Prospectus

WA Kaolin Limited (ACN 083 187 017)

For an offer of 110,000,000 Shares at a price of A$0.20 per Share to raise A$22,000,000 (before costs and expenses) together with 1 free attaching Option for every 2 Shares issued (**Offer**).

This Prospectus also contains ancillary offers of Shares, Options and Performance Rights as outlined in Section 12.14 of this Prospectus.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

Lead Manager

AFS License: 234666

Australian Legal Adviser

Co-Manager

AFS License: 512 529

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Important Notices

The Offer contained in this Prospectus is an invitation for you to apply for fully paid ordinary shares (**Shares**) in WA Kaolin Limited (ACN 083 187 017) (**WA Kaolin** or the **Company**) together with 1 free attaching Option for every 2 Shares issued. This Prospectus is issued by the Company.

This Prospectus is dated 11 October 2020 and a copy of this Prospectus was lodged with ASIC on that date (**Prospectus Date**).

ASIC and ASX and their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The expiry date of the Prospectus is 13 months after the Prospectus Date (**Expiry Date**). No Securities will be allotted, issued or transferred on the basis of this Prospectus after the Expiry Date.

Application will be made for the admission of the Company to the Official List and quotation of its Shares on the ASX (**Listing**) with the proposed ASX Code WAK within seven days after the Prospectus Date. The fact that ASX may list the Shares of the Company is not to be taken in any way as an indication of the merits of the Company or the listed Shares. ASX takes no responsibility for the contents of this Prospectus, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Prospectus.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Application Form, which accompanies this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company, the Lead Manager or any other person in connection with this Prospectus. You should rely only on information contained in this Prospectus

The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Exposure Period

The Corporations Act prohibits the Company from processing Applications to subscribe for or acquire Securities under this Prospectus in the seven day period after lodgement of this Prospectus with ASIC (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications for Securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. Some of the key risk factors that should be considered by prospective investors are set out in Sections 1.2 and 6. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

Except as required by law, and only to the extent required, no person named in this Prospectus, nor any other person, warrants or guarantees the performance of the Company or the repayment of capital or any return on investment made pursuant to this Prospectus. This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance is not indicative of future performance. Except as required by law, and only to the extent so required, neither the Company nor any other person warrants or guarantees the future performance of the

Company, or any return on investment made pursuant to this Prospectus.

No cooling-off rights

Cooling-off rights do not apply to an investment in Securities issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a copy of this Prospectus

A hard copy of the Prospectus is available free of charge during the Offer Period to any eligible person in Australia by calling Canaccord Genuity (Australia) Limited (**Canaccord**), the Lead Manager, on +61 3 8688 9100 between 8.30am and 5.30pm (AWST), Monday to Friday.

ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application forms on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

A copy of this Prospectus can be downloaded from the website of the Company at www.wakaolin.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access this Prospectus from within Australia.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

The Corporations Act prohibits any person passing onto another person an Application Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please contact the Company and the Company will send you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the Application Form it was not provided together with the electronic Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors, officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Shares under this Prospectus. You should consult your own professional tax advisers in regard to taxation implications of the Offer.

International offer restrictions

This document does not constitute an offer of Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Securities may sell, or offer to sell, such Securities in circumstances that amount to an offer to the public in Hong Kong within six

months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Website

No document or information included on our website is incorporated by reference into this Prospectus.

Intellectual property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third-party trademarks used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

Privacy Statement

WA Kaolin collects information about Securityholders when they apply for Securities under the Offer for the purposes of processing their Application and, if the Application is successful, to administer their security holding in WA Kaolin.

By applying for Securities, each Applicant agrees that WA Kaolin may use the information provided for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Lead Manager, WA Kaolin's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

The Corporations Act requires WA Kaolin to include information about a Securityholder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a Securityholder of WA Kaolin. Information contained in WA Kaolin's registers is also used to facilitate distribution payments and corporate communications (including WA Kaolin's financial results, annual

reports and other information that WA Kaolin may wish to communicate to its Securityholders) and compliance by WA Kaolin with legal and regulatory requirements. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

A person who has provided such information has a right to gain access to the information that WA Kaolin holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to WA Kaolin's registered office.

Forward-looking statements

This Prospectus contains forward looking statements, including as to WA Kaolin's strategy, mineral development and production activities and related funding, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on several assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward-looking statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Sections 1.2 and 6. Past performance should not be relied upon as being indicative of future performance.

Currency conversion

Where an amount is expressed in this Prospectus in Australian dollars and U.S. dollars, the conversion is based on the Indicative Exchange Rate (being A$1.00 = US$0.7257). The amount when expressed in Australian dollars or U.S. dollars may change as a result of fluctuations in the exchange rate between those currencies.

Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

Offer subject to quotation

If ASX does not admit the Shares to Official Quotation before the expiration of three months after the Prospectus Date, or such period as varied by the ASIC, the Company will not allot or issue any Securities and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

Governing law

The Prospectus and the contracts that arise from the acceptance of the Applications and bids under this Prospectus are governed by the law applicable in Western Australia and each Applicant and bidder submits to the exclusive jurisdiction of the courts of Western Australia.

Financial information presentation

All references to FY2018, FY2019 and FY2020 appearing in this Prospectus are to the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020 respectively, unless otherwise indicated.

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Section 7 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 7.2.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (as adopted by the Australian

Accounting Standards Board and interpretations issued by the International Accounting Standards Board.

The Historical Financial Information in this Prospectus should be read in conjunction with, and it is qualified by reference to, the information contained in Sections 6, 7 and 8.

Competent Persons' Statement Exploration Results

The information in this Prospectus that relates to Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Ian Wilson, a Competent Person who is a Member of the Institution of Materials, Mining and Metallurgy and a Fellow of the Geological Society of London (both a 'Recognised Professional Organisation' included in a list that is posted on the ASX website from time to time). Dr Wilson is an independent consultant to the Company. Dr Wilson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Dr Wilson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons' Statement Mineral Resource Estimates

The information in this Prospectus that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Dr Matthew Cobb, a Competent Person who is a Member of the Australian Institute of Geoscientists. Dr Cobb is a full-time employee of CSA Global. Dr Cobb has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Dr Cobb consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Competent Persons' Statement Ore Reserves

The information in this Prospectus that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Karl van Olden, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr van Olden is a full-time employee of CSA Global. Mr van Olden has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the JORC Code (2012). Mr van Olden consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Production target

The production targets referred to in this Prospectus are underpinned solely by the Ore Reserve. The Ore Reserve underpinning the production targets has been prepared by a Competent Person in accordance with the requirements of the JORC Code (2012).

Defined terms and interpretation

Defined terms and abbreviations used in this Prospectus are explained in the glossary in Section 14. A reference to a Section is a reference to a section in this Prospectus.

Questions

If you have any questions in relation to the Offer, contact Canaccord, the Lead Manager, on +61 3 8688 9100 between 8.30am and 5.30pm (AWST), Monday to Friday.

This document is important and should be read in its entirety.

Key Offer Information and Indicative Timetable

The Offer[1]	Subscription
Offer Price per Share	$0.20
Shares on issue as at the Prospectus Date	125,000,000
Shares to be issued under the Offer	110,000,000
Current Convertible Notes on issue[2]	7,651,500
Shares to be issued following the Note Conversion[2]	47,821,875
Shares to be issued under the Ancillary Offer	10
Total number of Shares on issue following the Offer[3]	**282,821,885**
Lead Manager Options on issue following the Offer[4]	10,000,000
IPO Options on issue following the Offer[5]	126,732,813
Incentive Options on issue following the Offer[6]	30,500,000
Total number of Options on issue following the Offer	**167,232,813**
Total number of Performance Rights on issue following the Offer[7]	**27,500,000**
Gross proceeds of the Offer (before costs and expenses)	22,000,000
Indicative market capitalisation at the Offer Price[8]	56,564,377

1 *See Section 2.3 for further details relating to the Company's proposed capital structure.*

2 *See Section 2.4 for information on the Convertible Notes and Note Conversion.*

3 *See Schedule 1 for the rights attaching to Shares.*

4 *See Section 11.1 for further details relating to the Lead Manager Options and Schedule 2 for their terms and conditions.*

5 *This comprises 71,732,813 IPO Options to be issued to Noteholders and 55,000,000 IPO Options to be issued to investors under the IPO. See Section 2.5 for further details relating to the issue of the IPO Options and Schedule 3 for their terms and conditions.*

6 *See Section 12.8 for further details relating to the issue of the Incentive Options and Schedule 4 for their terms and conditions.*

7 *See Section 12.9 for further details relating to the issue of the Performance Rights and Schedule 5 for their terms and conditions.*

8 *The market capitalisation is calculated based on the Offer Price multiplied by the number of Shares on issue after the Offer. There is no guarantee that the Shares will trade at the Offer Price upon Listing.*

Event	Date[1]
Lodgement of this Prospectus with ASIC	11 October 2020
Opening Date of the Offer	19 October 2020
Closing Date of the Offer (5.00pm AWST)	16 November 2020
Issue of Shares (and free attaching Options) under this Prospectus	23 November 2020
Despatch of holding statements	24 November 2020
Expected date for Shares to commence trading on the ASX	27 November 2020

1 *This timetable is indicative only. Unless otherwise indicated, all times given are Western Standard Time, Australia. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Securities, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.*

Letter from the Chairman

Dear Investor,

On behalf of the Board of Directors, it is my pleasure to invite you to become a shareholder in WA Kaolin.

The IPO is intended to raise A$22.0 million through the issue of 110 million Shares at an Offer Price of A$0.20 per Share together with 1 free attaching Option for every 2 Shares issued (**Offer**), having raised A$7.65 million in a pre-IPO offering of Convertible Notes, to capitalise the Company's equity at A$56.56 million at completion of the Offer.

In recent years, the Australian resources and mining landscape has become largely dominated by global companies. We are therefore pleased to offer this opportunity to become a shareholder in an established Australian-based business with a history spanning over two decades and a clear strategy to become a globally significant kaolin producer.

The Wickepin Kaolin Project is located in the stable mining jurisdiction of Western Australia and contains a current Mineral Resource (prepared and reported in accordance with JORC 2012) of 644.5 million tonnes[1] of high-grade premium kaolinised granite located near Wickepin, 220 kilometres south-east of Perth.

Until recently, kaolin has been a little-known product, however demand is increasing as the breadth of uses continues to grow across global markets, including the neighbouring Asia Pacific region. Kaolin is used in various applications across numerous industries including paper and plasterboard, ceramics, fibreglass, paints and coatings, plastics, rubber, pharmaceuticals and medicine, cosmetics, concrete and agriculture.

Since acquiring its world class kaolin resource from Rio Tinto in 1998, WA Kaolin co-founders and owners have invested over $42 million to develop and progress the Wickepin Kaolin 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.

This world-class resource at Wickepin is one of the largest remaining premium primary resources of kaolin globally and is characterised by its purity, quality and brightness, which has typically attracted higher prices from a growing collection of top tier customers.

The Company developed its proprietary K99 Process in a working plant at Kwinana, south of Perth, which, together with the high-quality nature of the Wickepin resource, delivers an ultra-bright kaolin with a low cost of production, compared with other processes that use chemical bleaching and multiple wet mechanical and magnetic separation methods. The Kwinana plant is currently producing at a rate of up to 5 tonnes per hour and is operating on a 16 hour per day, 5 day per week roster.

In May 2020, the Company formalised an offtake agreement with one of its key customers, Dak Tai Trading Limited, for the supply of 338,000 tonnes of kaolin over six years. It also has in place informal arrangements with other key distributors and customers which further support the Company's targeted production of kaolin.

WA Kaolin intends to put the Offer proceeds towards its staged expansion program which involves the construction of a new processing plant at East Wickepin for the purposes of scaling up kaolin production to 200,000 tonnes per annum by the end of 2022 with ramp up to 400,000 tonnes per annum by the end of 2023 (see Section 3.5).[2]

A definitive feasibility study completed by BDB Process Pty Ltd in September 2020 (**DFS**) has detailed a robust ramp up of kaolin production to 400,000 tonnes per annum only, with significant scope remaining to further increase the production capacity, due to the very large Mineral Resource inventory within the current mining lease which contains 54.5 million tonnes of kaolin and remains open laterally (see Section 3.2(g)).

The Company is pleased with the findings in the DFS.

The Company's objective is to continue to add on 200,000t modules in stages with the implementation of each subsequent stage subject to a range of factors, including demand, funding and approvals.

The WA Kaolin Board and Executive team have extensive experience in project delivery and business development. The co-founders and current owners will maintain their involvement in the Company and are incentivised to deliver key milestones in line with a commitment to grow the value of the business to the benefit of all shareholders.

This Prospectus contains detailed information about the Company, its business and the Offer, as well as the key risks associated with an investment in the Company (Sections 1.2 and 6) and I encourage you to read this Prospectus in its entirety before deciding whether to invest in the Company.[3]

On behalf of the Directors, I look forward to welcoming you as a shareholder in the Company.

