Proposed Transaction is fair and reasonable to the Non-Associated Shareholders, the analysis we have undertaken is as follows:
- whether the Completion Options and Royalty are commercial in nature – fairness; and
  - a review of other significant factors which Non-Associated Shareholders might consider prior to approving the Proposed Transaction – reasonableness.
- 4.13 The other significant factors to be considered include:
- advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
  - the future prospects of the Company if the Proposed Transaction does not proceed.
- 4.14 Our assessment of the Proposed Transaction is based on economic, market and other conditions prevailing at the date of this Report.

## 5. Profile of SUV

### Background

- 5.1 SUV is an Australian hydrous kaolin producer and exploration company listed on the Australian Securities Exchange (ASX:SUV) and based in Perth, Western Australia.
- 5.2 The Company was registered in 2009 and is a mining and exploration company focussed on the development of the White Cloud Kaolin Project and Nova Silica Sands Project. As at 18 August 2022 SUV had a market capitalisation of approximately \$44.2 million.
- 5.3 The Company has historically focussed on kaolin and silica sand mining. In addition, in March 2021 the Company commenced research and development activities on high purity alumina and other high technology applications.
- 5.4 SUV's primary assets consist of:
- 100% interest in the Pittong hydrous kaolin operations located 40km west of the township of Ballarat in Victoria ("Pittong Mine");
  - 100% interest in the Mt Marshall (White Cloud) Kaolin Project 215km northeast of Perth ("White Cloud Kaolin Project"); and
  - 100% interest in the Nova Silica Sands project located at Eneabba, 280km north of Perth ("Nova Silica Sands Project").
- 5.5 The Company's group structure is shown below.

**Figure 1 Group Structure of SUV**



Source: The Company

## Pittong Mine

- 5.6 The Pittong Mine was acquired from a wholly owned subsidiary of the Imerys group in December 2020 and consists of a hydrous kaolin processing plant, two active kaolin mine deposits and one unused kaolin mine. The mine has operated since 1972 and has been a reliable domestic and international manufacturer and supplier of high-quality kaolin products.
- 5.7 Pittong is the only hydrous kaolin processing plant and mine in Australia, comprising:
- Pittong Plant – Hydrous plant capable of producing a range of products for the paper, board, and minerals markets. The current mine feed is supplied from the Pittong and Lal Mines;
  - Pittong Mine – Operating mine producing approx. 90% of the Pittong Plant feedstock;
  - Lal Mine – Operating mine producing limited feedstock for specific product applications; and
  - Trawalla Mine – Greenfield mine site (unused).
- 5.8 Mining operations and haulage to the Pittong processing plant are undertaken by a local mining contractor.
- 5.9 The Pittong mining contractor delivers crude kaolin ore to stockpiles from the operating mines (Pittong and Lal Lal) and the processing plant takes the feedstock to be processed into four separate products to end users. The products include 10% moisture lump, high solids slurry, 1% moisture powder and 1% moisture pulverised powder.
- 5.10 A maiden Mineral Resource estimate reported in accordance with JORC for Trawalla (announced in September 2021) resulted in a 20% increase of kaolin product to approximately 3.5Mt. Drill sampling and test work is ongoing at this deposit.
- 5.11 Maiden Mineral Resource estimate reporting accordance with JORC for Pittong (announced in March 2022) included 3.74Mt indicated and .97Mt inferred mineral resource of kaolinized granite
- 5.12 The solids slurry is used in board and paper manufacturing whilst the other products are used in paper, coatings, paint, and specialised industries including rubber and pharmaceutical applications. On 12 January 2022, Suvo announced a 3-year extension of a supply agreement with Norske Skog Boyer for high-quality paper grade kaolin from the Pittong operations until December 2024.

## White Cloud Kaolin Project

- 5.13 The White Cloud Kaolin Project is located in the Yilgarn Craton around 215km northeast of Perth, Western Australia, and covers around 3,555 hectares. The tenements were acquired on 30 July 2020 through the acquisition of Mt Marshall Kaolin Pty Ltd.
- 5.14 The area is generally flat cleared farming land devoid of any native bushland, and a mining access agreement is in place over the current resource area with the owner and occupier. The main rock types found in the area are granite, gneiss and migmatite.
- 5.15 The project is at a highly strategic location and there are multiple export options available including the Fremantle container port, Kwinana bulk terminal, Geraldton bulk terminal and Bunbury port. These terminals and ports are all accessible through an underutilised rail and road network.
- 5.16 A scoping study was completed and published on 27 May 2021 and demonstrated the potential for a multi-decade mine.

## Nova Silica Sands Project

- 5.17 The Nova Silica Sands Project is a large-scale Silica Sand resource located in the Gingin scarp near the township of Eneabba, around 300km north of Perth, Western Australia. The project has existing rail cart transport solutions direct from the tenements to Geraldton port.
- 5.18 On 12 October 2021, SUV announced that it had completed its maiden mineral resource estimate of the Nova Silica Sands project, reported in accordance with the 2012 JORC Code guidelines with a 216Mt Inferred Mineral Resource.

## Directors of SUV

- 5.19 The directors of SUV are summarised in the table below.

**Table 2 SUV Directors**

Name	Title	Experience
Mr Henk Ludik	Non-Executive Chairman	Mr Ludik is a mining engineer with a career spanning over 20 years in mining with expertise in engineering, feasibility, mine optimisation, ESG and corporate finance. Mr Ludik has worked for investment banks on a number of landmark transactions with over \$10bn in the resource sector since 2006. Mr Ludik holds a BEng in Mining Engineering, MSc in Oil and Gas Engineering and an MBA.
Dr Ian Wilson	Non-executive Director	Dr Wilson is an economic geologist with over 45 years' international experience in industrial minerals. He has formerly held technical and management positions in a major publicly listed mining and construction enterprises and was a Senior Scientific Officer in what is now the British Geological Survey and has been an independent consultant since 2001. Dr Wilson has experience in exploration and resource estimation to project development and production. He also has previous experience in the global and regional marketing of kaolin, halloysite, calcium carbonate, talc and others.
Mr Oliver Barnes	Non-executive Director	Mr Barnes has over 25 years' experience in natural resources and asset development with expertise in carbon, rural development, ESG and clean technology commercialisation. Mr Barnes was previously the Managing Director of an ASX listed land and water developer and held a senior role with an ASX listed phosphate technology company. He holds a Bachelor of Science in Agriculture Business Management.
Mr Aaron Banks	Executive Director	Mr Banks is a specialised business consultant with over 20 years' experience in business development and contract negotiations including senior roles in marketing, sales and construction management. Mr Banks founded Australian Silica Pty Ltd in 2015 and has since acted as its Managing Director, developing relationships downstream markets such as glass companies and manufacturers of speciality products for LCD screens and photovoltaic systems. In 2016 he discovered what has become one of the largest high-grade silica sand resources in the world.

Source: Company

- 5.20 Mr Aaron Banks is an Executive Director of the Company and the Vendor in the Proposed Transaction. Mr Banks is also the largest shareholder of the Company holding 10.7% of shares on issue at the date of this Report.

## Financial information of SUV

- 5.21 The information in the following section provides a summary of the financial performance of SUV for the periods ended 31 December 2021, 30 June 2021 and 30 June 2020 extracted from the reviewed and audited financial statements of the Company.
- 5.22 The former auditor of SUV, BDO Audit (WA) Pty Ltd, issued an unmodified audit opinion on the financial statements for the years ended 30 June 2021 and 30 June 2020.
- 5.23 The auditor of SUV, RSM Australia Partners, stated that their review of the financial statements for the interim period ended 31 December 2021 complies with the relevant standards. Refer to Appendix A for disclosure of RSM as the newly appointed auditor.

## Financial performance

5.24 The following table sets out a summary of the consolidated financial performance of SUV for the periods ended 31 December 2021, 30 June 2021 and 30 June 2020.

