

## ASX ANNOUNCEMENT

13 November 2023

# PREPAYMENT RECEIVED FROM MAJOR KAOLIN CUSTOMER

### HIGHLIGHTS

- Prepayment for Pittong hydrous kaolin of US\$0.43 million (~A\$0.68 million) received from ChaoZhou ChengCheng Industrial Co., Ltd (“ChengCheng”)
- A take or pay offtake agreement was executed with ChengCheng in November 2022, covering a minimum order quantity of 4,275 tonnes of hydrous kaolin over a three-year period (ASX Announcement: 14 November 2022)
- The prepayment of US\$0.43 million accounts for approximately 900 tonnes of Pittong hydrous kaolin under the existing offtake agreement
- Additionally, ChengCheng’s customers are currently testing a number of Pittong kaolin products not currently supplied by Suvo, for various applications, across a number of industries
- Product research and development to enter the ceramics industry initiated with ChengCheng

Suvo Strategic Minerals Limited (ASX: SUV) (“Suvo” or “the Company”) is pleased to announce that major customer, ChaoZhou ChengCheng Industrial Co., Ltd (“ChengCheng”), has prepaid US\$0.43 million (~A\$0.68 million) to secure approximately 900 tonnes of Pittong hydrous kaolin in year two of the take or pay offtake agreement, executed in November 2022 (ASX Announcement: 14 November 2022).

ChengCheng was founded in 1995, specialising at importing chemical raw materials into China. ChengCheng generates annual sales of nearly 100 million RMB (~A\$21.5

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ASX: SUV

million), supplying the ink coatings, adhesives, wire and cable, pharmaceutical, cosmetics and ceramics industries. Suvo’s Pittong operation has been supplying hydrous kaolin to ChengCheng for over 20 years.

More recently, Suvo has sent lab scale samples for independent testing by ChengCheng’s customers for various applications, across a number of industries. Importantly, the samples provided are Pittong products that are not currently purchased by ChengCheng or their customers.

In addition to the lab scale work of the existing Pittong kaolin product suite, the two companies, Suvo and ChengCheng, have commenced research and development trials with Suvo’s hydrous kaolin for suitability in the ceramics market.

Currently, the iron and titanium dioxide levels contained within the Company’s hydrous kaolin are prohibitive for application in the ceramics industry. ChengCheng has commenced trials on Suvo’s kaolin with respect to iron and titanium dioxide removal and subsequent testing of the key parameters of product strength, plasticity and whiteness, all of which are important for application in ceramics.

The global ceramics market size was valued at USD 239.53 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 5.2% from 2023 to 2030 (Source: Grand View Research).

The Company looks forward to updating the market with results from both the lab scale trials and the research and development program in due course.



Photo: kaolin pre iron removal



Photo: kaolin post iron removal

**Interim Chief Executive Officer Bojan Bogunovic commented:**

*"We are pleased to receive this working capital injection from our valued customer, ChengCheng, who is looking to secure supply of our Pittong hydrous kaolin.*

*October 2023 was the highest production month at Pittong since the acquisition by Suvo from Imerys S.A in 2021, and the prepayment comes at an opportune time.*

*We are excited by the possible opportunity of increasing sales of our existing products, entering new markets and building on our 20 plus year relationship with ChengCheng.*

*The ceramics industry represents roughly 50% of the entire kaolin market, sales of kaolin to this industry is not measured in thousands of tonnes but tens of thousands of tonnes."*

**Owner of ChaoZhou ChengCheng Industrial Co., Ltd commented:**

*"The average lifespan of Chinese companies is only three years, while the average lifespan of Australian companies is much longer.*

*However, ChengCheng and Suvo started to establish a cooperative relationship because of kaolin clay products, and we have been working closely together for 23 years.*

*Next, ChengCheng and Suvo will go through 33 years, 43 years... and even longer together."*

**Approved for release by the Board**

**-ENDS-**

## For further information, please contact

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### Company Profile

Suvo Strategic Minerals Limited is an Australian hydrous kaolin producer and exploration company listed on the Australian Securities Exchange (ASX:SUV). Suvo is focused on production at, and expansion of, their 100% owned Pittong hydrous kaolin operation located 40km west of Ballarat in Victoria. Suvo's exploration focus is on near-term kaolin and high purity silica assets with 100% owned Gabbin (kaolin), Eneabba and Muchea (silica sands) projects located in Western Australia.

### Pittong Operations

The 100% owned Pittong Operations, located in Victoria 40km west of Ballarat, is the sole wet kaolin mine and processing plant in Australia and has been in operation since 1972. Pittong comprises the Pittong, Trawalla and Lal Lal deposits located on approved Mining Licences MIN5408, MIN5365 and MIN5409 respectively.

At Pittong mining contractors deliver crude kaolin ore to stockpiles from the two currently operating mines, Pittong and Lal Lal. The plant takes its feedstock from the ROM and it is processed into four separate product forms for end users. These product forms are 10% moisture lump, high solids slurry, 1% moisture powder and 1% moisture pulverised powder. The solids slurry is used in paper and board manufacturing. The other products are used in paper, coatings, paint and specialist industries including rubber and pharmaceutical applications. Around 20–25kt per annum is supplied to various end users.

### Gabbin Kaolin Project

The 100% owned Gabbin Kaolin Project (White Cloud) is located 215km northeast of Perth, Western Australia. The project area comprises four granted exploration licences (E70/5039, E70/5332, E70/5333, E70/5517) for 413km<sup>2</sup>, centred around the town and rail siding of Gabbin. The generally flat area is primarily cleared farming land devoid of native bushland and is currently used for broad-acre cereal cropping. A mining access agreement is in place over the current resource area with the landowner and occupier.

The main rock types at Gabbin are primarily Archaean granite, gneiss, and migmatite. These rocks are overlain and obscured by Tertiary sand and Quaternary sheetwash. The weathering profile is very deep and contains thick kaolin horizons capped by mottled clays or laterite zones. The current JORC 2012 Mineral Resources are 72.5Mt of bright white kaolinised granite with an ISO Brightness of 80.5%.

### Eneabba Silica Sands Project

The 100% owned Eneabba Silica Sands Project is located 300km north of Perth, Western Australia. The project comprises four granted exploration licences (E70/5001, E70/5322, E70/5323, E70/5324) for 169km<sup>2</sup>. The project is located on the Eneabba Plain whose sandy cover is very flat to gently undulating. Outcrop is rare due to the accumulations of windblown and alluvial sand at surface. Below this is a thin hard silcrete or lateritic claypan which overlies deep white and yellow sands.