Yours sincerely,

Dr John White

Non-Executive Chairman

WA Kaolin Limited

1 *The Mineral Resource estimate is inclusive of Ore Reserves and the 2019 Mineral Resource estimate.*

2 *The Company's existing mining approval is for a maximum production capacity of 360,000 tonnes per annum. The Company is in the process of preparing an amendment to its existing approval to increase the limit to 400,000 tonnes per annum, which it anticipates submitting by the end of this year. Following discussions with the Department of Water and Environmental Regulation, the Directors anticipate no issues with receiving approval for this amendment and therefore expect to obtain it well in advance of requiring it.*

3 *Key risks relating to investment in the Company include, among others, maintaining title to the Tenements, contract risks (for example, for access and compensation agreements and with key distributors, customers and other counterparties), development and operational risks, commodity price fluctuations, reliance on key personnel and future capital requirements.*

1 Investment Overview

This Section 1 is a summary only and is not intended to provide full information for investors intending to apply for any Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment, payment of dividends nor can any guarantee be given about the future value of the Shares.

1.1 The Company, its strategy and business model

Item	Summary	Further information
Who is the issuer of this Prospectus?	WA Kaolin Limited (ACN 083 187 017) (**WA Kaolin** or the **Company**).	Section 3.1
What is the Company and what does it do?	WA Kaolin, a mineral extraction and processing company, was incorporated on 29 June 1998 and is an Australian public unlisted company. WA Kaolin has no subsidiaries and is the sole owner of the Wickepin Kaolin Project, located in the township of Wickepin, 220 km south-east of Perth, Western Australia. The Project, which is one of the largest known remaining kaolin premium primary resources in the world, contains an Ore Reserve of 30.5 million tonnes, a Mineral Resource (reported in 2019) of 109.1 million tonnes and a Mineral Resource (reported in 2017) of 644.5 million tonnes[1] of high-grade premium kaolinised granite. WA Kaolin has invested approximately $42 million in acquiring the Project in 1999 from Rio Tinto, which included the tenements and all associated engineering and feasibility studies, and developing the foundations for commercialising the Project. WA Kaolin has, as part of its work, undertaken trial mining and processing leading to it having developed a dry processing method (**K99 Process**) at its plant in Kwinana, which together with the high-grade Wickepin kaolin resource, produces an ultra-bright, high-quality kaolin product at a low cost, in comparison to other methods which rely on chemical bleaching and multiple wet mechanical and magnetic separation methods. The Kwinana plant has a capacity of up to 5 tonnes per hour and is currently operating on a 16 hour per day, 5 day per week roster.	Section 3.1
What is the Company's business model?	The Company is primarily focused on establishing itself as the preferred supplier of high-grade premium kaolin products globally through: • construction of a scaled-up processing plant in East Wickepin, utilising the K99 Process;	Section 3.5

[1] The Mineral Resource estimate is inclusive of Ore Reserves and the 2019 Mineral Resource estimate

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>

progressive increase in production to circa 200,000 tonnes per annum production through the plant which is planned to be operational by the end of 2022;
expansion of production capacity at the Wickepin plant to 400,000 tonnes per annum by the end of 2023;
building on the existing resource at the Project deposit;
negotiation of sales agreements for product on suitable commercial terms with acceptable counterparties; and
investment in further processing expansion including the construction of an additional wet processing plant to produce product suitable for use in premium paper and packaging markets and/or an expansion program for the construction of an additional processing plant to significantly increase production capacity utilising the K99 Process.

</td><td></td></tr>
<tr><td>Where does the Company operate and what are its main business activities?</td><td>
WA Kaolin specialises in the extraction, processing and production of kaolin. The Company has current operations in a Company-owned facility in Kwinana, Western Australia, where it operates a small-scale production plant producing beneficiated kaolin utilising its K99 Process. The Company also conducts mining operations at its mining tenement in East Wickepin, Western Australia, and transports the ore to Kwinana for processing.

The Company's key customers are based in Taiwan, China and Australia and it has informal distribution arrangements with channel partners in each of these geographies as set out in the table below.
<table>
<tr><th>Country</th><th>Counterparty</th><th>Vertical</th><th>Relationship</th></tr>
<tr><td>China & Taiwan</td><td>Dak Tai Trading Limited</td><td>Fibreglass</td><td>Distributor</td></tr>
<tr><td>Taiwan</td><td>CHOKO Co., Ltd.</td><td>Ceramics</td><td>Distributor</td></tr>
<tr><td>Vietnam</td><td>Australian Ceri Pty Ltd</td><td>Ceramics</td><td>Customer</td></tr>
<tr><td>Japan</td><td>Yamaka Clay Material Corporation</td><td>Ceramics</td><td>Customer</td></tr>
<tr><td>China</td><td>CMP Tianjin Co., Ltd</td><td>Coatings</td><td>Distributor</td></tr>
<tr><td>Australia</td><td>BGC Plasterboard</td><td>Building Products</td><td>Customer</td></tr>
<tr><td>Japan</td><td>KCM Corporation</td><td>Ceramics</td><td>Distributor</td></tr>
</table>
</td><td>Section 3.3</td></tr>
</table>

Item	Summary	Further information
What is the Company's growth strategy?	The Company intends to construct a production facility at its mining tenement in East Wickepin, Western Australia. This forms part of the Company's staged expansion program to increase its kaolin producing capabilities and establish itself as an exporter to global markets. A definitive feasibility study completed by BDB Process in September 2020 has detailed a robust ramp up of kaolin production to 400,000 tonnes per annum, with significant scope remaining to further increase the production capacity (see Section 3.2(g)).	Section 3.5
How does the Company generate income?	The Company currently mines and processes kaolin and sells this through a network of distributors both in Australia and overseas. The Company's revenue is currently limited by its available production capacity. Following the IPO capital raising, the Company intends to expand its production capacity at its mine site in Wickepin to increase sales revenue (see Section 3.5 for more information on its key milestones for achieving its objectives and anticipated timing). The Company intends that its kaolin production capacity will further increase according to its staged capacity expansion plan (resulting in an expected increase in sales and profit).	Section 3.5
Will the Company require more debt or equity to be raised?	The growth of the business was initially funded by a combination of debt and equity with the Company's current debt being $27.4 million by way of loans and $2.16 million by way of deferred payments. Going forward this growth will be funded by a combination of the Company's existing cash flow and funds raised by this Offer. These sources are expected to be sufficient for completion of Stage 1 of the Company's expansion program. The Board intends to apply any additional funds raised upon any exercise of Options towards either debt repayment, the construction of the new processing plant or scale up of operations (depending on the timing of such exercise) and general working capital purposes. However, if an insufficient number of Options are exercised, it is anticipated further funding will be required if the decision is made to proceed with Stage 2 of the Company's expansion program. There is also a risk further funding may be required if any of the risks in Section 6 materialise.	Sections 2.2, 3.4, 3.5, 3.7 and 6.1(l)
What are the key dependencies of the Company's business model?	The key dependencies include: • ongoing access to capital for project development and expansion; • growing the customer base; • maintaining title to the Tenements; • maintaining existing and securing additional necessary consents and approvals required to carry out exploitation and development activities;	Section 3.6

Item	Summary	Further information
	• completion of design and construction of efficient production and processing infrastructure within capital expenditure budgets; • maintaining and entering into additional formal offtake and distribution agreements on favourable terms to the Company for the Company's products; and • retaining competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.	

1.2 Key risks

Prospective investors should be aware that subscribing for Securities in the Company involves a number of risks and uncertainties. The risk factors set out in Section 6, and other general risks applicable to all investments in listed securities, may affect the value of the Securities in the future. An investment in the Securities should be considered speculative. Investors may lose some or all of their investment.

Based on the information available, a non-exhaustive list summarising the key risk factors affecting the Company is set out below. Investors should refer to the more comprehensive list of risks set out in Section 6. Where relevant, the risks below assume completion of the Offer has occurred. The occurrence of any one of the risks below could adversely impact the Company's operating or financial performance.

Key Risks	Summary	Further Information
Tenements and title	Mining tenements are only granted for a specified term and subject to periodic renewal. The renewal of the term of granted tenements is also subject to the discretion of the Minister and the Company's ability to meet the conditions imposed on the relevant licence, including payment of annual rents and meeting prescribed expenditure commitments which, in turn, is dependent on the Company being sufficiently funded. The inability of the Company to meet those conditions may have a materially adverse effect on the operations, financial position and/or overall performance of the Company.	Sections 6.1(a) and 10
Access and compensation	The Company currently has the necessary access and compensation agreements for its mining operations with various land owners and related parties. The Company has no reason to believe the relevant land owners and occupiers will withdraw their consent to the Company accessing the land for purposes relevant to its mining operations. Most of these agreements are, however, relatively informal which may impact their enforceability and there is a risk of potentially higher compensation rates being applied and mortgagees and lease holders over the land refusing to recognise the relevant arrangement. As at the Prospectus Date, WA Kaolin only has agreements in place for the private land lots on which mining operations are currently conducted or are planned as part of Stages 1 and 2 of the Company's expansion program. Although the Company does not have access and compensation arrangements for all of the private land underlying the area	Sections 6.1(b) and 6.1(c)

Key Risks	Summary	Further Information
	subject to the Tenements, the Company does not intend to mine on all of this land in the medium term. If the Company wishes to shift or expand its mining operations onto the private land lots for which it does not have in place access and compensation arrangements, such planned operations may be delayed or impeded by the absence of access and compensation arrangements and there is a risk of significant penalties for non-compliance if they were to proceed without them.	
Key distributors and customers	The Company currently relies on a small group of key distributors and customers and, while the Company is diligently expanding its distributors and customers, it is expected the Company will continue to remain somewhat dependent on this small group. If the Company is unable to retain current levels of business with these distributors and customers and attract new business from them or others at the intended price mix, the Company's operations and financial conditions may be adversely affected. Further, most of these arrangements are not covered by definitive agreements. These parties may terminate arrangements with immediate effect without notice and most of them are not long-term. Should any such key distributors or customers terminate their arrangements with the Company, the Company's operations and financial conditions may be adversely affected.	Section 6.1(d)
Development and operational	Mineral development and product are high-risk activities. While the Company has already identified a kaolin deposit, reported and mined an Ore Reserve, and successfully processed and found markets for the kaolin, there is no guarantee the deposit can be profitably exploited. Unless and until the Company can expand capacity under, and realise value from, the Project, it is likely to incur ongoing operating losses.	Section 6.1(f)
Technology	Any failure or delay in developing new technology or an inability to exploit technology as successfully or cost-effectively as competitors, could result in a decrease in customer demand, which could have a material adverse effect on the Company's business and cash flows, prospects for growth, financial condition and results of its operations.	Section 6.1(h)
Commodity	The price at which the Company can sell the kaolin it produces will have a material impact on its financial performance and value of its Tenements. It is impossible to predict future commodity prices with confidence, which are affected by factors outside the Company's control including, for example, global supply and demand, geopolitical situations, military conflicts, production costs, global energy consumption and general economic conditions such as inflation, interest and currency exchange rates. A material and extended fall in kaolin prices will likely affect the timing, viability and profitability of WA Kaolin's future operations and activities.	Section 6.1(i)

Key Risks	Summary	Further Information
Counterparty	The Company's ability to receive payment for kaolin product produced, sold and delivered will depend on the continued creditworthiness of and contractual performance by its distributors, customers and other counterparties. If deterioration of the creditworthiness of these counterparties occurs, or if they otherwise fail to adhere to or terminate arrangements, the Company's business could be adversely affected	Section 6.1(j)
Reliance on key personnel	The future success of the Company depends, to a significant extent, upon the continued services of the management team of the Company. The loss of services from any of the key personnel may have a material adverse effect on the Company's business and operations. There can be no assurance that the Company will be able to retain or hire all appropriate personnel necessary for the development and operation of its business.	Section 6.1(k)
Financial indebtedness	The Company's ability to service its various financial obligations, including repayments under loan and deferred payment agreements it is a party to, and totalling $28.3 million[2] over 4 years, may be impaired by the occurrence of any number of factors, including the occurrence of any of the risk factors noted in this Prospectus. Repayment is scheduled to occur over a number of years, subject to the Directors, acting reasonably, determining that the Company has free cash flow that can be applied to such repayments. If the Company fails to ultimately repay its debts by the maturity date under the agreements, the relevant creditors may pursue remedies against the Company, any of which would likely have a material adverse effect on the Company's financial condition, prospects and ability to continue as a going concern.	Section 6.1(l)
Funding	The Company believes that the funds raised under the Offer, together with existing cash flow, will be sufficient to fund completion of Stage 1 of the Company's expansion program (see Section 3.5). The Board intends to apply any additional funds raised upon the exercise of Options towards either debt repayment, the construction of the new processing plant or scale up of operations (depending on the timing of such exercise) and general working capital purposes. However, further capital may be required at an earlier stage if, for example, an insufficient number of Options are exercised or any of the other risks noted in Section 6 materialise. WA Kaolin may also seek further funding for future activities including, for example, to implement further expansions of the K99 Process capacity at its to-be-constructed Wickepin processing plant or to support the construction of an additional wet processing plant to further increase the Company's export capabilities. Any additional equity financing may dilute shareholdings and debt financing, if available, may involve restrictions on	Section 6.1(m)

[2] As at 30 June 2020, excluding the loan agreement with Boneyard Investments Pty Ltd which was used to subscribe for 1,000,000 Convertible Notes.

