

## WAK Secures \$7.5m Funding for further Stage 2 Investment and Working Capital

### Highlights

- **WA Kaolin confirms a \$7.5m capital raising comprising:**
  - **\$5.0m Placement of New Shares**
  - **\$1m Converting Loan**
  - **\$1.5m Share Purchase Plan to eligible shareholders**
- **Proceeds of capital raising for production ramp up working capital and further modular increases to capacity to develop Stage 2 including 20kg bagging line**
- **First production from Stage 1 achieved in October 2022**

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (ASX: WAK) is pleased to announce a \$7.5m capital raising, comprising a \$5m share placement (“**Placement**”), a \$1m Converting Loan (“**Converting Loan**”) and a \$1.5m Share Purchase Plan (“**SPP**”).

**First production from Wickepin Stage 1 commenced in October 2022**, with production to steadily increase to ~200,000 tonnes per annum (tpa) rate by the end of FY2023. The processing plant at Wickepin Kaolin Project was completed in October **on budget**.

WAK is now an emerging globally significant kaolin producer experiencing unprecedented demand for kaolin products. Deliveries to customers from the Wickepin plant have commenced and the average FOB price FY23 YTD is A\$278 per tonne, which is well ahead of our projections.

CEO Andrew Sorensen said, “*The Wickepin products have hit the market and the high-quality kaolin is attracting a price premium above our expectations. We are now executing contracts with new customers in Australia, Japan and Malaysia as well as our existing off-takers.*”

*As the production ramps up over the balance of this financial year, we are forecasting a positive cash flow from our Wickepin operations in the first half of CY23. The ramp up to meet the volume demands of our customers requires working capital as we build inventories and fill the export logistics pipeline, and this raise supports that demand as well as allowing us to continue the incremental investment in the planned Stage 2 elements.”*

### Placement

The Placement comprises a single tranche share placement of 33,333,333 fully paid ordinary shares (“**New Shares**”) at an issue price of A\$0.15 per New Share to sophisticated, professional and other institutional investors in Australia to raise A\$5.0 million (before costs) for which firm commitments have been received for the full amount to be raised. The issue price represents a 11.8% discount to last closing price of \$0.17 as at 24<sup>th</sup> November 2022 and a 10.7% discount to the 5-day trading Volume Weighted Average Price of A\$0.168.

The New Shares will be issued through the Company’s available placement capacity pursuant to ASX Listing Rule 7.1.

A subsidiary of Stanco International Corp (“**Stanco**”), WA Kaolin’s offtake partner and existing shareholder, has committed to subscribe to A\$1.3 million in the Placement.

## Converting Loan

Executive Director of the Company, Alf Baker, and CEO Andrew Sorensen have also committed to subscribe to \$1.0 million by way of a Converting Loan which will automatically convert to ordinary shares at the same issue price, upon obtaining approval from the Company's shareholders at a general meeting to be held in early CY23. If shareholder approval is not obtained, the Converting Loan will be unsecured, repayable on 1 June 2024, accrue interest at 8% per annum until paid and otherwise be on standard terms for an agreement of this nature.

## Share Purchase Plan

WA Kaolin Limited has 1449 shareholders - eligible shareholders with a registered address in Australia or New Zealand at 4.00pm (WST) on 28 November 2022 will also be invited to participate in the SPP at the same issue price as the Placement (A\$0.15 per New Share).

WA Kaolin intends to raise A\$1.5 million (the Board reserves the rights to scale back applications in its absolute discretion).

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

The Company is applying for ASX waivers to allow the SPP to proceed less than 12 months after the Company's last SPP. In the event the waivers are not granted, the Company intends to utilise its available placement capacity under ASX Listing Rule 7.1 and seek shareholder approval to issue SPP Shares to Directors who participate in the SPP.

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

## Use of Funds

Following the completion of the capital raising, the use of funds will be as follows:

Item	A\$ million
<b>Source of funds</b>	
Placement including Converting Loan	6.0
SPP	1.5
<b>Total</b>	<b>7.5</b>
<b>Stage 2 Works</b>	
20kg Bagging Filling and Palletising	1.5
Covered Ore Store Roof	0.5

Mine development and Traffic Management	0.5
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<b>Working Capital and R&amp;D (inc. Costs of the Offer)</b>	<b>5.0</b>
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<b>Total</b>	<b>7.5</b>
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Further details can be found in the Company's presentation titled "Equity Raising: Production Ramp Up and Advancing Stage 2 at the world class Wickepin Kaolin operation", also lodged on the ASX platform on 29<sup>th</sup> November 2022.