**Table 3 SUV historical financial performance**

\$	Ref	Year ended 31-Dec-21 Reviewed	Year ended 30-Jun-21 Audited	Year ended 30-Jun-20 Audited
<b>Profit and loss from continuing operations</b>				
Revenue	5.26	7,004,333	5,892,146	-
Cost of Sales		(5,410,306)	(4,028,260)	-
<b>Gross profit before depreciation and amortisation</b>		<b>1,594,027</b>	<b>1,863,886</b>	<b>-</b>
Depreciation and amortisation relating to kaolin production		(84,978)	(494,054)	-
<b>Gross profit from operations</b>		<b>1,509,049</b>	<b>1,369,832</b>	<b>-</b>
Other income		53,569	39,246	4,869
Administration and other corporate expenses		(1,596,368)	(2,714,106)	(1,595,323)
Foreign exchange (loss)/profit		20,616	(26,703)	43,870
Other depreciation and amortisation expenses		(97,679)	(72,359)	-
Share based payments expense	5.27	(207,504)	(816,548)	-
<b>Loss before income tax expense from continuing operations</b>	<b>5.25</b>	<b>(318,317)</b>	<b>(2,220,638)</b>	<b>(1,546,584)</b>
Income tax expense		-	-	-
Loss after income tax expense from continuing operations		(318,317)	(2,220,638)	(1,546,584)
Profit after income tax expense from discontinued operations	5.28	-	-	310,406
<b>Loss after income tax expense for the year</b>		<b>(318,317)</b>	<b>(2,220,638)</b>	<b>(1,236,178)</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified through profit or loss</i>				
Exchange differences on translating discontinued foreign operations		-	-	(319,525)
<b>Total other comprehensive loss for the year, net of tax</b>		<b>-</b>	<b>-</b>	<b>(319,525)</b>
<b>Total comprehensive loss for the year</b>	<b>5.25</b>	<b>(318,317)</b>	<b>(2,220,638)</b>	<b>(1,555,703)</b>

Source: Company audited financial statements

- 5.25 SUV recorded losses before income tax expense from continuing operations of \$0.3 million for the half year ended 31 December 2021, \$2.2 million for the year ended 30 June 2021 and \$1.5 million for the year ended 30 June 2020.
- 5.26 Revenue increased in the financial year ended 30 June 2021 and relates to the acquisition of the holding companies of the Australian Kaolin operations of Imerys S.A., Mircal Australia and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (owner of the Pittong and Lal mines and the Trawalla deposit) and Suvo Minerals Australia Pty Ltd, formerly Imerys Minerals Australia Pty Ltd (owner of the Pittong processing plant), becoming the effective owner of those assets on 1 January 2021. During the period between 1 January 2021 and 30 June 2021, the Company produced 12,464t of refined Kaolin products.
- 5.27 The Company recorded a share-based payment expense in the half year ended 31 December 2021 and year ended 30 June 2021 relating to shares and options issued to key management personnel.

5.28 SUV had profits from discontinued operations of \$310k in the financial year ended 30 June 2020 relating to the Company ceasing its operations in researching and developing lithium-ion batteries.

## Financial position

5.29 The table below sets out a summary of the consolidated financial position of SUV as at 31 December 2021, 30 June 2021 and 30 June 2020.

**Table 4 SUV consolidated historical financial position**

\$	Ref	31-Dec-21 Reviewed	30-Jun-21 Audited	30-Jun-20 Audited
<b>Current Assets</b>				
Cash and cash equivalents	5.31	4,441,748	5,876,550	349,033
Trade and other receivables		2,155,366	2,561,676	91,695
Inventories		1,421,700	1,305,634	-
Other		724,950	206,832	26,098
Income tax		-	153,769	-
<b>Total current assets</b>		<b>8,743,764</b>	<b>10,104,461</b>	<b>466,826</b>
<b>Non-current assets</b>				
Property, plant and equipment		2,251,972	1,429,803	-
Mine properties		2,297,912	2,003,726	-
Mineral interest acquisition and exploration expenditure		5,058,772	4,436,938	-
Right-of-use assets		747,137	264,134	-
Other		227,789	-	-
<b>Total non-current assets</b>	<b>5.32</b>	<b>10,583,582</b>	<b>8,134,601</b>	<b>-</b>
<b>Total assets</b>		<b>19,327,346</b>	<b>18,239,062</b>	<b>466,826</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		2,169,075	1,825,682	152,024
Provisions	<b>5.33</b>	1,004,360	1,048,201	-
Lease liabilities		407,184	141,546	-
<b>Total current liabilities</b>		<b>3,580,619</b>	<b>3,015,429</b>	<b>152,024</b>
<b>Non-current liabilities</b>				
Provisions	<b>5.30</b>	2,728,385	2,718,594	-
Lease liabilities		769,343	145,227	-
<b>Total non-current liabilities</b>		<b>3,497,728</b>	<b>2,863,821</b>	<b>-</b>
<b>Total liabilities</b>		<b>7,078,347</b>	<b>5,879,250</b>	<b>152,024</b>
<b>Net assets</b>	<b>5.30</b>	<b>12,248,999</b>	<b>12,359,812</b>	<b>314,802</b>
<b>Equity</b>				
Issued capital		31,191,948	31,191,948	18,978,136
Reserves		5,849,000	5,641,496	3,589,660
Accumulated losses		(24,791,949)	(24,473,632)	(22,252,994)
<b>Total Equity</b>		<b>12,248,999</b>	<b>12,359,812</b>	<b>314,802</b>

Source: Company audited financial statements

- 5.30 As at 31 December 2021 SUV had net assets of \$12.2 million and as at 30 June 2021 SUV had net assets of \$12.4 million, an increase of \$12.0 million from 30 June 2020. The net working capital position of SUV (current assets less current liabilities) for the half year ended 31 December 2021 was \$5.2 million and year ended 30 June 2021 was \$7.1 million.
- 5.31 Cash and cash equivalents were \$4.4 million at 31 December 2021, \$5.9 million at 30 June 2021 and \$349k at 30 June 2020. The increase in cash and cash equivalents between year-end periods primarily relate to an oversubscribed \$6 million capital raising to acquire the holding company of the Australian Kaolin operations of Imerys S.A., Mircal Australia and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (Owner of the Pittong and Lal mines and the Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant).
- 5.32 Total non-current assets relate to property, plant and equipment, mine properties, mineral acquisition and exploration expenditure, and right of use assets.
- 5.33 Current provisions as at 31 December 2021 and 30 June 2021 comprise annual leave provisions, salary rebate provisions and other provisions totalling \$1 million and \$1.1 million respectively.
- 5.34 Non-current provisions primarily relate to rehabilitation and restoration expenses. The provision costs are based on the estimated future cost of rehabilitation for land explored or mined by the Company.

## Capital structure

- 5.35 SUV had 680,407,121 ordinary shares on issue at the date of this Report. The top 20 shareholders of SUV as at 19 August 2022 are set out below.

**Table 5 SUV Top 20 shareholders**

Rank	Name	Total Units	% Issued Share Capital
1	AARON PETER BANKS <BANKS FAMILY A/C>	72,564,516	10.66%
2	MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C> [shown as two accounts in Top 20 Listing]	19,545,000	2.87%
3	ROBERT KINGSLEY FITZGERALD <THE RKF A/C>	17,513,381	2.57%
4	RATDOG PTY LTD	16,127,348	2.37%
5	MR ROBERT MARTIN	13,966,651	2.05%
6	MR KOBI BEN SHABATH	11,378,159	1.67%
7	CITICORP NOMINEES PTY LIMITED	11,245,778	1.65%
8	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	11,233,528	1.65%
9	BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	10,733,997	1.58%
10	SSELKROW PTY LTD	9,350,000	1.37%
11	PRIMERO GROUP LIMITED <PRIMERO GROUP>	7,852,941	1.15%
12	SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	7,500,000	1.10%
13	ALWAYS HOLDINGS PTY LTD <THE BUHAGIAR S/F A/C>	7,336,992	1.08%
14	CROFT LIFESTYLE FUND PTY LTD <THE CROFT SUPER FUND A/C>	6,511,689	0.96%
15	PETER FRANCIS BOYLE NOMINEES PTY LTD <PETER F BOYLE S/FUND A/C>	5,655,791	0.83%
16	MR YEHUDA COHEN	5,570,856	0.82%
17	PROPEL HOLDINGS PTY LTF	5,100,000	0.75%
18	MR REBLAZE SINGAPORE PTE LTD	5,000,000	0.73%
19	MR PRO ACKERMAN	4,970,000	0.73%
<b>Total Top 20 Shareholding</b>		<b>249,156,627</b>	<b>36.62%</b>
Others		431,250,494	63.38%
<b>Total issued capital</b>		<b>680,407,121</b>	<b>100.00%</b>

Source: Company

5.36 The Vendor in the Proposed Transaction, Mr Aaron Banks, is the largest shareholder of the Company with a 10.7% interest.