Key Risks	Summary	Further Information
	financing and operating activities. If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations and scale back its processing activities, as the case may be. There is no guarantee that the Company will be able to secure any additional financing or be able to secure financing on terms favourable to the Company.	
Infectious diseases	Outbreaks of pandemics or diseases, including, for example, the recent outbreak of the coronavirus disease (**COVID-19**), may have a material adverse effect on WA Kaolin's business. The global economic outlook remains uncertain due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share price. The Company's share price may be adversely affected by this economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations (including, without limitation, the Company's construction of its processing plant at Wickepin and further exploration and development activities). Examples of possible implications include delays to regulatory mining-related approvals, construction delays, site access restrictions, limited or no access to funding on commercially acceptable terms, delayed payments or cancelled orders from counterparties or termination of distribution arrangements and loss of revenue. The Board is monitoring the situation closely and will inform investors of any changes to its assessment of the impact of COVID-19 on the Company's business and financial performance.	Section 6.1(n)
Climate change	There has been increasing concern by the public and regulators globally on climate change issues. As a mining company, WA Kaolin is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for kaolin declines, WA Kaolin will find it difficult to commercialise any resources it discovers. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect WA Kaolin's operating and financial performance.	Section 6.1(o)

1.3 Directors, senior management, substantial shareholders and related parties

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td>Who are the Company's Directors and Senior Management?</td><td>The Directors of WA Kaolin are:
Dr John White – Non-Executive Chairman;
Alfred Baker – Executive Director;
Linton Putland – Non-Executive director; and
Cathy Moises – Non-Executive Director.
Senior Management of WA Kaolin are:
Andrew Sorensen – Chief Executive Officer; and
Michael Kenyon – Company Secretary and Chief Financial Officer.</td><td>Sections 5.1 and 5.2</td></tr>
<tr><td>What are the current relevant interests of the Directors and Senior Management in Securities of the Company and what is their proposed participation in the Offer?</td><td>As at the Prospectus Date, the relevant interests of the Directors and Senior Management in the Company's Shares are as follows:
<table>
<tr><th>Person</th><th>Shares</th><th>% of Shares</th></tr>
<tr><td>Alfred Baker[1]</td><td>49,883,574</td><td>39.91%</td></tr>
<tr><td>Andrew Sorensen[2]</td><td>6,187,556</td><td>4.95%</td></tr>
<tr><td>Total:</td><td>56,071,130</td><td>44.86%</td></tr>
</table>
1 Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).
2 Registered holder of 2,030,592 Shares is Andrew Sorensen Holdings Pty Ltd <A/C SORENSEN FAMILY SUPERANNUATION FUND> (of which Andrew Sorensen, CEO of the Company, is the sole shareholder and director) and registered holder of 4,156,964 is Andrew Sorensen <A/C WAMCO INDUSTRIES UNIT TRUST>.
In addition, Non-Executive Director Cathy Moises and Company Secretary Michael Kenyon participated in the Pre-IPO Raising and will receive Securities following the Note Conversion (see post-IPO capital structure table below).
Other than as set out above, as at the Prospectus Date, there are no other Securities on issue to the Directors and Senior Management.
None of the Directors intend to participate in the Offer.
From Listing, the relevant interests of the Directors and Senior Management in the Securities are expected to be as follows:
<table>
<tr><th>Person</th><th>Shares</th><th>% of Shares[1]</th><th>IPO Options[2]</th><th>Incentive Options[3]</th><th>Performance Rights[4]</th></tr>
<tr><td>John White</td><td>Nil</td><td>Nil</td><td>Nil</td><td>3,000,000</td><td>Nil</td></tr>
<tr><td>Alfred Baker</td><td>49,883,574</td><td>17.64%</td><td>Nil</td><td>13,200,000</td><td>13,200,000</td></tr>
</table></td><td>Section 12.11</td></tr>
</table>

Item	Summary	Further information

Linton Putland	Nil	Nil	Nil	1,500,000	Nil
Cathy Moises	1,250,000	0.44%	1,875,000	1,500,000	Nil
Andrew Sorensen	6,187,556	2.19%	Nil	2,100,000	1,100,000
Michael Kenyon	140,625	0.05%	210,938	1,000,000	Nil
Total:	**57,461,755**	**20.32%**	**2,085,938**	**22,300,000**	**14,300,000**

1 *Shareholding percentages are post the Note Conversion (see Section 2.4).*

2 *See Section 2.5 and Schedule 3 for their terms of the IPO Options.*

3 *See Section 12.8 and Schedule 4 for their terms of the Incentive Options.*

4 *See Section 12.9 and Schedule 5 for their terms of the Performance Rights.*

5 *Shares and IPO Options resulting from the Note Conversion (see Sections 2.4 and 2.5).*

What are the remuneration arrangements and benefits of the Directors and Senior Management?

Details of the total remuneration of the Directors and Senior Management for the period from 11 October 2018 to the Prospectus Date are set out in the table below.

Person	Remuneration (A$)
John White	$27,616
Alfred Baker	$350,000[2]
Linton Putland	$18,411[1]
Cathy Moises	$18,411[1]
Andrew Sorensen	$276,333[3]
Michael Kenyon	$74,696[4]

1 *Remuneration represents annual fixed salary excluding statutory superannuation.*

2 *Remuneration based on: (i) pre-Listing consultancy fee of $12,000 per month (exclusive of GST) under the Consultancy Agreement (see Section 11.3 for a summary of the Consultancy Agreement with Alfred Baker's company); and (ii) $24,000 per annum (exclusive of statutory superannuation) for director's fees.*

3 *Remuneration represents annual fixed salary excluding 10% superannuation. See Section 11.4 for a summary of the Executive Services Agreement with Andrew Sorensen.*

4 *Remuneration based on consultancy fee of $1,300 per day (exclusive of GST). See Section 11.6 for a summary of the Consultancy Agreement with Michael Kenyon's company.*

Details of the proposed total annual remuneration of the Directors and Senior Management, from Listing, are set out in

Section 12.11

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>
the table below. The Board considers these arrangements to constitute reasonable remuneration.
<table>
<tr><th>Person</th><th>Remuneration (A$)</th></tr>
<tr><td>John White</td><td>$72,000[1]</td></tr>
<tr><td>Alfred Baker</td><td>$204,000[2]</td></tr>
<tr><td>Linton Putland</td><td>$48,000[1]</td></tr>
<tr><td>Cathy Moises</td><td>$48,000[1]</td></tr>
<tr><td>Andrew Sorensen</td><td>$240,000[3]</td></tr>
<tr><td>Michael Kenyon</td><td>$124,800[4]</td></tr>
</table>
1 Remuneration represents annual fixed salary excluding statutory superannuation. From and after the day immediately following the end of the quarter in which the Company achieves its first operational cash flow positive quarter, the Company has agreed to increase John White's annual fee to $96,000 per annum (exclusive of superannuation) and Linton Putland's and Cathy Moises's annual fee to $66,000 (exclusive of superannuation).
2 Remuneration based on: (i) post-Listing consultancy fee of $15,000 per month (see Section 11.3 for a summary of the Consultancy Agreement with Alfred Baker's company); and (ii) $24,000 per annum (exclusive of statutory superannuation) for director's fees. The Company has agreed to increase Alfred Baker's annual director's fee to $33,000 per annum (exclusive of superannuation) from and after the day immediately following the end of the quarter in which the Company achieves its first operational cash flow positive quarter.
3 Remuneration represents annual fixed salary excluding 10% superannuation. See Section 11.4 for a summary of the Executive Services Agreement with Andrew Sorensen.
4 Remuneration based on consultancy fee of $1,300 per day (exclusive of GST) and two days per week working. See Section 11.6 for a summary of the Consultancy Agreement with Michael Kenyon's company.
The Directors and Senior Management may also participate in WA Kaolin's Equity Incentive Plan (see Section 12.5). In addition, the Company has entered into deeds of access, insurance and indemnity with each Director and Senior Manager (see Section 12.12(b)).
</td><td></td></tr>
<tr><td>Who are the substantial shareholders of the Company?</td><td>
As at the Prospectus Date, the following Shareholders have a relevant interest in 5% or more of the total Shares on issue:
<table>
<tr><th>Person</th><th>Shares</th><th>%</th></tr>
<tr><td>The estate of Keith Snell[1]</td><td>49,883,574</td><td>39.91%</td></tr>
<tr><td>Alfred Baker[2]</td><td>49,883,574</td><td>39.91%</td></tr>
</table>
1 Registered holder of 48,844,333 Shares is Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive
</td><td>Section 2.3</td></tr>
</table>

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>
director of the Company until his death in July 2020, was a director and remains a shareholder) and registered holder of 1,039,241 Shares is Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.
2 Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).
At Listing, the substantial shareholders of the Company will be as follows:
<table>
<tr><th>Person</th><th>Shares</th><th>%</th></tr>
<tr><td>The estate of Keith Snell[1]</td><td>49,883,574</td><td>17.64%</td></tr>
<tr><td>Alfred Baker[2]</td><td>49,883,574</td><td>17.64%</td></tr>
</table>
1 Registered holder of 48,844,333 Shares is Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the Company until his death in July 2020, was a director and remains a shareholder) and registered holder of 1,039,241 Shares is Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.
2 Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).
</td><td></td></tr>
<tr><td>What important contracts and/or arrangements with related parties is the Company a party to?</td><td>
As at the Prospectus Date, the Company is a party to the following related party arrangements:
• letters of appointment with each of its Directors on standard terms (see Section 11.5);
• consultancy agreement with WAMCO Industries Pty Ltd as Consultant and Alfred Baker as Executive (see Section 11.3);
• deeds of access, indemnity and insurance with each of its Directors on standard terms (see Section 12.12(b));
• loan agreements with certain related parties (see Section 11.7); and
• deferred payment agreements with certain related parties (see Section 11.8).
</td><td>Section 12.12</td></tr>
</table>

1.4 Financial Information

Item	Summary	Further information
What is the Company's statement of financial position?	The following table sets out a summary of the Pro Forma Consolidated Balance Sheet of WA Kaolin as at 30 June 2020:	Section 7

Item	Summary	Further information
	Proforma Balance Sheet / **Pro-forma after Offer $** **CURRENT ASSETS** Cash and cash equivalents 24,580,114 Trade and other receivables 257,206 **TOTAL CURRENT ASSETS** 24,837,320 **NON-CURRENT ASSETS** Property, plant and equipment 3,843,902 Deferred exploration and evaluation expenditure 1,756,132 **TOTAL NON-CURRENT ASSETS** 5,600,034 **TOTAL ASSETS** 30,437,354 **CURRENT LIABILITIES** Trade and other payables 2,548,241 Borrowings 4,082,549 Provisions 65,563 **TOTAL CURRENT LIABILITIES** 6,696,353 **NON- CURRENT LIABILITIES** Borrowings 17,710,243 **TOTAL NON-CURRENT LIABILITIES** 17,710,243 **TOTAL LIABILITIES** 24,406,596 **NET ASSETS** **6,030,758** **EQUITY** Issued capital 31,791,107 Reserves 31,985,512 Accumulated loss (57,745,861) **TOTAL EQUITY** **6,030,758** This is a summary only. See Section 7 for detailed financial information in relation to the Company and Section 8 for the Independent Limited Assurance Report.	
Are there any forecasts of future earnings?	Having considered the matters in ASIC Regulatory Guide 170, and the potential uncertainties created by COVID-19, the Directors determined that they do not have a reasonable basis to include any forecast financial information.	Section 3.8
Will the Company have sufficient funds for its stated activities?	In the Board's opinion, upon successful completion of the Offer, the Company will have enough working capital at the time of its admission to the Official List to carry out its stated objectives for at least the next two years.	Sections 2.2, 3.4 and 3.5
What is the Company's dividend policy?	The Company does not expect to pay dividends in the near future as its focus will primarily be on expanding its production capacity and further developing its Project. The Board has adopted a dividend pay-out policy of up to 66% applied to future after-tax profitability. The level of payout will be determined at the discretion of the Directors depending on the	Section 3.9

Item	Summary	Further information
	availability of distributable earnings, operating results and the financial condition of the Company, future capital requirements, and other factors considered relevant.	