### Indicative Timetable

Event	Date
Trading halt	Friday, 25 November 2022
Record date for the SPP	4pm (WST) Monday, 28 November 2022
ASX announcement of Placement & SPP, Appendix 3B lodged with ASX	Pre-open Tuesday, 29 November 2022
Trading halt lifted – trading resumed on the ASX	7am (WST) Tuesday, 29 November 2022
Settlement of Placement, issue of the New Shares under the Placement, Appendix 2A and Cleansing Notice lodged with ASX	Monday, 5 December 2022
Dispatch of SPP offer booklet and application forms to Eligible Shareholders Opening date for SPP acceptances	Tuesday, 6 December 2022
Commencement of trading of New Shares issued under the Placement	Tuesday, 6 December 2022
Closing date for SPP acceptances	Wednesday, 21 December 2022
Announce results of SPP	Thursday, 22 December 2022
Allotment of New Shares issued under the SPP and Appendix 2A lodged with ASX	Friday, 30 December 2022
Normal trading of New Shares issued under the SPP	Monday, 2 January 2023
Dispatch of holding statements under the SPP	Tuesday, 3 January 2023

***The above timetable is indicative only and subject to change.***

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

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## Project Background

WA Kaolin holds the Wickepin Kaolin Project, 220km south-east of Perth, which has a 644.5 million tonnes Mineral Resource, including an Ore Reserve Estimate of 30.5 million tonnes of kaolinised granite. The Wickepin Project produces kaolin products for tier one customers and the Company aims to expand its production to 400,000tpa in a two-stage strategy.

WA Kaolin has a two-stage ramp up strategy. Stage 1 will see the production rate optimised up to 200,000tpa followed by the second stage which will expand production to 400,000 tpa.

The Company acquired the Wickepin Project in 1999 from Rio Tinto which, through exploration, had discovered and drilled out a Mineral Resource and commissioned engineering and feasibility studies. The acquisition included the tenements covered by the Wickepin Project and all associated engineering and feasibility studies.

Since then and prior to the Company's IPO in November 2020, WA Kaolin co-founders and owners invested over \$42 million to develop and progress the Wickepin Project. Through extensive R&D of product and processes, the Company has spent significant time and funds in optimising its proprietary dry processing method for kaolin ("K99 Process") to build and extend on its success as a kaolin producer and exporter to global markets.

As part of the process, the Company has undertaken trial mining and processing to ensure proof of concept and to produce product for, amongst other things, establishing customer confidence and price discovery.

The project comprises a mining lease, a general-purpose lease, a miscellaneous licence and retention licences. It is one of the largest known remaining kaolin resources in the world, and contains:

- A **Probable Ore Reserve of 30.5 million tonnes** (Table 1) in the mining lease which is part of and included in;
- An **Inferred Mineral Resource (reported in 2017) of 644.5 million tonnes** (Table 2) of high-grade premium kaolinised granite across all tenements.

**Table 1.** Ore Reserves by JORC Classification

JORC classification	Tonnes (Mt)	ISO brightness (%)	Yield (%) (<45 µm in size)	In situ Kaolin (Mt)
Proved				
Probable	30.5	83.7	51.8	15.8
<b>Total</b>	<b>30.5</b>	<b>83.7</b>	<b>51.8</b>	<b>15.8</b>

Source: CSA Global Report No. R301.2020 – 30<sup>th</sup> July 2020

**Table 2.** Inferred Mineral Resources (<45 µm), WA Kaolin Project

	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
<b>Total</b>	<b>644.5</b>	<b>75.8</b>	<b>44.0</b>	<b>283.6</b>

Source: CSA Global Report No. R280.2017 – 3<sup>rd</sup> August 2017

### Estimates and production targets

The Mineral Resources, Ore Reserves and production targets referred to in this announcement were previously reported in the Prospectus dated 11 October 2020 and released to the ASX on 24 November 2020 and the Definitive Feasibility Study announcements released on 24 and 25 November 2020. WA Kaolin confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates, production target or forecast financial information derived from a production target continue to apply and have not materially changed.

### Forward Looking Statements

This ASX announcement may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on WAK's current expectations, estimates and assumptions about the industry in which WAK operates, and beliefs and assumptions regarding WAK's future performance. Any forward-looking statements, that are inconsistent with previous forward-looking statements made by the Company supersede those previous statements or prevail to the extent of any inconsistency. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of WAK. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law, WAK does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.