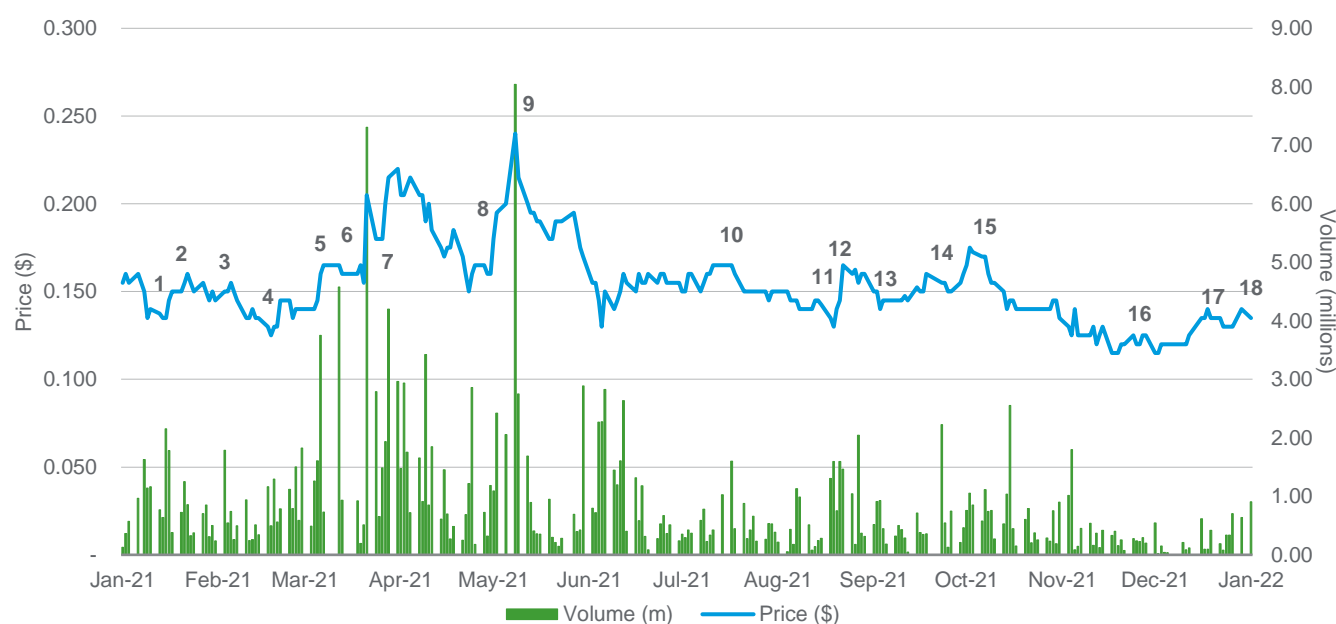
5.37 The Company has the following options and performance rights on issue:

- 12,000,000 options expiring 31 December 2023 with an exercise price of \$0.15;
- 5,166,670 options expiring 4 September 2022 with an exercise price of \$0.08;
- 102,366,903 options expiring 30 July 2023 with an exercise price of \$0.03;
- 30,751,680 options expiring 30 June 2023 with an exercise price of \$0.15; and
- 47,400,000 performance rights with various production milestones.

## Share price performance

5.38 The figure below sets out a summary of SUV closing share prices and traded volumes for the 12 months to the date of the announcement of the Proposed Transaction.

**Figure 2 SUV daily closing share price and traded volumes prior to Proposed Transaction announcement**



Source: S&P Capital IQ/ ASX

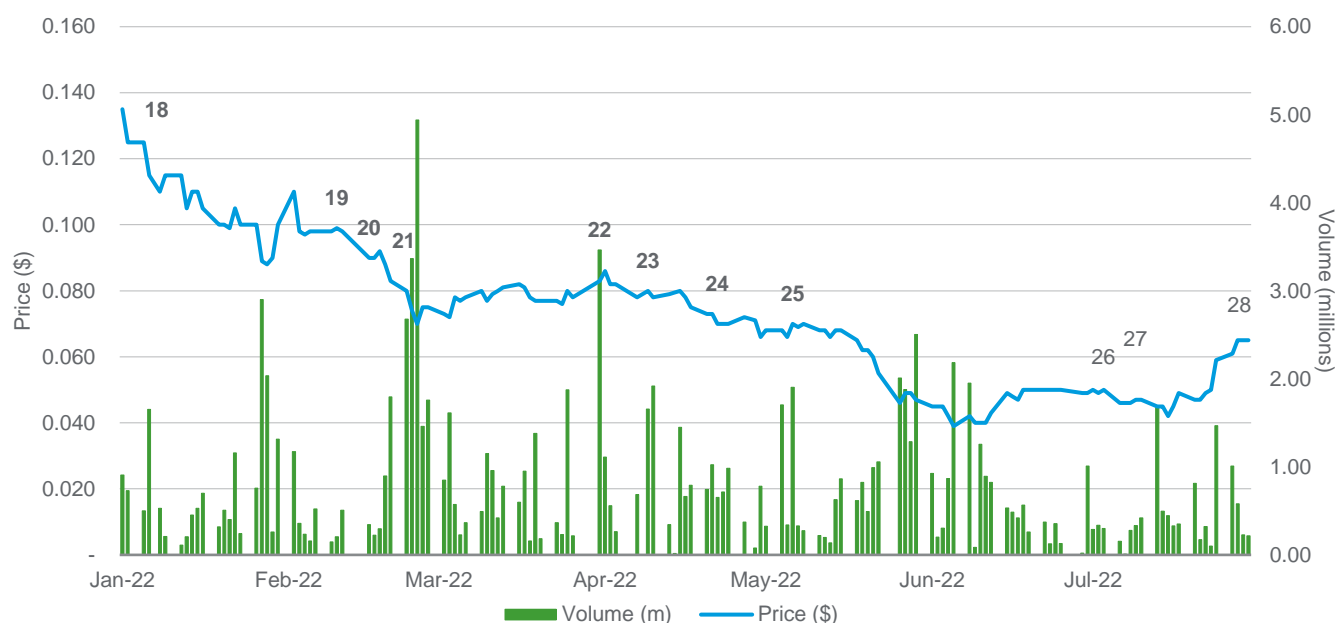
5.39 In the period prior to the announcement of the Proposed Transaction on 20 January 2022, SUV Shares were traded regularly. Over the 180 trading days prior to the announcement, 34.22% of SUV's Shares were traded, indicating that it is a moderately liquid stock given that 15% of the issued capital comprises restricted holdings.

5.40 During this period, SUV's Shares traded at between \$0.115 and \$0.245 per Share, with the most significant trading day being 8.0 million Shares on 27 May 2021 following the release of the scoping study on the White Cloud Kaolin Project.



5.41 The figure below sets out a summary of SUV closing share prices and traded volumes from the announcement date of the Proposed Transaction to the Report date.

**Figure 3 SUV daily closing share price and traded volumes post Proposed Transaction announcement**



5.42 In the period after the announcement of the Proposed Transaction on 20 January 2022, SUV Shares were traded regularly. During this period, SUV's Shares traded at between \$0.06 and \$0.135 per Share, with the most significant trading day being 4.94 million Shares on 16 March 2022 following the announcement of changes to the Board composition.

5.43 Significant announcements made by the Company over the last 12 months are summarised below.

No	Date	Comments
1	1-Feb-21	SUV announced that it had commenced drilling at Pittong and Trawalla with the aim of converting the held PERC reserves and resources to a JORC 2012 compliant reserve and resource. The results were expected to be obtained in April 2021.
2	8-Feb-21	SUV released a mineral resource update on the White Cloud Kaolin project. The resource estimate had been completed and reported in accordance with the 2012 JORC code and guidelines. Furthermore, the Company announced that the results of the extension drilling was expected to significantly increase the resource size and that the results were expected in March.
3	22-Feb-21	SUV announced that the operations at Pittong were on track to achieve an EBITDA of \$2.1m with \$265k recorded in the first month of ownership. The Company highlighted that it has received strong demand for orders from both domestic and export customers.
4	8-Mar-21	SUV announced that it had signed a term sheet with C.M.M Toye Industrial Mineral Consultants (CMM) to negotiate the first offtake arrangement of the White Cloud kaolin project. The term sheet outlined an indicative interest to purchase 10,000 tonnes per annum at \$850 per tonne, subject to a formal agreement. CMM was noted to be a substantial buyer of high grade kaolin for the use in manufacture of specialist ceramic products.
5	25-Mar-21	SUV announced that an updated Mineral Resource estimate at the White Cloud kaolin project has been completed in accordance with the 2012 JORC Code and guidelines. The Total Mineral Resource of 72.5Mt bright white kaolinized granite is an increase of 84% compared to the previous estimate in January 2021.
6	31-Mar-21	SUV announced that it had signed a Memorandum of Understanding (MOU) with a Tier 1 ceramic producer LIXIL AS Sanitary Manufacturing (Tianjin) Co., Ltd (LIXIL). The Company highlighted that LIXIL is one of the world's largest producers of sanitaryware and ceramic products along with a large consumer of high-quality refined kaolin for various ceramic products and materials.
7	14-Apr-21	SUV announced that it had commenced metallurgical drilling at the White Cloud Kaolin Project. The purpose of the program was to offer samples to LIXIL and other end users for detailed analysis to help define process flow sheets.