1.5 Overview of the Offer

Item	Summary	Further information
What is the Offer?	The Offer is an initial public offering of 110,000,000 Shares at a price of A$0.20 per Share to raise A$22,000,000 (before costs and expenses) together with 1 free attaching Option for every 2 Shares issued. The Offer is made to the general public.	Section 2.1
What are the Ancillary Offers?	This Prospectus also contains the following Ancillary Offers: • the offer of 10 Shares at the Offer Price; • the offer 126,732,813 IPO Options to the Noteholders; • the offer of 10,000,000 Lead Manager Options to the Lead Manager and the Co-Manager; • the offer of 30,500,000 Incentive Options to the persons noted in Section 12.8; and • the offer of 27,500,000 Performance Rights to the persons noted in the Section 12.9. The Ancillary Offers are being made to • remove any secondary sale restrictions and facilitate further secondary trading of Shares to be issued by the Company after the close of the Offer but prior to Listing, in accordance with section 708A(11)(b) of the Corporations Act. This includes the Shares to be issued on conversion of the Convertible Notes, which will be issued to sophisticated and professional investors upon receipt of conditional approval to be admitted to the Official List; and • to ensure the on-sale of Securities as detailed in Section 12.14 does not require a disclosure document under the Corporations Act.	
What are the investment highlights?	The key investment highlights for WA Kaolin are: • **World class resources/reserves:** High brightness kaolin deposit providing for a 30+ year mine life based on current ore reserves. • **Simple and low-cost processing route:** WAK has developed a simple process to deliver an ultra-bright kaolin at a low-cost in comparison to other processes that typical utilise chemical bleaching and multiple wet mechanical and magnetic separation methods. • **Proven processing route:** WAK has been producing their K99 kaolin product on a commercial basis from their Kwinana plant since July 2017. The same technology is to be transferred to the larger scale build on mine site at Wickepin. • **Experienced management team:** The Board and Senior Management have extensive experience in mineral exploration, project development, mining	Sections 3.2, 5.1, 5.2 and 9

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>operations and processing. Importantly, the founding Director and CEO have been heavily involved in the project for many years giving steady experienced hands for the ramp up to larger scale commercial production.
• Modular build sees easy future expansion possibilities: The modular build can see further expansions in the future should market demand warrant. In addition, the Company has a proven (but higher capital intensity) wet plant which could see a separate processing facility to supply the paper market if a future business case is warranted.
• Focus on shareholder returns: The Board has approved a pay-out ratio of 66% of after-tax profits in keeping with the Company focus on shareholder returns.</td><td></td></tr>
<tr><td>Is there a Minimum Subscription?</td><td>Yes. The Minimum Subscription is 110,000,000 Shares at the Offer Price of A$0.20 per Share to raise A$22,000,000.

If the Minimum Subscription is not raised within four months of the Prospectus Date (or such period as varied by ASIC), the Company will not proceed with the Offer and will repay all Application Monies (without interest) as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest in accordance with the Corporations Act.</td><td>Section 2.1</td></tr>
<tr><td>Why is the Offer being conducted?</td><td>The purpose of the Offer is to raise A$22,000,000 to facilitate an application by admission to the official list of the ASX and position the Company to achieve its strategy, primarily focused on:
• increasing its kaolin producing capabilities through a staged expansion program (involving construction of an additional processing plant utilising the K99 Process); and
• establishing itself as an exporter to global markets.</td><td>Section 2.2, 3.5</td></tr>
<tr><td>How will funds raised under the Offer be used?</td><td>The Company intends to apply the funds raised under the Offer as follows:
<table>
<tr><th>Source of funds</th><th colspan="2">($000)</th></tr>
<tr><td>Existing cash reserves[1]</td><td colspan="2">2,950</td></tr>
<tr><td>Gross funds raised from the Offer</td><td colspan="2">22,000</td></tr>
<tr><td>Total Funds Available</td><td colspan="2">24,950</td></tr>
<tr><th>Use of funds</th><th>Expenses ($000)</th><th>Proportion of Offer funds (%)</th></tr>
<tr><td>CapEx Wickepin[2]</td><td>16,000</td><td>72.73%</td></tr>
</table></td><td>Sections 2.2, 11.7, 11.8</td></tr>
</table>

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>
<table>
<tr><td>IPO Cost (including Convertible Note interest)[3]</td><td>1,660</td><td>7.55%</td></tr>
<tr><td>Owners Loans[4]</td><td>700</td><td>3.18%</td></tr>
<tr><td>Debt Reduction[5]</td><td>1,800</td><td>8.18%</td></tr>
<tr><td>Creditors[6]</td><td>200</td><td>0.91%</td></tr>
<tr><td>Working Capital[7]</td><td>1,640</td><td>7.45%</td></tr>
<tr><td>Total</td><td>22,000</td><td>100%</td></tr>
</table>
1 This is the Company's cash balance at the Prospectus Date.
2 CapEx Wickepin is $18 million, and will be partially funded from existing cash reserves. CapEx Wickepin includes plant and equipment, civil, infrastructure, structural, electrical, mobile equipment and engineering, procurement, construction management and a contingency of $2 million. See Section 3.4 for details of WA Kaolin's expenditure program and section 9.2 of the Independent Technical Assessment Report in Section 9.
3 Estimated expenses of the offer include accounting fees, expert report fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions, share registry fees, other miscellaneous expenses associated with the Offer and interest payable to Noteholders in connection with the conversion of Convertible Notes.
4 Owners loans includes repayment of a portion of loans held by the entities described in Section 11.7 as being related parties of the Company.
5 Debt reduction includes repayment of a portion of loans held by parties described in Sections 11.7 and 11.8.
6 Creditors include the payment of accounts payable to creditors for services provided to the Company.
7 Working capital includes salaries and wages, operating costs, rents and other corporate costs with managing the Company, including legal and accounting costs.
The table above represents the Company's current intentions as at the Prospectus Date. The amount and timing of the actual expenditure may vary and will depend upon numerous factors, including the timing and success of the Company's activities and the risk factors set out in Section 6.
</td><td></td></tr>
<tr><td>What is the effect of the Offer on the capital structure of the Company?</td><td>
The capital structure of the Company following completion of the Offer is summarised below.
<table>
<tr><th>Capital Structure – Shares</th><th>Subscription</th></tr>
<tr><td>Shares on issue as at the Prospectus Date</td><td>125,000,000</td></tr>
<tr><td>Shares to be issued on conversion of the Convertible Notes</td><td>47,821,875</td></tr>
<tr><td>Shares to be issued under the Offer</td><td>110,000,000</td></tr>
</table>
</td><td>Sections 2.3, 2.4, 2.5, 11.1, 12.8 and 12.9
Schedule 1 – Schedule 5</td></tr>
</table>

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td></td><td>
<table>
<tr><td>Shares to be issued under the Ancillary Offer</td><td>10</td></tr>
<tr><td>Shares on issue post completion of the Offer[1]</td><td>282,821,885</td></tr>
<tr><td>Capital Structure – Options</td><td>Subscription</td></tr>
<tr><td>Lead Manager Options on issue following the Offer[2]</td><td>10,000,000</td></tr>
<tr><td>IPO Options on issue following the Offer[3]</td><td>126,732,813</td></tr>
<tr><td>Incentive Options on issue following the Offer[4]</td><td>30,500,000</td></tr>
<tr><td>Total number of Options on issue following the Offer</td><td>167,232,813</td></tr>
<tr><td>Capital Structure – Performance Rights</td><td>Subscription</td></tr>
<tr><td>Total number of Performance Rights on issue following the Offer[5]</td><td>27,500,000</td></tr>
<tr><td>Fully diluted share capital</td><td>477,554,698</td></tr>
</table>
1 See Schedule 1 for the rights attaching to Shares.
2 See Schedule 2 for their terms and conditions of the Lead Manager Options terms.
3 See Schedule 3 for their terms and conditions of the IPO Options.
4 See Schedule 4 for their terms and conditions of the Incentive Options.
5 See Schedule 5 for their terms and conditions of the Performance Rights.
</td><td></td></tr>
<tr><td>What is the minimum Application size under the Offer?</td><td>The minimum Application size under the Offer is 10,000 Shares (equivalent to $2,000) and thereafter in multiples of 2,500 Shares (equivalent to $500).</td><td>Section 2.9</td></tr>
<tr><td>How do I apply for Securities under the Offer?</td><td>Applications for Securities under the Offer can only be made using the relevant Application Form accompanying this Prospectus.

Cheques must be made payable to 'WA Kaolin Limited' and should be crossed 'Not Negotiable'.

Applicants applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.</td><td>Section 2.8</td></tr>
<tr><td>When will I know if my Application was successful?</td><td>It is expected that holding statements will be sent to successful Applicants by post on or about 24 November 2020.</td><td>Section 2.12(b)</td></tr>
</table>

<table>
<tr><th>Item</th><th>Summary</th><th>Further information</th></tr>
<tr><td>What rights and liabilities attach to the Securities being offered?</td><td>All Shares issued under the Offer will rank equally in all respects with the existing Shares on issue.

See Schedule 1 for the rights attaching to Shares.

See Schedule 3 for the terms of the free attaching Options.</td><td>Section 2.1, Schedule 1 and Schedule 3</td></tr>
<tr><td>Is there a cooling off period?</td><td>No.</td><td></td></tr>
<tr><td>Can the Offer be withdrawn by the Company?</td><td>Yes. The Company reserves the right not to proceed with the Offer at any time before the issue of Securities to successful Applicants.

If the Offer does not proceed, Application Monies will be refunded as soon as practicable in accordance with the requirements of the Corporations Act. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</td><td>Section 2.12(d)</td></tr>
<tr><td>Who is the Lead Manager of the Offer?</td><td>The Lead Manager is Canaccord Genuity (Australia) Limited (ACN 075 071 466) and Co-Manager is JP Equity Holdings Pty Ltd (ACN 626 933 364).</td><td>Section 2.7</td></tr>
<tr><td>Is the Offer underwritten?</td><td>No.</td><td></td></tr>
<tr><td>Will the Securities be quoted on the ASX?</td><td>The Company will apply to the ASX within seven days of the Prospectus Date for admission to the official list of, and quotation of its Shares by, ASX under the code “WAK”.

Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The free attaching Options will not be quoted. The Company will apply to the ASX for quotation of all Shares issued upon exercise of the Options.</td><td>Section 2.12(c)

Schedule 1 and Schedule 3</td></tr>
<tr><td>Will any Securities be restricted in accordance with the ASX Listing Rules?</td><td>Yes. At Listing, certain Shares, Options and all Performance Rights will be classified by ASX as restricted securities and therefore subject to mandatory escrow under the ASX Listing Rules. The Company has also agreed voluntary escrow arrangements in relation to all remaining Shares held by those persons including the Shares and IPO Options to be issued to Ms Cathy Moises following the Note Conversion.

At Listing, the Shares subject to mandatory or voluntary escrow (Escrowed Shares) are expected to represent approximately 43.89% of all Shares on issue. The combined effect of the mandatory and voluntary arrangements on Escrowed Shares at Listing is expected to be as follows:

<table>
<tr><th>Person</th><th>Arrangement[1]</th><th>Number of Escrowed Shares</th><th>% of Shares</th><th>Escrow Period</th></tr>
</table>
</td><td>Section 2.14</td></tr>
</table>

Item	Summary				Further information
				at Listing[2]	
	Alfred Baker	Mandatory Voluntary	26,860,386 23,023,188	17.64%	24 months from Listing[3]
	The estate of Keith Snell	Mandatory Voluntary	26,860,386 23,023,188	17.64%	24 months from Listing[3]
	Cathy Moises	Mandatory Voluntary	250,000 1,000,000	0.44%	24 months from Listing
	Andrew Sorensen	Mandatory Voluntary	4,167,428 2,020,128	2.19%	24 months from Listing
	Entities associated with x10 Partners[4]	Mandatory	16,099,356	5.69%	24 months from Listing
	Exhibitions Plus[5]	Mandatory	833,334	0.59%	12 months from date of issue
	Total		**124,137,394**	**43.89%**	

1 *The mandatory and voluntary escrow arrangements are mutually exclusive, that is, an Escrowed Share is only subject to either one or the other, not both. As at the Prospectus Date, the ASX has not determined the number of Shares to which mandatory escrow will apply. The Company will announce to ASX full details (quantity and duration) of the Shares required to be held in escrow prior to commencement of trading of the Company's Shares on ASX.*

2 *Shareholding percentages are post Note Conversion, prior to the exercise of any Options or conversion of Performance Rights.*

3 *A further 3-year voluntary escrow period will apply from the expiry of this initial escrow period to 75% of the Shares held (excluding any Shares issued upon conversion of the Incentive Options or Performance Rights during this period).*

4 *5,366,452 Shares are held by each of James Woulfe and Catherine Maria Woulfe as trustees for the Debhulbh Family Trust, Paul Lowry and Kim Watson as trustees for the Paul Lowry Family Trust and Stephen Rice as trustee for the Rice Family Trust. Each holder is an entity associated with x10 Partners, being a professional adviser to the Company for the purposes of ASX's mandatory escrow rules (see Section 11.2 for a summary of the Corporate Advisory Mandate with x10 Partners).*

5 *Exhibitions Plus is a seed capitalist that is not a related party, promoter or associate of a related party or promoter of the Company. The Company expects 50% of the Shares issued to Exhibitions Plus on 26 May 2020 will be subject to mandatory escrow.*

The Company has also agreed with Alfred Baker and the estate of Keith Snell that a further three-year voluntary escrow period will apply from the expiry of the initial 24-month escrow period to 75% of the Shares they hold at that time (excluding any Shares issued upon the exercise of Incentive Options or conversion of Performance Rights during this period).

Item	Summary	Further information
	During the relevant escrow period, holders of Restricted Securities must not dispose of those Restricted Securities other than as permitted by the relevant restriction deed, voluntary escrow deed or restriction notice. The holders may be released from the escrow arrangements during the escrow period in certain circumstances, including in relation to a takeover bid, merger or acquisition by scheme of arrangement, or to the extent required by law.	
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty should be payable by Applicants on acquisition of Securities under the Offer.	Section 2.8
Are there any taxation considerations?	The tax consequences of any investment in the Securities will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.	Section 2.17
Where can I find out more information about the Offer?	Questions relating to the Offer can be directed to the Lead Manager, Canaccord, on +61 3 8688 9100, or the Co-Manager, JP Equity Holdings Pty Ltd, on +61 8 9386 2801.	Section 2.18
How can I obtain further advice?	By speaking to your accountant, stockbroker or other professional adviser.	Section 2.18

2 Details of the Offer

2.1 The Offer

By this Prospectus, the Company invites Applications for 110,000,000 Shares at a price of A$0.20 per Share to raise A$22,000,000 (before costs and expenses) together with 1 free attaching Option for every 2 Shares issued.

No Securities will be issued unless the Minimum Subscription has been received. If the Minimum Subscription is not received within four months of the Prospectus Date (or such period as varied by ASIC), the Company will not proceed with the Offer and will repay all Application Monies (without interest) as soon as practicable or issue a supplementary or replacement prospectus and allow Applicants one month in which to withdraw their Applications and be repaid their Application Monies in full without interest in accordance with the Corporations Act.

The Shares offered under this Prospectus will rank equally with the existing Shares at that time of issue. See Schedule 1 for the rights attaching to Shares.

2.2 Purpose of the Offer and use of funds

The purpose of the Offer and the proposed use of funds raised by the Offer is to:

(a) position the Company to achieve its strategy as set out in Section 3.5;

(b) meet the ongoing administrative costs of the Company, current liabilities and provide working capital;

(c) provide a liquid market for Shares and an opportunity for new Shareholders to invest in the Company; and

(d) pay the costs of the Offer.

In conjunction with the Offer, the Company is seeking admission to the Official List and quotation of its Shares on ASX.

The proceeds of the Offer will be applied by the Company as set out in the table below.

Source of funds	**($000)**	
Existing cash reserves[1]	2,950	
Gross funds raised from the Offer	22,000	
Total Funds Available	**24,950**	
Use of funds	**Expenses ($000)**	**Proportion of Offer funds (%)**
CapEx Wickepin[2]	16,000	72.73%
IPO Cost (including Convertible Note interest)[3]	1,660	7.55%
Owners Loans[4]	700	3.18%
Debt Reduction[5]	1,800	8.18%
Creditors[6]	200	0.91%
Working Capital[7]	1,640	7.45%
Total	**22,000**	**100%**

1 This is the Company's cash balance at the Prospectus Date.

2 *CapEx Wickepin is $18 million, and will be partially funded from existing cash reserves. CapEx Wickepin includes plant and equipment, civil, infrastructure, structural, electrical, mobile equipment and engineering, procurement and construction management and a contingency of $2 million. See Section 3.4 for details of WA Kaolin's expenditure program and section 9.2 of the Independent Technical Assessment Report in Section 9.*

3 *Estimated expenses of the offer include accounting fees, expert report fees, legal fees, ASX listing fees, corporate advisory fees, brokerage commissions, share registry fees, other miscellaneous expenses associated with the Offer and interest payable to Noteholders in connection with the conversion of Convertible Notes.*

4 *Owners loans include repayment of a portion of loans held by the entities described in Section 11.7 as being related parties of the Company.*

5 *Debt reduction includes repayment of a portion of loans held by parties described in Sections 11.7 and 11.8.*

6 *Creditors include the payment of accounts payable to creditors for services provided to the Company.*

7 *Working capital includes salaries and wages, operating costs, rents and other corporate costs with managing the Company, including legal and accounting costs.*

The growth of the business will initially be funded by a combination of the Company's existing cash flow and funds raised by this Offer. These sources are expected to be sufficient for completion of Stage 1 of the Company's staged expansion program.

The Board intends to apply any additional funds raised from the exercise of Options towards either debt repayment, the construction of the new processing plant or scale up of operations (depending on the timing of such exercise) and general working capital purposes.

The use of funds set out above represents WA Kaolin's current intentions and business conditions. The amounts and timing of the actual expenditures may vary significantly and will depend on numerous factors, including the timing and success of the Company's activities (for example, the construction of the new processing plant and the results of its production, processing and marketing efforts) and whether any of the risks in Section 6 materialise.

2.3 Capital Structure

The capital structure of the Company following completion of the Offer is summarised below:

Capital Structure – Shares	**Subscription**
Shares on issue as at the Prospectus Date	125,000,000
Shares to be issued on conversion of the Convertible Notes	47,821,875
Shares to be issued under the Offer	110,000,000
Shares to be issued under the Ancillary Offer	10
Shares on issue post completion of the Offer[1]	**282,821,885**
Capital Structure – Options	**Subscription**
Lead Manager Options on issue following the Offer[2]	10,000,000
IPO Options on issue following the Offer[3]	126,732,813
Incentive Options on issue following the Offer[4]	30,500,000
Total number of Options on issue following the Offer	167,232,813
Capital Structure – Performance Rights	**Subscription**
Total number of Performance Rights on issue following the Offer[5]	27,500,000
Fully diluted share capital	**477,554,698**

1 *See Schedule 1 for the rights attaching to Shares.*

2 *See Schedule 2 for the terms and conditions of the Lead Manager Options terms.*

3 *See Schedule 3 for the terms and conditions of the IPO Options.*

4 *See Schedule 4 for the terms and conditions of the Incentive Options.*

5 *See Section 12.9 for further details relating to the issue of the Performance Rights and Schedule 5 for the terms and conditions.*

As at the Prospectus Date, the following Shareholders are registered as having a relevant interest in 5% or more of the total Shares on issue:

Person	Shares	%
The estate of Keith Snell[1]	49,883,574	39.91%
Alfred Baker[2]	49,883,574	39.91%

1 *Registered holder of 48,844,333 Shares is Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the Company until his death in July 2020, was a director and remains a shareholder) and registered holder of 1,039,241 Shares is Keith Snell<A/C WAMCO INDUSTRIES UNIT TRUST>.*

2 *Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).*

At Listing, the following Shareholders are expected to have a relevant interest in 5% or more of the total Shares on issue:

Person	Shares	%
The estate of Keith Snell[1]	49,883,574	17.64%
Alfred Baker[2]	49,883,574	17.64%

1 *Registered holder of 48,844,333 Shares is Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the Company until his death in July 2020, was a director and remains a shareholder) and registered holder of 1,039,241 Shares is Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.*

2 *Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).*

2.4 Convertible Notes

In:

(a) May 2020 and August 2020, the Company completed pre-IPO raisings pursuant to which it raised A$6.65 million through the issue of 6,651,500 convertible notes to 77 sophisticated and professional investors; and

(b) September 2020 the Company converted an existing loan of A$1 million owed to another sophisticated investor into 1,000,000 convertible notes,

(the raisings together, the **Pre-IPO Raising** and the investors together, the **Noteholders**). The convertible notes referred to in Sections 2.4(a) and 2.4(b) above (**Convertible Notes**) accrue interest at 10% per annum.

The terms of the Convertible Notes provide that upon the occurrence of a "**Conversion Event**" (which includes, among others, receipt of ASX's conditional approval to the Company's admission to the Official List in a form acceptable to the Company), the Company must convert the Convertible Notes into that number of Shares equal to the aggregate value of all Convertible Notes divided by the conversion price (being equal to 80% of the IPO Offer Price) (**Note Conversion**). The Note Conversion will therefore be converted at $0.16 per Convertible Note, resulting in an additional 47,821,875 Shares being on issue at Listing.

Within two business days of being admitted to the Official List, the Company must pay to the Noteholders in cash all accrued but unpaid interest.

2.5 IPO Options

The Company has agreed to issue free attaching Options (**IPO Options**) to the Noteholders and IPO investors on the following basis:

(a) Within five business days of the Conversion Event, the Company must issue IPO Options to the Noteholders in the ratio of 1.5 times the number of Shares held by the Noteholder as a result of the Note Conversion. At Listing, there will therefore be 71,732,813 IPO Options on issue to the Noteholders.

(b) 1 IPO Option will be issued for every 2 Shares an Applicant is issued under this Prospectus. It is anticipated these IPO Options will be issued at the same time as the Shares but in any event prior to Listing. At Listing, there will therefore be 55,000,000 IPO Options on issue to Applicants.

See Schedule 3 for the full terms and conditions of the IPO Options.

2.6 Key dates

Set out below are key dates relating to the Offer:

Event	Date[1]
Lodgement of this Prospectus with ASIC	11 October 2020
Opening Date of the Offer	19 October 2020
Closing Date of the Offer (5.00pm AWST)	16 November 2020
Issue of Shares (and free attaching Options) under this Prospectus	23 November 2020
Despatch of holding statements	24 November 2020
Expected date for Shares to commence trading on the ASX	27 November 2020

1 *This timetable is indicative only. Unless otherwise indicated, all times given are Western Standard Time, Australia. The Company, in consultation with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.*

2.7 Lead Manager and Co-Manager

The Offer is not underwritten. Canaccord is the Lead Manager and Canaccord has appointed JP Equity Holdings Pty Ltd as the Co-Manager. A summary of the engagement terms with the Lead Manager is set out in Section 11.1.

2.8 How to apply under the Offer

(a) General

Applications for Securities under the Offer can only be made using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

The Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Form as early as possible. However, the Company reserves the right to extend the Offer or accept late Applications.

No brokerage, stamp duty or other costs are payable by Applicants.

All Application Monies will be paid into a trust account.

An original, completed and lodged Application Form together with payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Securities specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final. If your cheque, BPAY® or EFT payment for the Application Money is different to the amount specified in your Application Form then the Company may accept your Application for the amount of Application Money provided.

Applications for the Ancillary Offers noted in Sections 12.14(b) to 12.14(e) can only be made by the persons noted in Sections 12.14(b) to 12.14(e) (or their nominees, where applicable). Personalised Application Forms will be issued for the Ancillary Offers noted in Sections 12.14(b) to 12.14(e).

(b) Submitting an Application Form with a cheque

Completed Application Forms and accompanying cheques must be received by the Share Registry before 5.00pm WST on the Closing Date by either being delivered to or posted to the following address:

By post	By hand
WA Kaolin Limited C/- Automic Pty Ltd GPO Box 5193 SYDNEY NSW 2001	WA Kaolin Limited C/- Automic Pty Ltd Level 5, 126 Phillip Street SYDNEY NSW 2000

Cheques must be made payable to 'WA Kaolin Limited' and should be crossed 'Not Negotiable'.

(c) Submitting an Application Form and paying with BPAY® or EFT

For online applications, investors can apply online with payment made electronically via BPAY® and EFT. Investors applying online will be directed to use an online Application Form and make payment by BPAY® or EFT.

Applicants paying by BPAY will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed. BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

(i) access their participating BPAY® Australian financial institution either via telephone or internet banking;

(ii) select to use BPAY® and follow the prompts;

(iii) enter the biller code and unique CRN that corresponds to the online Application;

(iv) enter the amount to be paid which corresponds to the value of Shares under the online Application Form;

(v) select which account payment is to be made from;

(vi) schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and

(vii) record and retain the BPAY® receipt number and date paid. Investors should confirm with their Australian financial institution whether there are any limits on the investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

You should be aware that you will only be able to make a payment via BPAY® if you are the holder of an account with an Australian financial institution which supports BPAY® transactions. When completing your BPAY® payment, please make sure you use the

specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

Investors can apply online by following the instructions at https://investor.automic.com.au/#/ipo/wakaolin and completing a BPAY® or EFT payment. If payment is not made via BPAY® or EFT, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® or EFT payment must be completed and received by no later than the Closing Date.

It is your responsibility to ensure that payments are received by 5.00pm (AWST) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY® or EFT, and policies with respect to processing BPAY® and EFT transactions may vary between banks, credit unions or building societies.