8	20-May-21	SUV announced that test work completed on its Nova Silica Sand project returned high value silica flour products. The Company highlighted that the sand product was suitable for the use in glass manufacturing and foundry applications.
9	27-May-21	SUV released the results of a Scoping Study completed on the White Cloud Kaolin project. The results demonstrated the potential to develop a multi decade mine.
10	5-Aug-21	SUV announced that it had signed a MOU and collaboration agreement with Tezel Catalysts Corporation to define a 5 to 10 year supply agreement for up to 10,000t per annum of refined kaolin products, subject to entry into a formal long term supply agreement. Under the binding MOU, both parties agreed to continue to develop tailor made premium products and technical solutions for the global Catalysts industry.
11	8-Sep-21	SUV released an update on the Pittong operations, highlighting that the MOU and collaboration agreement with Rezel Catalysts Corporation had been progressing accordingly and that it has obtained a new Japanese client for SUV's high grade, pharmaceutical grade kaolin. The Company also highlighted that the JORC resource results were imminent on the Pittong and Trawalla deposits.
12	9-Sep-21	SUV announced that it the test work on Trawalla refined clay showed significant concentrations of halloysite to 38.9%. The Company highlighted that the Trawalla halloysite-kaolin offers it the opportunity to be the first halloysite-kaolin producer in Australia and the ability to enter into both markets.
13	22-Sep-21	SUV announced that it had completed its maiden mineral resource estimate at the Trawalla project, reported in accordance with the 2012 JORC Code guidelines. The announcement highlighted the results of the resource estimate being 9.9Mt Indicated and 2.8MT Inferred Mineral resource of kaolinized granite. The Company also provided an update on the maiden mineral resource estimate at Pittong, expecting the estimate in the following weeks.
14	12-Oct-21	SUV announced that it had completed its maiden mineral resource estimate of the Nova Silica Sand project, reported in accordance with the 2012 JORC Code guidelines. The Company highlighted that the result of the estimate was 216Mt Inferred Mineral Resource comprising silica glass sand, silica flour and coarse silica sand.
15	26-Oct-21	SUV announced that it had fast tracked the Nova Silica drilling program with the drilling and sampling expected to be complete by the end of October 2021. The purpose was to extend the 216Mt inferred JORC resource.
16	15-Dec-21	SUV announced that test work on Trawalla refined clay continues to show high levels of Kaolin and Halloysite with significant concentrations of Halloysite recorded up to 32.4%. Test work and product commercialisation is being planned.
17	12-Jan-22	SUV announced that it had extended a supply agreement for hydrous Kaolin products until December 2024 from the Pittong operations.
18	20-Jan-22	SUV announced the proposed tenement E70/4981 acquisition of White Hill High Grade Silica Sand Project. The tenement is location north of Perth, Western Australia which is highly prospective for high purity silica sand.
19	1-Mar-22	SUV released Pittong's maiden mineral resource estimate, reported in accordance with the 2012 JORC guidelines, which includes 3.74Mt indicated and 1.97Mt inferred mineral resource of kaolinized granite
20	7-Mar-22	SUV announced the completion of their \$7.5m share placement before costs via a share placement at \$0.085 per share. Participants of the placement will also receive a one for three free attaching unquoted option exercisable at \$0.15, expiring 30 June 2023. Further, the Company is also undertaking a share purchase plan to raise up to a further \$2m under the same terms as the completed share placement above.
21	15-Mar-22	The Company announced it has made several appointments to the executive and Board to support the Company's expansion. As a result, Mr Henk Ludik and Mr Oliver Barnes have been appointed as a Non-Executive Directors, with Mr Ludik acting as interim Non-Executive Chairman. Mr Marty Helean has been appointed as Chief Operating Officer to oversee the expansion of the Pittong Plant while the Company searches for a Chief Executive Officer.
22	19-Apr-22	SUV announced it has signed a Materials Transfer Agreement with global industrial technology provider Calix Ltd (ASX: CXL) to use CXL's cutting-edge calcination technology to create market ready metakaolin samples supplied from Pittong.
23	28-Apr-22	SUV announced that it has successfully produced a bulk samples of high reactivity metakaolin from its Gabbin kaolin deposit. The sample results show equivalent or better quality than other Metakaolin products currently sold.
24	2-May-22	SUV announced that the share purchase plan received total subscriptions of \$0.566m, which in addition with the share placement has raised total funds of \$8.066m.
25	25-May-22	SUV announced it has signed a non-binding cooperation agreement to negotiate the supply of kaolin with C&D Logistics Group CO Ltd. The offtake agreement will commence following the completion of test results that confirm suitability of SUV's kaolin material for C&Ds products.
26	26-Jul-22	SUV announced the Pittong Mining Licence extension has been granted by Victoria's Earth Resources Regulation, extended to December 2045.
27	28-Jul-22	SUV released its quarterly activities report to 30 June 2022 showing cash holdings of \$8.94m.
28	15-Aug-22	SUV announced it has commenced commercial trials with C&D Logistics Group for two high quality Pittong hydrous kaolin products.

## 6. Approach

- 6.1 As detailed in section 4, we are not undertaking a valuation in our assessment of fairness. Rather our fairness assessment is a benchmarking exercise to assess a range of royalty rates which we consider to be appropriate arm's length rates and which a third party would expect as consideration for the sale of the Tenement Application, and an assessment of whether the issue of the Completion Options provides any additional financial benefit to the Vendor.
- 6.2 We have adopted this approach after considering the terms of the Proposed Transaction as set out in this Report. The Completion Consideration is the only committed component of consideration for the Proposed Transaction and is considered to have minimal value at the date of this Report, being the issue of share options and a commitment for a future royalty stream. The Tenement Application is at a very early stage of exploration with the exploration licence application still pending, therefore its value is considered to be uncertain and highly subjective at the date of this Report.
- 6.3 We have therefore considered whether or not the Proposed Transaction is "fair" to the Non-Associated Shareholders by assessing whether the terms of the Completion Options and Royalty are commercial in nature.
- 6.4 Specifically, in relation to the Royalty we have considered:
  - Research on arm's length royalty rates payable on similar mineral assets;
  - Comparable transactions to that proposed by the Company; and
  - Typical rates for arrangements of this type.
- 6.5 We have then compared this to the rate that the Vendor will receive if the Company sells silica sand products derived from the Tenement Application.
- 6.6 In relation to the Completion Options, we have considered whether the terms associated with the Options are comparable to other options issued by the Company and assessed whether any additional financial benefit is being obtained by the Vendor over other Shareholders.
- 6.7 We have then considered whether the Proposed Transaction is "reasonable" to the Non-Associated Shareholders by undertaking an analysis of the other factors relating to the Proposed Transaction which are likely to be relevant to the Non-Associated Shareholders in their decision of whether or not to approve the Proposed Transaction, including the Deferred Consideration component of the Proposed Transaction.