The Company accepts no responsibility for any failure to receive Application Monies by BPAY® or EFT before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

2.9 What is the minimum and maximum Application size under the Offer?

Applications under the Offer must be for a minimum of A$2,000 worth of Shares (being 10,000 Shares at A$0.20 each) and in multiples of A$500 worth of Shares (being 2,500 Shares) thereafter.

The Lead Manager and the Company reserve the right to aggregate any Applications that they believe may be multiple Applications from the same person.

2.10 How to obtain a copy of this Prospectus

Please contact your broker for instructions. You may also obtain a copy of this Prospectus from the Lead Manager. Please telephone +61 3 8688 9100 to obtain a copy.

Subject to Sections 2.11 and 2.12, the Securities to be issued under the Offer will be issued as soon as practicable after the Closing Date. It is expected that holding statements will be sent to successful Applicants by post on or about 24 November 2020.

2.11 Application Monies to be held on trust

To the extent required by the Corporations Act, until the Shares are issued under this Prospectus, the Application Monies for Shares will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest. If the Shares to be issued under this Prospectus are not admitted to quotation within three months after the date of the Prospectus, no Shares will be issued and Application Monies will be refunded in full without interest in accordance with the Corporations Act.

2.12 Allocation policy, issue of Securities, Listing and discretion

(a) Allocation policy

The Directors in their sole discretion reserve the right to determine the allocation of Shares under this Offer (including in respect of accepting any oversubscription), including to reject any Application or to allocate any Applicant fewer Shares than the number applied for. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus Application Monies will be refunded, without interest, to the Applicant as soon as practicable after the Closing Date.

(b) Issue of Shares

Allotment of Securities offered under the Prospectus will take place as soon as practicable after the Closing Date subject to ASX granting conditional approval for the Company to be admitted to the Official List.

It is expected that holding statements will be sent to successful Applicants on or about 24 November 2020.

It is the responsibility of Applicants to determine their allocation prior to trading in the Shares issued under the Offer. Applicants who sell Shares before they receive their holding statements do so at their own risk.

(c) ASX Listing

Within seven days after the Prospectus Date, the Company will apply to ASX for admission to the official list of, and quotation of its Shares by, ASX.

Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the official list is not to be taken in any way as an indication of the merits of the Company or the Securities offered under this Prospectus.

(d) Discretion regarding the Offer

The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).

The Lead Manager and the Company also reserve the right to, subject to the Corporations Act, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than the amount applied or bid for.

2.13 CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, being an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHESS holders or, where applicable, the Securityholder Reference Number (**SRN**) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Share Registry in the case of a holding on the issuer sponsored sub-register. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

2.14 Restricted Securities

(a) Mandatory escrow

The Company anticipates entering into mandatory restriction agreements with the following persons (or their associates) in relation to the following Securities:

(i) Alfred Baker in relation to 26,860,385 Shares, all Incentive Options and all Performance Rights;

(ii) the estate of Keith Snell in relation to 26,860,386 Shares, all Incentive Options and all Performance Rights;

(iii) John White in relation to all Incentive Options;

(iv) Linton Putland in relation to all Incentive Options;

(v) Cathy Moises in relation to 125,000 Shares, 187,500 IPO Options and all Incentive Options;

(vi) Andrew Sorensen in relation to 4,167,429 Shares, all Incentive Options and all Performance Rights; and

(vii) parties associated with x10 Partners (being a professional adviser to the Company) in relation to all Shares; and

(viii) Canaccord and JP Equity Holdings Pty Ltd in relation to all Lead Manager Options.

The same mandatory restrictions will apply to any Shares issued upon the exercise of Options or conversion of Performance Rights held by any of the above parties.

The Company also anticipates issuing a restriction notice to Exhibitions Plus (being a seed capitalist that is not a related party, promoter or associate of a related party or promoter) in respect of 50% of its shareholding until 26 May 2021.

At Listing, the Escrowed Shares subject to mandatory escrow arrangements are expected to represent approximately 26.54% of the Shares on issue (prior to any dilution upon the exercise of Options or conversion of Performance Rights), as set out in the table below:

Person	Shares subject to mandatory escrow	% of Shares at Listing[1]	Escrow Period
Alfred Baker	26,860,386	9.50%	24 months from Listing[2]
The estate of Keith Snell	26,860,386	9.50%	24 months from Listing[2]
Cathy Moises	250,000	0.09%	24 months from Listing
Andrew Sorensen	4,167,428	1.47%	24 months from Listing
Entities associated with x10 Partners[3]	16,099,356	5.69%	24 months from Listing
Exhibitions Plus[4]	833,334	0.29%	12 months from date of issue
Total	**75,070,892**	**26.54%**	

1 *Shareholding percentages are post Note Conversion, prior to the exercise of any Options or conversion of Performance Rights.*

2 *A further 3-year voluntary escrow period will apply from the expiry of this initial escrow period to 75% of the Shares held (excluding any Shares issued upon conversion of the Incentive Options or Performance Rights during this period).*

3 *5,366,452 Shares are held by each of James Woulfe and Catherine Maria Woulfe as trustees for the Debhulbh Family Trust, Paul Lowry and Kim Watson as trustees for the Paul Lowry Family Trust and Stephen Rice as trustee for the Rice Family Trust. Each holder is an entity associated with x10 Partners, being a professional adviser to the Company for the purposes of ASX's mandatory escrow rules (see Section 11.2 for a summary of the Corporate Advisory Mandate with x10 Partners).*

4 *Exhibitions Plus is a seed capitalist that is not a related party, promoter or associate of a related party or promoter of the Company. The Company expects 50% of the Shares issued to Exhibitions Plus on 26 May 2020 will be subject to mandatory escrow.*

It is intended that each of the affected persons will enter into restriction agreements in respect of their Restricted Securities in the form required under ASX Listing Rules (with the exception of Exhibitions Plus, to whom a restriction notice will be issued), which prevents them from disposing of the Restricted Securities (including any Shares issued upon the exercise of Options or conversion of Performance Rights) during the relevant escrow period. The restrictions on the holder of Restricted Securities include prohibitions on selling, assigning, transferring or otherwise disposing of any interest in the Restricted Securities (or agreeing to do any of those things), granting, or agreeing to grant, a security interest over the Restricted Securities, doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Restricted Securities.

Under ASX Listing Rule 9.5, subject to certain conditions, the Company may allow the removal of a holding lock to enable the holder of Restricted Securities to accept a takeover bid or to enable Restricted Securities to be transferred or cancelled as part of a scheme of arrangement under Part 5.1 of the Corporation Act.

(b) Voluntary escrow

In addition to the mandatory escrow restrictions described in Section 2.14(a) above, the Company anticipates entering into voluntary escrow arrangements in relation to the following Securities:

(i) all Shares held by Alfred Baker, the estate of Keith Snell, Cathy Moises and Andrew Sorensen (or their associates) other than those subject to mandatory escrow for 24 months from Listing;

(ii) all IPO Options held by Cathy Moises (or her associates) other than those subject to mandatory escrow for 24 months from Listing; and

(iii) 75% of the Shares held by Alfred Baker or the estate of Keith Snell (or their associates) at the time of expiry of the initial 24-month escrow period (excluding any Shares issued upon the exercise of Incentive Options or conversion of Performance Rights during that initial escrow period) for a further three years.

At Listing, the Escrowed Shares subject to voluntary escrow are expected to represent approximately 17.35% of the Shares on issue (prior to any dilution upon the exercise of Options or conversion of Performance Rights).

The restrictions applicable to Restricted Securities (whether subject to mandatory or voluntary escrow) are broadly the same (see Section 2.14(a) above).

(c) Effect of mandatory and voluntary escrow

The combined effect of the mandatory and voluntary arrangements on Escrowed Shares at Listing is expected to be as follows:

Person	Arrangement[1]	Total number of Escrowed Shares	% of Shares at Listing[2]	Escrow Period
Alfred Baker	Mandatory Voluntary	26,860,386 23,023,188	17.64%	24 months from Listing[3]
The estate of Keith Snell	Mandatory Voluntary	26,860,386 23,023,188	17.64%	24 months from Listing[3]
Cathy Moises	Mandatory Voluntary	250,000 1,000,000	0.44%	24 months from Listing
Andrew Sorensen	Mandatory Voluntary	4,167,428 2,020,128	2.19%	24 months from Listing
Entitles associated with x10 Partner[4]	Mandatory	16,099,356	5.69%	24 months from Listing
Exhibitions Plus[5]	Mandatory	833,334	0.59%	12 months from date of issue
Total		**124,137,394**	**43.89%**	

1 *The mandatory and voluntary escrow arrangements are mutually exclusive, that is, an Escrowed Share is only subject to either one or the other, not both. As at the Prospectus Date, the ASX has not determined the number of Securities to which mandatory escrow will apply. The Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow prior to commencement of trading of the Company's Shares on ASX.*

2 *Shareholding percentages are post Note Conversion and prior to the exercise of any Options or conversion of Performance Rights.*

3 *A further 3 year voluntary escrow period will apply from the expiry of this initial escrow period to 75% of the Shares held (excluding any Shares issued upon conversion of the Incentive Options or Performance Rights during this period).*

4 *5,366,452 Shares are held by each of James Woulfe and Catherine Maria Woulfe as trustees for the Debhulbh Family Trust, Paul Lowry and Kim Watson as trustees for the Paul Lowry Family Trust and Stephen Rice as trustee for the Rice Family Trust. Each holder is an entity associated with x10 Partners, being a professional adviser to the Company for the purposes of ASX's mandatory escrow rules (see Section 11.2 for a summary of the Corporate Advisory Mandate with x10 Partners).*

5 *Exhibitions Plus is a seed capitalist that is not a related party, promoter or associate of a related party or promoter of the Company. The Company expects 50% of the Shares issued to Exhibitions Plus on 26 May 2020 will be subject to mandatory escrow.*

2.15 Applications outside Australia

(a) General Notice

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Securities or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Securities pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

(b) Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted Securities may sell, or offer to sell, such Securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such Securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

(c) New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the **FMC Act**). The Securities are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

(i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;

(ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;

(iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act;

(iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or

(v) is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

(d) Singapore

This document and any other materials relating to the Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Securities, may not be issued, circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

2.16 Commencement of trading

It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants trading in Shares prior to receiving a holding statement do so at their own risk. The Company, the Share Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

Shares are expected to commence trading on ASX on a normal settlement basis in accordance with the key dates at the start of this Prospectus.

2.17 Taxation

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Offer, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors, officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

2.18 Enquiries

All enquiries in relation to this Prospectus should be directed to the Lead Manager, Canaccord, on +61 3 8688 9100 between 8.30am and 5.30pm (AWST), Monday to Friday.

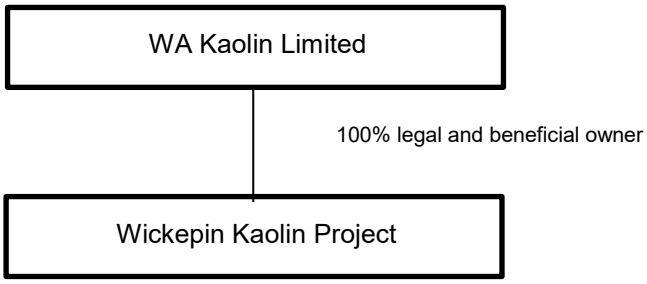
If you are unclear in relation to any matter or are uncertain as to whether Shares are a suitable investment for you, you should seek professional guidance from your solicitor, stockbroker, accountant or other independent and qualified professional adviser before deciding whether to invest.

3 Company Overview, Assets and Strategy

3.1 Company background and corporate structure

WA Kaolin, a mineral extraction and processing company, was incorporated on 29 June 1998 and is an Australian public unlisted company.

WA Kaolin has no subsidiaries and is the sole owner of Wickepin Kaolin Project (the **Project**), located in the township of Wickepin, 220 km south-east of Perth, Western Australia. The Company's corporate structure is as follows:



The Company acquired the 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 Project and all associated engineering and feasibility studies. WA Kaolin has invested approximately A$42 million in acquiring the Project and then establishing and developing the necessary foundations for successfully commercialising it. As part of the process the Company has undertaken trial mining and processing to ensure a proof of concept and to produce product for the purpose of, amongst other things, establishing customer confidence and price discovery.

WA Kaolin is sole owner of a mining lease, a general purpose lease, a miscellaneous licence and retention licences which comprise the Project. The Project, which is one of the largest known remaining kaolin resources in the world, contains an Ore Reserve of 30.5 million tonnes and a Mineral Resource (reported in 2019) of 109.1 million tonnes in the mining lease and a Mineral Resource (reported in 2017) of 644.5 million tonnes [1] of high-grade premium kaolinised granite across all tenements.

WA Kaolin has developed a dry processing method (**K99 Process**) at its plant in Kwinana, which together with the high-grade Wickepin kaolin resource, produces an ultra-bright, high-quality kaolin product at a low cost, in comparison to other methods which rely on chemical bleaching and multiple wet mechanical and magnetic separation methods. The Kwinana plant is currently producing at a production rate of up to 5 tonnes per hour.

3.2 Wickepin Kaolin Project

(a) Overview / background

The Project is an early-stage mineral development operation comprising a mining lease, general purpose lease, miscellaneous licence and retention licences. The area of the Project exceeds 10,000 hectares and has been extensively studied with over 17,000 metres of air core drilling conducted.

Since acquisition, WA Kaolin has carried out detailed evaluation of the engineering data and drilling results acquired from Rio Tinto and conducted further drilling activities which resulted in the classification of Mineral Resources and Ore Reserves (outlined below).

[1] The Mineral Resource estimate is inclusive of Ore Reserves and the 2019 Mineral Resource estimate

A definitive feasibility study completed by BDB Process in September 2020 details the robust ramp up of kaolin production to 400,000 tonnes per annum only with significant scope remaining for further increases to production.

(b) Location and access

The Project is located in Wickepin, 200km south-east of Perth, Western Australia.

The Project is strategically located in a safe and proven jurisdiction with nearby access to existing infrastructure including rail, road and ports for exporting kaolin product to global markets. WA Kaolin's existing processing plant in Kwinana (nearby the port of Fremantle) is located on three hectares of portside industrial land.

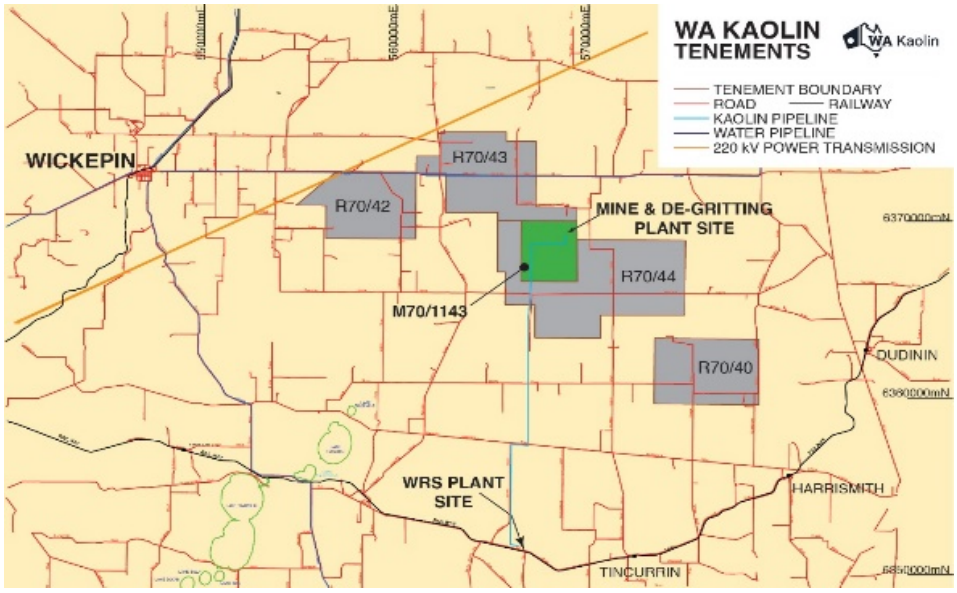
The Company is currently shipping commercial container quantities of kaolin to major producers and customers through the port of Fremantle.

(c) Tenements

The Tenements are set out in the table below.

Tenement Number	Tenement Type	Registered Holder	Grant Date	Expiry Date
M70/1143	Mining lease	WA Kaolin	21/05/2003	20/05/2024
R70/40	Retention licence	WA Kaolin	10/10/2007	09/05/2022
R70/42	Retention licence	WA Kaolin	10/05/2007	09/05/2022
R70/43	Retention licence	WA Kaolin	10/05/2007	09/05/2022
R70/44	Retention licence	WA Kaolin	10/05/2007	09/05/2022
L70/156	Miscellaneous licence	WA Kaolin	17/10/2013	16/10/2034
G70/251	General purpose lease	WA Kaolin	08/10/2013	07/10/2034

Figure 1: Tenements



Permits and approvals are in place enabling further development and production and an Independent Expert Report on the current plant at Kwinana has been completed by BDB

Process. See also Section 3.2(g) for information on the recently completed DFS by BDB Process relating to the future scale up processing facility at Wickepin.

The Wickepin deposit comprises shallow pit depths allowing for free dig of ore and waste, facilitating a low-cost and low-risk open-pit mining operation.

Mining lease 70/1143 is due to expire in 2024. A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years with the tenement holder entitled to the first renewal as of right.

Retention licences 70/40, 70/42, 70/33 and 70/44 are due to expire in 2022. A retention licence remains in force for a period of 5 years and may, at the discretion of the Minister, be renewed for successive periods of up to 5 years.

For more information in relation to the Tenements, see section 3.1 of the Solicitor's Report on Tenements in Section 10.

(d) Geology

Geologically, the Project is situated within the south-west terranes of the Archaean Yilgarn Craton, which predominantly comprises granitoids and granitic gneiss. A major east-northeast trending gabbroic dyke passes through the Levi tenement and a number of smaller mafic and ultramafic bodies are also present within the basement.

The geological profile of the area covering the Project to a surface depth of 30 metres comprises, pale grey quartz sand, laterite, mottled sandy clays, pink, cream to white and yellow kaolinised granite, grey saprolitic granite and fresh granite.

The Company plans to mine its large deposit of high quality and high brightness ore to produce all grades of kaolin.

(e) Reserve and resource estimate

CSA Global completed a Mineral Resource estimate (prepared and reported in accordance with the JORC Code) on the retention licences and on the mining lease M70/1143 in 2017 which reported the following Mineral Resources[2]:

Classification	Kaolinized granite (Mt)	ISO Brightness (%)	Yield (%)	Kaolin (Mt)
Measured	-	-	-	-
Indicated	-	-	-	-
Inferred	644.5	75.8	44.0	283.6
Total	**644.5**	**75.8**	**44.0**	**283.6**

CSA Global completed a Mineral Resource estimate (prepared and reported in accordance with the JORC Code) on the mining lease M70/1143 in 2019 which reported the following Mineral Resources[3]:

Classification	Kaolinized granite (Mt)	ISO Brightness (%)	Yield (%)	Kaolin (Mt)
Measured	38.0	82	51	21.3
Indicated	27.7	83	50	13.9

[2] The Mineral Resource estimate is inclusive of Ore Reserves and the 2019 Mineral Resource estimate

[3] The Mineral Resource estimate is inclusive of Ore Reserves

Inferred	43.3	83	49	19.3
Total	**109.1**	**82**	**50**	**54.5**

Based on further works carried out during 2019 and 2020 by CSA Global, approved pit designs with the usage of several modifying factors, a total (Proved and Probable) Ore Reserve of 30.5 Mt has been estimated (prepared and reported in accordance with the JORC Code). The Ore Reserve reported in accordance with the JORC Code is shown below.

Classification	Ore Reserves (Mt)	ISO Brightness (%)	Yield (%)	Kaolin (Mt)
Proved	-	-	-	-
Probable	30.5	83.7	51.8	15.8
Total	**30.5**	**83.7**	**51.8**	**15.8**

See the Independent Technical Assessment Report in Section 9 for further information regarding the Mineral Reserve and Mineral Resource estimates for the Wickepin Kaolin Project.

(f) K99 Process

The K99 Process involves the drying end beneficiation of the kaolin through physical separation with no chemicals required. This process is already in commercial use at the Company's Kwinana processing plant and is shown in the below diagram.

(g) Definitive Feasibility Study

In July/August 2020, BDB Process undertook the DFS to examine the feasibility of establishing a kaolin processing facility on the mining lease held by the Company at the Project site (**Initial**), with the intention to duplicate that facility two years after commissioning of the Initial facility (**Expansion**). BDB Process completed the DFS in September 2020.

Financial analysis of the Project considers both the Initial facility as a stand-alone development without the Expansion and then the Project assuming the Expansion is undertaken as planned.

The Works Approval that underpins the Project is for a project involving both wet and dry processing facilities, with the dry facility located at the site chosen for the initial development considered in this DFS and the wet facility located at the nearby Wedin rail siding.

The development considered by the DFS is for the dry processing facility and an expansion of that facility.

The Company intends to complete the wet processing facility at some time in the future, when process development work has been successfully completed and market conditions warrant.

The DFS details the robust ramp up of kaolin production to 400,000 tonnes per annum only and reports there remains significant scope to further increase the production.

Modelling has been conducted on both the Initial (25 tonnes per hour of kaolin product) and the Expansion operation (50 tonnes per hour of kaolin product). There remains significant scope to further increase the production from the Project due to the very large Mineral Resource inventory which contains 54.5 million tonnes of kaolin and remains open laterally, and the potential to attract additional market share.

The DFS modelled both phases demonstrate based on the assumptions made. None of the prospective financial information from the DFS is included in the Prospectus (see Section 3.8).

See section 9.1 of the Independent Technical Assessment Report in Section 9 for further details regarding the DFS.

3.3 WA Kaolin's current activities and key customers

The Company has current operations in a Company-owned facility in Kwinana, Western Australia, where it operates a small-scale production plant producing beneficiated kaolin utilising its K99 Process. The Company also conducts mining operations at its mining tenement in East Wickepin, Western Australia, and transports ore to Kwinana for processing. The Company then sells the kaolin through a network of distributors both in Australia and overseas. WA Kaolin is also currently exploring a novel low capex wet processing method for kaolin, which will utilise the kaolin processed via the K99 Process as feedstock instead of raw ore. The Directors consider that this novel wet processing method could significantly lower the cost of entering the premium paper and packing market.

As at the Prospectus Date, the Company's key customers are based in Taiwan, China and Australia and it has informal distribution arrangements with channel partners in each of these geographies as set out in the table below.

Country	Counterparty	Vertical	Relationship
China & Taiwan	Dak Tai Trading Limited	Fibreglass	Distributor
Taiwan	CHOKO Co., Ltd.	Ceramics	Distributor
Vietnam	Australian Ceri Pty Ltd	Ceramics	Customer
Japan	Yamaka Clay Material Corporation	Ceramics	Customer
China	CMP Tianjin Co., Ltd	Coatings	Distributor

Australia	BGC Plasterboard	Building Products	Customer
Japan	KCM Corporation	Ceramics	Distributor

In May 2020, the Company formalised its arrangements with Dak Tai Trading Limited (**DTT**) by entering into a distribution and offtake agreement for the supply of up to 338,000 tonnes of kaolin over six years (see Sections 11.8 and 11.10 for more information).

In addition, WA Kaolin has a non-binding letter of intent with CMP to deliver up to 120,000 tonnes of kaolin. The Company has been receiving purchase orders from CMP pursuant to this arrangement.

The Company will seek to formalise existing and future agreements with distributors and customers.

3.4 Proposed expenditure program

The table below sets out WA Kaolin's proposed expenditure program for the next two years. See also section 9 of the Independent Technical Assessment Report in Section 9.

Item	**Expenditure (A$000s)**		
Activity	**Year 1**	**Year 2**	**Total**
CapEx - Wickepin			
Civil	900	0	900
Structural	4,330	0	4,330
Mechanical	5,170	0	5,170
Electrical	1,460	0	1,460
Infrastructure	140	0	140
Mobile Equipment	1,420	0	1,420
Overheads	1,590	0	1,590
Design	510	0	510
Procurement & Construction Management	480	0	480
TOTAL FUNDS ALLOCATED (EXCLUDING CONTINGENCY)	**16,000**	**0**	**16,000**
Contingency	2,000		2,000
TOTAL FUNDS ALLOCATED (INCLUDING CONTINGENCY)	**18,000**		**18,000**

The above table is a statement of current intentions as of the Prospectus Date. Due to market conditions and/or any number of other factors (including the risk factors outlined in Section 6), actual expenditure levels may differ significantly to the above estimates. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the way funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

3.5 WA Kaolin's business model and growth strategy

The Company is primarily focused on establishing itself as the preferred supplier of high-grade premium kaolin products globally through:

(a) construction of a scaled-up processing plant in East Wickepin, utilising the K99 Process;

(b) progressive increase in production to circa 200,000 tonnes per annum through the plant which is planned to be operational by the end of 2022;

(c) expansion of production capacity at the Wickepin plant to 400,000 tonnes per annum by the end of 2023 through the installation of a second stage of production equipment;

(d) building on the existing Mineral Resource at the Project deposit;

(e) negotiation of sales agreements for product on suitable commercial terms with acceptable counterparties; and

(f) investment in further processing expansion including the construction of an additional wet processing plant to produce product suitable for use in premium paper and packaging markets and/or an expansion program for the construction of an additional processing plant to significantly increase production capacity utilising the K99 Process.