## 7. Is the Proposed Transaction Fair to Non-Associated Shareholders?

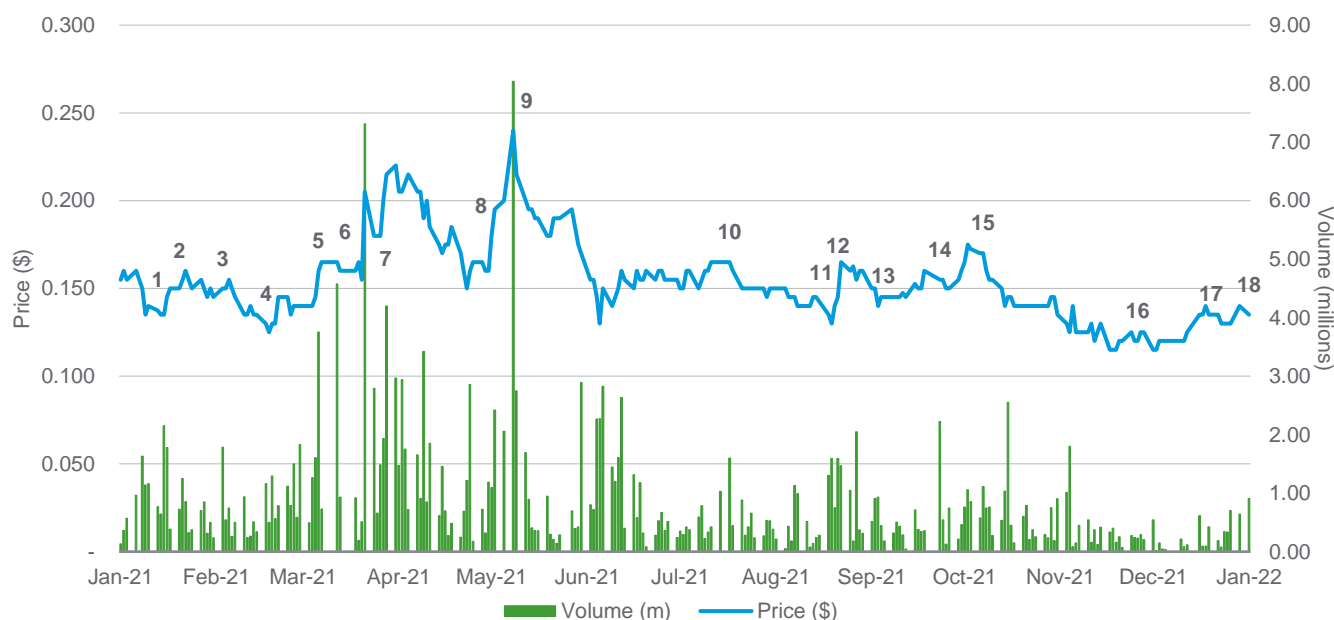
### Assessment of Completion Options

- 7.1 The Completion Options comprise 333,334 options with an exercise price of \$0.15 and expiring three years from issue date.
- 7.2 We note that the Company has the following options on issue at the date of this Report:
- 12,000,000 options expiring 31 December 2023 with an exercise price of \$0.15;
  - 5,166,670 options expiring 4 September 2022 with an exercise price of \$0.08;
  - 102,366,903 options expiring 30 July 2023 with an exercise price of \$0.03; and
  - 30,751,680 options expiring 30 June 2023 with an exercise price of \$0.15.
- 7.3 The Completion Options are therefore on no more favourable terms than existing options on issue by the Company, with the highest exercise price being \$0.15.
- 7.4 In addition, we have considered the recent quoted market price for SUV shares prior to the announcement of the Proposed Transaction in order to determine the relativity of the Completion Options exercise price with the Company's traded share price.

### Analysis of recent trading in SUV Shares

- 7.5 The figure below sets out a summary of SUV's closing share price and volume of SUV Shares traded in the 12 months to 20 January 2022.

**Figure 4 SUV daily closing share price and traded volumes**



Source: S&P Capital IQ, ASX

- 7.6 During the 12 month period prior to the announcement of the Proposed Transaction, SUV shares traded between \$0.115 and \$0.24 per Share. On 17 January 2022, being the last trading day prior to the trading halt for the announcement, the closing price was \$0.140.
- 7.7 To provide further analysis of the quoted market price for SUV's Shares, we have considered the VWAP over a number of trading days prior to the announcement of the Proposed Transaction. An analysis of the VWAP of SUV's Shares for the 1, 5, 10, 30, 60, 90, and 180 day trading period is set out in the table below:

**Table 6 Traded volumes of SUV's Shares to Announcement**

# of Days	1 Day	5 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
<b>VWAP</b>	<b>0.133</b>	<b>0.130</b>	<b>0.131</b>	<b>0.126</b>	<b>0.140</b>	<b>0.147</b>	<b>0.147</b>	<b>0.162</b>
Total volume (000's)	640	2,099	3,513	7,739	27,014	45,505	61,455	122,024
Total volume as a % of total shares	0.18%	0.59%	0.99%	2.17%	7.58%	12.76%	17.23%	34.22%
Low price	0.130	0.125	0.120	0.115	0.115	0.115	0.115	0.115
High price	0.140	0.140	0.140	0.140	0.175	0.180	0.180	0.245

Source: S&P Capital IQ, ASX

- 7.8 As set out above, the exercise price of \$0.15 attached to the Options is at, or exceeds, the VWAP of SUV's Shares for the 1 through to 120 day trading periods prior to the announcement of the Proposed Transaction.
- 7.9 The Completion Options were therefore "out of the money" at the announcement date of the Proposed Transaction, as the exercise price is higher than the current spot price. As at the date of announcement, the exercise price was priced at a 7% premium to the closing share price and a 14% premium to the 10-day VWAP.
- 7.10 We note that the current share price of SUV as at the date of this Report is \$0.062 and therefore the Options are still "out of the money".
- 7.11 On the basis that the terms of the Completion Options are comparable with existing SUV Options on issue and they are "out of the money", we consider that the Completion Options are fair to Non-Associated Shareholders.

## Assessment of Royalty

- 7.12 To arrive at an appropriate benchmark royalty rate range applicable to the Tenement Application, we have considered:
- The current stage of exploration at the Tenement Application and the status of regulatory approvals;
  - The components of consideration in the Proposed Transaction; and
  - Comparable royalty rates on comparable minerals assets.
- 7.13 In carrying out our analysis on the comparable royalty rates, we gathered information on potential comparable rates using industry research databases and public announcements from listed companies operating in the silica sand and industrial minerals sector.
- 7.14 We identified the following royalty rates on comparable mineral assets, as set out in the table below:

**Table 7 Comparable royalty rates on comparable mineral assets**

Company	Ticker	Royalty Rate	Royalty Basis	Other Consideration	Transaction
Centrex Metals Limited	ASX:CXM	3.0%	Gross Revenue	\$5m upfront consideration and \$2m annual extension fee from Jun-21 if mining has not commenced.	Purchase of a phosphate rock project in Feb-17. Renewal of granted Mining Lease for 21 years condition for completion.
Industrial Minerals Ltd	ASX:IND	1.0%	Gross Revenue	Introduction fee only, no other consideration.	Acquisition of a silica sand project in Jul-21.
Perpetual Resources Limited	ASX:PEC	1.0%	Gross Revenue	\$33,334 of shares and \$66,666 of deferred consideration shares.	Acquisition of an option over a silica sand tenement in Jul-21.
VRX Silica Limited	ASX:VRX	1.0%	Gross Revenue	65m shares and 20m options.	Acquisition of a silica sand tenement in Sep-18.
WA Kaolin Limited	ASX:WAK	1.5%	Gross Revenue	\$1.25 per tonne of ore sold.	Execution of a royalty deed over kaolin tenements in Jul-19.

Source: S&P Capital IQ, ASX

- 7.15 The Centrex Metals acquisition related to an advanced project with a granted Mining Lease and also comprised cash consideration of \$5m. The 1.0% gross royalty on the Industrial Minerals acquisition was termed as an introduction fee only, relating to two exploration license applications in Western Australia.
- 7.16 The Perpetual Resources option agreement was structured similarly to the Proposed Transaction with milestone consideration payable on granting of the exploration licence and a royalty if mining commences, however the tenement is significantly smaller than the White Hill Silica Sand Project and the upfront consideration included an immediate issue of shares.
- 7.17 The Muchea Project acquisition by VRX Silica in September 2018 involved the issue of 65 million shares and 20 million options, with an attributed acquisition value of approximately \$5.0 million. The Muchea Project consisted of a granted tenement and an exploration licence application together covering 93km<sup>2</sup>.
- 7.18 Considering all of the above, we assess an appropriate arm's-length royalty rate which a third party would pay in connection with the acquisition of the Tenement Application to be in a range of 1% to 3%.
- 7.19 The royalty rate to the Vendor of 4% of the proceeds of gross sales is above this range, however we note that most of the identified transactions also offered other immediate consideration, whereas the Proposed Transaction does not include any other up-front consideration except the issue of options which would result in a \$50,000 cash inflow for the Company should the Vendor elect to exercise the options. Therefore, we would expect the Royalty rate payable to the Vendor to be marginally higher than the comparable transactions.

## Conclusion on Fairness

- 7.20 The exercise price attached to the Completion Options exceeds the spot price of the Company's traded shares and they are to be issued on no more favourable terms than existing options on issue by the Company, therefore we do not consider that the issue of the Completion Options provides any additional financial benefit to the Vendor than other security holders.
- 7.21 We have undertaken an indicative valuation of the Completion Options as at the announcement date using a binomial option valuation model, which attributes a total value of approximately \$27,000 based on the agreed terms, assuming 100% volatility and no dividend payments by the Company (assessed value of \$0.082 per option). We note that should the Vendor exercise the Completion Options then the Company would receive cash on exercise of those options totalling \$50,000.
- 7.22 We have concluded that the Royalty rate is above arm's length royalty rates payable on acquisition of similar mineral assets. However, most of the comparable transactions reviewed included other forms of consideration payable in addition to a future royalty; it would therefore be expected for the Royalty rate in the Proposed Transaction to be higher as the value of the Completion Consideration is minimal.
- 7.23 In our overall assessment of fairness, we have taken into consideration both the Completion Options and Royalty together, not as two separate components.
- 7.24 In our opinion, we consider that the Proposed Transaction is **fair** for the Non-Associated Shareholders of SUV.



## 8. Is the Proposed Transaction Reasonable to Non-Associated Shareholders?

- 8.1 RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:
- advantages and disadvantages to the Non-Associated Shareholders as a consequence of the Proposed Transaction proceeding; and
  - the future prospects of the Company if the Proposed Transaction does not proceed.
- 8.2 If the Proposed Transaction does not proceed then the Company will continue exploration activities on existing projects while considering new potential business acquisitions to advance the Company and provide value to Shareholders.

### Advantages and disadvantages

- 8.3 In assessing whether the Non-Associated Shareholders are likely to be better off if the Proposed Transaction proceeds, than if it does not, we have also considered various advantages and disadvantages that are likely to accrue to the Non-Associated Shareholders.

**Table 8 Advantages of approving the Proposed Transaction**

Advantage	Details
The Proposed Transaction is fair	The Proposed Transaction is fair to the Non-Associated Shareholders.
Access to prospective silica sands tenement	If the Proposed Transaction is approved, then the Company will have access to a prospective high purity silica sands tenement that is adjacent to VRX Silica's Muchea Silver Sand Project.
No depletion of cash reserves	The structure of the Proposed Transaction allows the Company to maintain its cash reserves, as none of the Consideration is payable in cash.
Royalty only payable if production commences at Tenement Application	If the Proposed Transaction is approved, the Royalty will only be payable to the Vendor on revenue generated from silica sand products extracted on the Tenement Application, which should also create value for Shareholders.
Minimises risk by aligning consideration payments with key development milestones	Given the limited exploration activity undertaken on the Tenement Application, it would be difficult to assign a value to it currently. The structure of the Proposed Transaction minimises risk by comprising a future Royalty stream and Deferred Consideration payments aligned with key development milestones. The only committed up-front consideration is the issue of the Completion Options.

**Table 9 Disadvantages of approving the Proposed Transaction**

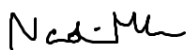
Disadvantage	Details
Dilution of Non-Associated Shareholders if Deferred Consideration paid	If the Proposed Transaction is approved, then the Non-Associated Shareholders' interest in SUV will be reduced from 89.3% to 88.0% on an undiluted basis and from 89.3% to 88.3% on a fully diluted basis.
Requirement to fund future exploration activities and regulatory approval processes	The Company expects to spend approximately \$75,000 on exploration activities on the Tenement Application over 12 months and will be responsible for funding all future regulatory approval processes in relation to the Tenement Application.

## Conclusion on Reasonableness

- 8.4 In our opinion, the position of the Non-Associated Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is **reasonable** for the Non-Associated Shareholders of SUV.
- 8.5 An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

**RSM CORPORATE AUSTRALIA PTY LTD**

A handwritten signature in black ink, appearing to read "N. Marke".

**N MARKE**

Director

A handwritten signature in black ink, appearing to read "J. Audcent".

**J AUDCENT**

Director





APPENDICES

# A. DECLARATIONS AND DISCLAIMERS

## Declarations and Disclosures

RSM Corporate Australia Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

## Qualifications

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board.

RSM Corporate Australia Pty Ltd is beneficially owned by the partners of RSM Australia Pty Ltd (RSM) a large national firm of chartered accountants and business advisors.

Ms Nadine Marke and Mr Justin Audcent are directors of RSM Corporate Australia Pty Ltd. Both Ms Marke and Mr Audcent are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert's reports for transactions involving publicly listed and unlisted companies in Australia.

## Reliance on this Report

This report has been prepared solely for the purpose of assisting Shareholders of the Company in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

## Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the Directors and management of Suvo Strategic Minerals Limited and we have no reason to believe that this information was inaccurate, misleading or incomplete. RSM Corporate Australia Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Corporate Australia Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

We assume no responsibility or liability for any loss suffered by any party as a result of our reliance on information supplied to us.

## Disclosure of Interest

At the date of this report, none of RSM Corporate Australia Pty Ltd, RSM, Nadine Marke, Justin Audcent, nor any other member, director, partner or employee of RSM Corporate Australia Pty Ltd and RSM has any interest in the outcome of the Proposed Transaction, except that RSM Corporate Australia Pty Ltd are expected to receive a fee of approximately \$25,000 based on time occupied at normal professional rates for the preparation of this report. The fees are payable regardless of whether Suvo Strategic Minerals Limited receives Shareholder approval for the Proposed Transaction, or otherwise.

RSM Australia Partners were appointed as auditors of Suvo Strategic Minerals Limited in December 2021.

## Consents

RSM Corporate Australia Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Notice of Extraordinary General Meeting and Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Corporate Australia Pty Ltd or RSM Australia Pty Ltd or has been involved in the preparation of the Notice of Extraordinary General Meeting and Explanatory Memorandum. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement.

## B. SOURCES OF INFORMATION

In preparing this Report we have relied upon the following principal sources of information:

- Drafts and final copies of the Notice of Meeting;
- Transaction documents;
- Audited financial statements for SUV for the years ended 30 June 2021 and 30 June 2020;
- Reviewed financial statement for SUV for the half year period ended 31 December 2021;
- Shareholder listing of SUV;
- ASX announcements of SUV;
- US Geological Survey – Mineral Commodity Summaries 2022;
- S&P Capital IQ database; and
- Discussions with Directors of SUV.

## C. GLOSSARY OF TERMS

Term or Abbreviation	Definition
\$	Australian dollar
Act	Corporations Act 2001 (Cth)
AFCA	Australian Financial Complaints Authority
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX as amended from time to time
Company	Suvo Strategic Minerals Limited
Completion Consideration	Completion Options and Royalty
Completion Options	333,334 options to acquire ordinary shares at an exercise price of \$0.15 and term of 3 years
Consideration	Completion Consideration and Deferred Consideration
Deferred Consideration	Up to \$1.55 million of SUV shares payable to the Vendor on achievement of development milestones
Directors	Directors of the Company
Explanatory Statement	The explanatory statement accompanying the Notice
FSG	Financial Services Guide
IER	This Independent Expert Report
Non-Associated Shareholders	Shareholders who are not a party, or associated to a party, to the Proposed Transaction
Notice	The notice of meeting to vote on, inter alia, the Proposed Transaction
Option or Options	Unlisted options to acquire Shares with varying vesting conditions
Proposed Transaction	The proposed acquisition of the Tenement Application from Mr Aaron Banks
Report	This Independent Expert's Report prepared by RSM dated [insert]
Resolution	The resolutions set out in the Notice
RG 111	ASIC Regulatory Guide 111 Content of Expert Reports
Royalty	4% of the proceeds of gross sales from product derived from the Tenement Application
RSM	RSM Corporate Australia Pty Ltd
S&P Capital IQ	An entity of Standard and Poors which is a third party provider of company and other financial information
Share or SUV Share	Ordinary fully paid share in the capital of the Company
Shareholder	A holder of Share
SUV	Suvo Strategic Minerals Limited
Tenement Application	The application, or the tenement granted pursuant to the application, for EL70/4981
Transaction Resolutions	Resolutions 1, 2 and 3 in the Notice
Vendor	Mr Aaron Banks
VWAP	Volume weighted average share price

## D. INDUSTRY ANALYSIS

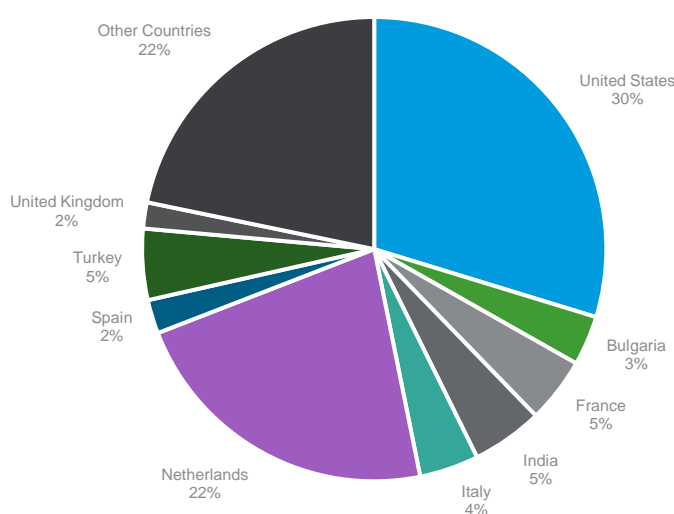
### Silica Sands Overview

- 8.6 Silica is commonly found in most rock types existing as forms of crystallised quartz, amorphous and cryptocrystalline. Some high-grade silica is recovered as a by-product of kaolin mining.
- 8.7 There are many uses for silica in both the high grade (industrial) silica sand market and construction sand markets, with the most common use of silica sand in the manufacturing of glassware and industrial moulds. The five major markets for silica sand comprise of glass, foundry, hydraulic fracturing, filtration, and abrasives.
- 8.8 Other mineral substitutes for silica are costly so the common abundance and relative inexpensiveness of silica makes it an ideal resource for glassmaking.

### U.S. Geological Survey – Mineral Commodity Summaries 2022

- 8.9 The U.S. Geological Survey (“USGS”) publishes an annual summary on mineral commodities, with the latest report published in January 2022.
- 8.10 According to USGS, the value of silica production increased by 2% in 2021, which has continued to be impacted by low demand from the oil and gas sector.
- 8.11 The figure below highlights global silica production in 2021:

**Figure 5 World Mine Production of Silica 2021**



Source: US Geological Survey

- 8.12 The United States was the largest producer at 30%, followed by the Netherlands at 23%, and India and Turkey at 5%.

### Pricing and demand

- 8.13 The silica sand market size is forecast to reach US\$24.5 billion by 2026, after growing at a CAGR of 5% during 2021-2026.

- 8.14 The USGC summary showed a 7.49% rise in the silica price, increasing from US\$30.70 per ton in 2020 to US\$33.00 per ton in 2021. The table following highlights the respective silica prices from 2017 to 2021.

**Table 10 Silica Prices (US\$ per ton)**

2017	2018	2019	2020	2021
52.10	56.10	46.10	30.70	33.00

Source: US Geological Survey

- 8.15 Globally, increasing demand for construction and manufacturing has led to growth in demand for silica due to its crucial importance in manufacturing windows and other glassware, particularly in the Asia Pacific area. Growth is also expected in the hydraulic fracturing market as horizontal drilling for shale oil and gas resources expands, largely in North America.
- 8.16 The Asia Pacific region is expected to remain the largest regional consumer of industrial sand, supported by the Chinese market. In addition, an increase in solar panel manufacturing in China is expected to support demand, with around 47% of the world's glass being made in Asia.

RSM Corporate Australia Pty Ltd is beneficially owned by the Directors of RSM Australia Pty Ltd. RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Corporate Australia Pty Ltd ABN 82 050 508 024 Australian Financial Services Licence No. 255847

## **THE POWER OF BEING UNDERSTOOD**

### **AUDIT | TAX | CONSULTING**

RSM Australia Pty Ltd is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network.

Each member of the RSM network is an independent accounting and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction.

The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 11 Old Jewry, London EC2R 8DU.

The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.

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## Schedule 5      Terms and conditions of Performance Rights

The grant of the Performance Rights are subject to the terms and conditions below:

### 1.      **Milestones**

The Performance Rights held by each holder of the Performance Rights (**Holder**) will vest in three tranches subject to satisfaction of the following milestones:

- (a)      Tranche A Performance Rights vest upon the Company achieving kaolin production of at least 35ktpa across any 12 month period commencing on or after the date of issue and ending within 3 years after the date of issue;
- (b)      Tranche B Performance Rights vest upon the Company achieving kaolin production of at least 50ktpa across any 12 month period commencing on or after the date of issue and ending within 3 years after the date of issue; and
- (c)      Tranche C Performance Rights vest upon the Company's VWAP being at least \$0.18 over 20 consecutive trading days on which the Company's shares have actually traded (commencing after the date of the Meeting) and expiring 3 years after the date of issue,

(each a **Milestone**).

<b>Holder</b>	<b>Tranche A Performance Rights</b>	<b>Tranche B Performance Rights</b>	<b>Tranche C Performance Rights</b>	<b>Total</b>
Henk Ludik ( <b>Executive Performance Rights</b> )	2,500,000	2,500,000	2,500,000	<b>7,500,000</b>
Henk Ludik ( <b>Non- Executive Performance Rights</b> )	1,250,000	1,250,000	1,250,000	<b>3,750,000</b>
Oliver Barnes	1,250,000	1,250,000	1,250,000	<b>3,750,000</b>
Wilco Holdings Pty Ltd	715,000	715,000	715,000	<b>2,145,000</b>

### 2.      **Notification to Holder**

The Company shall notify the Holder in writing when the Milestone has been satisfied.

### 3.      **Consideration**

The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the conversion of the Performance Rights.



4. **Conversion**

Subject to paragraph 15 and satisfaction of the relevant Milestone, each Performance Right will, be at the election of the Holder, to convert into one Share.

5. **Lapse of a Performance Right**

If:

- (a) the Milestone attaching to a Performance Right has not been satisfied within the period required under the relevant Milestone; or
- (b) the Performance Rights have not converted into Shares within 3 years after the date of issue,

(**Expiry Date**), it will automatically lapse and the Holder shall have no entitlement to the Shares pursuant to those Performance Rights.

6. **Timing of issue of Shares and quotation of Shares on conversion**

As soon as practicable after the valid conversion of a Performance Right by the Holder, the Company will:

- (a) issue, allocate or cause to be transferred to the Holder (or its nominee) the number of Shares to which the Holder is entitled;
- (b) issue a substitute Certificate for any remaining unconverted Performance Rights held by the Holder;
- (c) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; and
- (d) do all such acts, matters and things to obtain the grant of quotation of the Shares by ASX in accordance with the Listing Rules.

All Shares issued upon the conversion of Performance Rights will upon issue rank equally in all respects with the then issued Shares.

7. **Restrictions on transfer of Shares**

If the Company is unable to give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, Shares issued on conversion of a Performance Right may not be traded until 12 months after their issue unless the Company, at its sole discretion, elects to issue a prospectus pursuant to section 708A(11) of the Corporations Act.

8. **Quotation of Performance Rights**

The Performance Rights will be unquoted Performance Rights.

9. **Transfer of Performance Rights**

The Performance Rights are not transferable.

10. **Participation in new issues**

A Performance Right does not entitle a Holder (in their capacity as a Holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

11. **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

12. **Adjustment for bonus issue**

If the Company makes a bonus issue of Shares or other securities to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the number of Shares or other securities which must be issued on the conversion of a Performance Right will be increased by the number of Shares or other securities which the Holder would have received if the Holder had converted the Performance Right before the record date for the bonus issue.

13. **Dividend and Voting Rights**

The Performance Rights do not confer on the Holder an entitlement to vote (except as otherwise required by law) or receive dividends (whether fixed or at the discretion of directors).

14. **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the Corporations Act 2001 (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (a) Holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition; and
- (b) the Company may (but is not obliged to) by written notice to a Holder request a Holder to provide the written notice referred to in paragraph (i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the Holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

15. **No rights to return of capital**

A Performance Right does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

16. **Rights on winding up**

A Performance Right does not entitle the Holder to participate in the surplus profits or assets of the Company upon winding up.

17. **No other rights**

A Performance Right gives the Holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

18. **Change of Control**

Upon:

- (a) a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company and:
  - (i) having received acceptances for not less than 50.1% of the Company's shares on issue; and
  - (ii) having been declared unconditional by the bidder; or
- (b) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

then, to the extent Performance Rights have not converted into Shares, Performance Rights will automatically convert into Shares.

Clause 19 only applies to the Performance Rights to be issued to Mr Ludik. For the avoidance of doubt, Clause 19 does not apply to the Performance Rights to be issued to Wilco Holdings Pty Ltd.

19. **Leaver**

- (a) Subject to clause 19(d), in the event that Mr Ludik ceases to be engaged by the Company or its subsidiaries, or otherwise ceases to be an Eligible Participant under the Plan (**Leaver**), other than in accordance with clause 19(b), all unvested Executive Performance Rights held by Mr Ludik will automatically vest, subject to the maximum number that may vest in accordance with clause 19(c). All unvested Non-Executive Performance Rights will lapse.
- (b) All unvested Performance Rights will lapse if the Board, at its sole discretion, determines that the Holder becomes a Leaver due to the Holder:
  - (i) resigning;
  - (ii) committing a serious breach of the Holder's Executive Services Agreement;
  - (iii) engaging in any serious misconduct;
  - (iv) grossly failing to discharge the Holder's duties or responsibilities;
  - (v) engaging in any other conduct (either inside or outside of the workplace) which is likely to affect adversely the reputation of the Company or any of its subsidiaries;

- (vi) committing any act or engaging or failing to engage in any conduct expressly referred to in their engagement agreement which would entitle the Company or its subsidiaries to terminate the Holder's employment with minimum notice required at law;
  - (vii) committing any other act which at common law would entitle the Company or its subsidiaries to terminate the Holder's Executive Services Agreement without notice or payment in lieu of notice: or
  - (viii) becoming bankrupt or making an arrangement or composition with creditors.
- (c) The number of Performance Rights that may vest pursuant to clause 19(a) is the maximum number of Performance Rights that may vest without breaching either section 200B of the *Corporations Act 2001* (Cth) or ASX Listing Rule 10.19.
- (d) The automatic vesting provision in clause 19(a) will not apply in the event that:
  - (i) the Company appoints a non-executive and independent chair; and
  - (ii) makes an offer of employment to the Executive in a role as Managing Director or similar on terms no less favourable than are set out in this Agreement.

## Schedule 6 Valuation of Performance Rights

### Performance Rights

Description	Tranche A	Tranche B	Tranche C
Underlying security spot price	\$0.065	\$0.065	\$0.065
Exercise price	Nil	Nil	Nil
Expiry date	3 years after the date of issue	3 years after the date of issue	3 years after the date of issue
Number of performance Rights	5,715,000	5,715,000	5,715,000
Remaining life of Performance Rights	3 years	3 years	3 years
Probability of vesting	100%	100%	N/a – Market based performance hurdle
Estimated number of Performance Rights to vest	5,715,000	5,715,000	N/a – Market based performance hurdle
Valuation per Performance Right	\$0.065	\$0.065	\$0.028
Valuation per tranche	\$371,475	\$371,475	\$160,020

### Notes:

- (a) The Performance Rights issued to the Directors will vest upon satisfaction of the relevant Milestones set out in Section 6.4(e).
- (b) A nil dividend yield was assumed on the basis that the Company is unlikely to pay a dividend during the life of the Performance Rights.
- (c) The assumed Share price at the grant date of \$0.065 is based on the Share price at the close of trading on 19 August 2022, the valuation date.
- (d) The value of the Tranche C Performance Rights has been determined after applying a conventional binomial approximation pricing model based on the following inputs as at 19 August 2022:  
 Risk free rate: 3.01% (Derived from the 3-year Commonwealth Treasury Bond Rate).  
 Historical volatility: 100%.

Closing share price: \$0.065 (closing ASX price on 19 August 2022).

Dividend yield: 0.00% (based on actual dividends paid in the previous 12 months).

## Schedule 7      Summary of Employee Securities Incentive Plan

A summary of the terms of the Plan is set out below:

### 1.      **Eligibility**

Participants in the Plan consist of:

- (a)      a Director (whether executive or non-executive) of the Company and any associated body corporate of the Company (each a **Group Company**);
- (b)      a full or part time employee of any Group Company;
- (c)      a casual employee or contractor of a group company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
- (d)      a prospective participant, being a person to whom the offer is made but who can only accept the Offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (a), (b) or (c) above,

who is declared by the Board to be eligible to receive grants of Options or Performance Rights (together, **Awards**) under the Plan (**Eligible Participant**).

### 2.      **Offer**

The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant (including an Eligible Participant who has previously received an offer) to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines (**Offer**).

### 3.      **Issue price**

Unless the Awards are quoted on the ASX, Awards issued under the Plan will be issued for no more than nominal cash consideration.

### 4.      **Exercise Price**

The Board may determine the Option exercise price (if any) for an Option offered under that Offer in its absolute discretion. To the extent the ASX Listing Rules specify or require a minimum price, the Option Exercise Price in respect of an Option offered under an Offer must not be less than any minimum price specified in the ASX Listing Rules.

### 5.      **Vesting Conditions**

In respect of any Award, any condition set out in the Offer which must be satisfied (unless waived in accordance with the Plan) before that Award can be exercised or any other restriction on exercise of that Award specified in the Offer or in the Plan (**Vesting Conditions**).

### 6.      **Vesting**

The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a

Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:

- (a) special circumstances arising in relation to a Relevant Person in respect of those Awards, being a Relevant Person ceasing to be an Eligible Participant due to:
  - (i) death or total or permanent disability of a Relevant Person;
  - (ii) retirement or redundancy of a Relevant Person;
  - (iii) a Relevant Person suffering severe financial hardship;
  - (iv) any other circumstance stated to constitute “special circumstances” in the terms of the relevant Offer made to and accepted by the Participant;
  - (v) any other circumstances determined by the Board at any time (whether before or after the Offer) and notified to the Relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant;
- (b) a change of control occurring; or
- (c) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.

## 7. **Lapse of an Award**

An Award will lapse upon the earlier to occur of:

- (a) an unauthorised dealing in, or hedging of, the Award occurring;
- (b) a vesting condition in relation to the Award is not satisfied by the due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to waive the vesting condition and vest the Award;
- (c) in respect of an unvested Award only, a Relevant Person ceases to be an Eligible Participant, unless the Board:
  - (i) exercises its discretion to vest the Award; or
  - (ii) in its absolute discretion, resolves to allow the unvested Award to remain unvested after the Relevant Person ceases to be an Eligible Participant.
- (d) in respect of a vested Award only, a Relevant Person ceases to be an Eligible Participant and, where required by the Board in its absolute discretion, the vested Performance Right is not exercised within a one (1) month period (or such other period as the Board determines) as notified by the Board to the Participant after the date the Relevant Person ceases to be an Eligible Participant;
- (e) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;



- (f) the Company undergoes a change of control or a winding up resolution or order is made, and the Award does not vest; and
- (g) the expiry date of the Award.

**8. Cashless exercise facility**

If an Eligible Participant wishes to exercise some or all of their vested Options, they may, subject to Board approval, elect to pay the Option Exercise Price by using a cashless exercise facility, which entitles an Eligible Participant to set-off the Option exercise price against the number of Shares which the Participant is entitled to receive upon exercise of the Options as follows:

- (a) the aggregate total Option exercise price otherwise payable in respect of all vested Options exercised, less the aggregate total market value of Shares as at the date the vested Option is exercised that would otherwise be issued or transferred on exercise of the vested Options; and
- (b) divided by the market value of a Share as at the date the vested Option is exercised.

**9. Not transferrable**

Awards are only transferrable in special circumstances or a change of control, and in either case with the prior written consent of the Board (which may be withheld in its absolute discretion) or by force of law upon death to the Participant's legal personable representative or upon bankruptcy to the Participant's trustee in bankruptcy.

**10. Shares**

All shares issued on exercise of an Award under the Plan will rank equally in all respects with the shares of the same class for the time being on issue except as regards any rights attaching to such shares by reference to a record date prior to the date of their issue.

**11. Sale Restrictions**

The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Awards up to a maximum of five (5) years from the grant date of the Awards. In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such restriction period determined.

**12. No Participation Rights**

There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.

**13. Change in exercise price of number of underlying securities**

An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.

14. **Reorganisation**

If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of an Award are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.

15. **Trust**

The Board may, at any time, establish a trust for the sole purpose of acquiring and holding Shares in respect of which a Participant may exercise, or has exercised, vested Awards, including for the purpose of enforcing the disposal restrictions and appoint a trustee to act as trustee of the trust. The trustee will hold the Shares as trustee for and on behalf of a Participant as beneficial owner upon the terms of the trust. The Board may at any time amend all or any of the provisions of the Plan to effect the establishment of such a trust and the appointment of such a trustee.

## **Schedule 8      Terms and conditions of Attaching Options**

The terms and conditions of the Options are as follows:

1.      **Entitlement**

Each Option gives the holder the right to subscribe for one Share.

2.      **Expiry Date**

The Options will expire at 5.00pm (WST) on 30 June 2023 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3.      **Exercise Price**

Subject to paragraph 10, the amount payable upon exercise of each Option is \$0.15 per Option.

4.      **Exercise**

A holder may exercise their Options by lodging with the Company, before the Expiry Date:

- (a)      a written notice of exercise of Options specifying the number of Options being exercised; and
- (b)      a electronic funds transfer for the Exercise Price for the number of Options being exercised.

5.      **Exercise Notice**

An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds. The Options held by each holder may be exercised in whole or in part, and if exercised in part, at least 10,000 Options must be exercised on each occasion.

6.      **Timing of issue of Shares on exercise**

Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.

7.      **Transferability**

The Options are not transferrable, except with prior written approval of the Corporation.

8.      **Ranking of Shares**

All Shares allotted upon the exercise of Options will upon allotment be fully paid and rank pari passu in all respects with other Shares.

9.      **Quotation**

The Company will not apply for quotation of the Options on ASX.

10. **Reconstruction**

If at any time the issued capital of the Company is reconstructed, all rights of a holder of Options are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

11. **Participating rights**

There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

12. **Amendments**

An Option does not confer the right to a change in the Exercise Price or a change in the number of underlying securities over which the Option can be exercised.