The Company has formulated a staged expansion program to increase its kaolin producing capabilities and has set the following key milestones:

Year	Stage	Milestone	Description
2020	Kwinana in production Stage 1 – Wickepin in Construction	K99 Pilot Plant, Kwinana Western Australia	The current business continues with ore mined at Wickepin being transported by truck to Kwinana for processing and then sold to the Company's existing network of customers and distributors. The waste from the treated process is currently being stockpiled for possible sale or transported to Wickepin for back fill.
2021	Kwinana in production Stage 1 – Wickepin in Construction	Construct new processing plant at Wickepin, Western Australia	The Kwinana plant continues operation while the first stage of production equipment is installed at the Wickepin, Western Australia plant site adjacent to the current mining operations.
2022	Stage 1 – Wickepin in Production	Completion of construction of new plant; commercial scale up at Wickepin	The first stage of production equipment is operating at Wickepin, Western Australia with a nameplate capacity of 200,000 tonnes per annum. The Kwinana site will progressively transition to have an R&D focus on wet processing and other specialty kaolin products. Some of the Kwinana K99 Process production equipment will be used for the Stage 2 expansion at Wickepin.

Year	Stage	Milestone	Description
2023	Stage 1 – Wickepin in Production Stage 2 – Wickepin in Construction	Completion of construction of new plant; continue commercial scale up at Wickepin	The first stage of production equipment is operating at Wickepin, Western Australia. Concurrently, the second stage of production equipment is installed at Wickepin, Western Australia, which will bring the operating nameplate capacity to a total of 400,000 tonnes per annum by the end of 2023.
2024	Stages 1 and 2 – Wickepin in Production	Expand K99 Process capacity at Wickepin	The second stage of production equipment installation is complete and the Directors anticipate ramping up kaolin production to the nameplate capacity of 400,000 tonnes per annum progressively by the end of 2024.[1]
After 2024	Future stages may be considered	Expand K99 Process capacity at Wickepin	The Company's objective is to continue to add on 200,000 tonne modules with the implementation of each subsequent stage subject to a range of factors, including demand, funding and approvals.

1 *The Company's existing mining approval is for a maximum production capacity of 360,000 tonnes per annum. The Company is in the process of preparing an amendment to its existing approval to increase the limit to 400,000 tonnes per annum, which it anticipates submitting by the end of this year. Following discussions with the Department of Water and Environmental Regulation, the Directors anticipate no issues with receiving approval for this amendment and therefore expect to obtain it well in advance of requiring it.*

The Company plans a sequential scale-up of existing operations and production of kaolin with the construction of a commercial scale processing plant located on land that is the subject of the mining lease held by the Company at Wickepin. The new plant will utilise the K99 Process.

WA Kaolin will continue to operate its pilot plant located in Kwinana to support existing sales and marketing activities during Stage 1 of the expansion program, transitioning to an R&D focus as production equipment moves across to the Wickepin site for Stage 2 expansion.

By the end of 2023, the Company intends to have installed additional kaolin production capacity bringing the total plant capacity to 400,000 tonnes per annum.

The Company may implement further expansions of the K99 Process or construction of an additional wet processing plant to further expand its export capabilities.

The Company intends to focus its marketing efforts in the Asia Pacific region through establishment of a network of channel partners each with distribution agreements covering selected market geographies and vertical segments.

3.6 Key business model dependencies

The key dependencies for the Company to meet its objectives are:

(a) ongoing access to capital for project development and expansion;

(b) maintaining title to the Tenements;

(c) maintaining existing and securing additional necessary consents and approvals required to carry out exploitation and development activities;

(d) completion of design and construction of efficient production and processing infrastructure within capital expenditure budgets;

(e) maintaining and entering into additional formal offtake and distribution agreements on favourable terms to the Company for the Company's products; and

(f) retaining competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

3.7 Financing of the Company

To date, the Company has been financed through a combination of debt, operating cash flow and equity capital.

As at the Prospectus Date, the Company has in place:

(a) loan facilities with related and unrelated parties (which, as at 30 June 2020, are to the value of approximately $27.2 million (including interest));

(b) a promissory note with Stanco International Corp., the parent company of DTT (which, as at 30 June 2020, is to the value of $202,000 (excluding interest)); and

(c) deferred payment agreements with creditors (which, as at 30 June 2020, are to the value of approximately $2.16 million).

The Company will meet initial repayment obligations under the loans and deferred payment agreements out of funds raised by the Offer. Ongoing repayment obligations will be made out of funds raised by the Offer and operating cash flow. The Company may consider alternative means of financing the repayments as and when necessary based on market conditions and the needs of the business at the relevant time. See Section 11.7 and 11.8 for more information on the loans and deferred payment agreements.

In May 2020, the Company completed the initial phase of its Pre-IPO Raising, which raised approximately $3.88 million via the issue of Convertible Notes. A further phase of the Pre-IPO Raising raised approximately $3.77 million and was completed in August and September 2020. At Listing, there will be no Convertible Notes on issue and all accrued interest in relation to such Convertible Notes will have been paid out of funds raised by the Offer. See Section 2.4 for more information.

The business of the Company as set out in Sections 3.3 and 3.5 will initially be funded by a combination of the Company's existing cash flow, funds raised by this Offer and existing debt.

3.8 Financial forecasts

The Company has not included any forecasts or similar forward looking statements in the Prospectus as it does not consider it has reasonable grounds to do so given its Project is an early stage mineral development operation.

Further, the Company has not disclosed in this Prospectus the forward looking statements of cash flow, profit and loss and other financial information for the first 12 years of the Project included in the DFS. The basis for this financial information would not satisfy the requirements of ASIC Regulatory Guide 170 with respect to establishing reasonable grounds for forward looking statements.

3.9 Dividend policy

The Company does not expect to pay a dividend in the near future as its focus will primarily be on using cash reserves to undertake development and production activities on the Wickepin Project and repay loans.

The Board has adopted a dividend pay-out policy that will be applied when the Company is in a position to pay dividends. This policy is to apply up to 66% of distributable earnings to shareholders by way of dividends. The level of payout will be determined at the discretion of the Directors depending on the availability of distributable earnings, future capital requirements, and other factors considered relevant.

4 Industry Overview

This Section describes the kaolin market, providing estimates and trend analysis using a combination of primary and secondary research. For forecasting, the following parameters were considered:

(a) market drivers and restraints, along with their current and expected impact;

(b) current and expected technological developments;

(c) application of industry trends and dynamics; and

(d) trends in consumer behaviour.

This report has been commissioned by the Company from Grand View Research Inc. (**Grand View**). All information in this Section 4 is sourced from that report.

4.1 Overview

Kaolin is a platy white clay derived from the mineral kaolinite, an aluminium silicate represented as Al_2O_3-$2SiO_2$-$2H_2O$. (can also be expressed as $Al_2Si_2O_5(OH)_4$). Kaolin is formed by hydrothermal weathering of igneous rock, such as granite.

There are many types of kaolin resources formed from different geological rock types, namely granites and volcanic and sedimentary sequences. For each deposit, the market utilisation depends on the particle shape, size and morphology, combined with the physical and chemical characteristics.

4.2 Applications

Kaolin is chemically inert, nonabrasive and possesses a number of characteristics that make it desirable for use in a range of industries including paper and paperboard, ceramics, fibreglass, paints and coatings, plastics and polymers, rubber, pharmaceuticals and medical, cosmetics, concrete and agriculture, among others. Future uses may include feedstock for High Purity Alumina (HPA) production.

The global kaolin market is segmented based on applications and region. On the basis of applications, the market is segmented as follows:

Paper: Kaolin is known to be most extensively used as a coating and filler material in paper manufacturing. It improves the appearance of the paper by providing gloss, brightness, opacity as well as increasing the smoothness of the paper. Additionally, kaolin improves the printability of the paper, meaning it is preferentially used.

Ceramics: Kaolin is used in the ceramic industry owing to its resistance to heat and its high fusion point. Kaolin finds application in sanitary ware, tiles, tableware, refractories, and electro- porcelain insulators. In addition to improving the optical properties of white ware products, kaolin imparts a smooth and strong finish. Kaolin-based ceramics are used as metal substitutes in aerospace applications.

Paint and coatings: When added to paint, kaolin offers stain and scrub resistance, improved pigment suspension, increased opacity and tint strength amongst other properties. It is used as a substitute for titanium dioxide as it results in a reduced manufacturing cost of the final product.

Fibreglass: Fibreglass is drawn from a molten glass furnace similar to everyday glass and kaolin provides the alumina content in the glass formation because it helps strengthen the integrated glass fibres in the material. In fibre reinforced plastic (**FRP**) Kaolin also helps in improving the integration between the fibres and strengthens the plastic. FRP is used in sporting goods, automobiles, ships and boats, aerospace products, tanks and pipes, building and construction, and recreational goods.

Rubber: When used in rubber applications, kaolin acts as a processing aid, imparting rubber with better resistance to abrasion and tears, increased strength, and an improved curing rate. That rubber is used in tires, hoses, car door seals, gaskets, fibre reinforced cable, hydraulic and industrial hoses, and other products.

Plastic: Kaolin is used in plastics to enhance the hydrophobicity and increases the mechanical strength of the material. Kaolin works as a processing aide providing the material with increased strength and offers better resistance towards tears or abrasions.

Pharmaceutical and medical: Pharmaceutical grade kaolin is used in human and veterinary medicinal products.

Cosmetics: Kaolin is used in personal care products such as bath and skin treatment products.

4.3 Kaolin manufacturing process – qualitative analysis

(a) Water Washed

Crude kaolin clay with 14.0% bound water and is referred to as hydrous clay. Water washed kaolin is where crude clay undergoes an intensive process called the 'levigation process' that involves the following steps to produce water washed kaolin:

(i) the crude clay is mixed with water to obtain a slurry;

(ii) the slurry is then sieved, ground, centrifuged, and chemically and/or magnetically treated; and

(iii) the clay is then filtered and dried to obtain water washed kaolin.

These steps are performed to obtain the required level of purity, particle size, pH, brightness, and residue. Over 40% of the kaolin produced worldwide is water washed.

The water washed kaolin is available in different grades such as powder, granules, and lumps depending upon various applications. It is used as a filler in many applications such as rubber, plastics, inks, and coatings.

The water washed kaolin provides high reinforcement, neutral pH, and low crystalline silica and salt content, which allows it to be used in water-borne and solvent-borne adhesives and inks and coatings. It has higher brightness and better consistency compared to air floated kaolin. BASF, Burgess Pigment Company, HRD Group, and Jayesh Mineral Industries are the manufacturers of water washed kaolin.

(b) Air Float

Air float kaolin is produced from a dry process or air floatation. It is produced from high purity clay. The high purity clay is refined by undergoing milling, air-classification, and blending for obtaining air float kaolin:

(i) milling, with roller crushers, large chunks of clay are converted into small size;

(ii) air-classification, the crushed clay is put in the rotary dryer and air floating equipment (consisting of pulverizing unit and an air separator); and

(iii) the coarse particles are sent back to the air floating equipment and fine particles are sent to collecting chambers.

Over 15% of the kaolin produced is air floated. Air float kaolin is utilised in the manufacturing of refractories, fiberglass, cement, and catalysts. It is also used as a filler for rubber, ceramics, roofing, caulks, asphalt roofing, adhesives, sealants, paints, paper, agricultural and construction industry.

Air float kaolin can be further segmented into hard and soft clay. In hard clay, the size of more than 80-90% of particles is less than 2 microns. Comparatively in soft clay, less than 60-70% of particles have a size below 2 microns. Both hard clay and soft clay are preferred according to the application requirement and their availability. For example, since the size of particles in hard clay is less than soft clay, hard clay provides greater reinforcement and abrasion resistance. Accordingly, applications that do not require higher abrasion resistance and reinforcement are better suited to soft clay. Soft clay is more prevalent in Europe due to the increased number of soft clay deposits in the region. Air-float kaolin has a smaller particle size as compared to water washed kaolin.

(c) Calcined

Calcined kaolin is obtained by passing raw kaolin through a rotary kiln where it undergoes calcination. After calcination, 12%-14% of crystalline water is removed from raw kaolin. This results in enhancement of electrical and abrasion resistance, optical properties, brightness and inertness. The calcined clay is obtained as a non-plastic material white in colour. Approximately 20% of the kaolin produced is calcined.

Calcined kaolin has several end-use applications. It is used in refractories, thermal insulation bodies, low expansion bodies, permeable ceramic compositions and investment casting. These are very useful in slipware. Calcined kaolin is also used in the wire and cable industry where its properties facilitate saving electricity and increasing the lifespan of the wire. In the paper industry, it is used in coating and filler pigment solutions for improving the opacity, brightness, ink receptivity, printability of the paper, and paper processing efficiency.

In the case of thermal paper, calcined kaolin is used at the pre-coat layer for creating a smooth surface and insulating the heat of the thermal print head. Calcined kaolin is also used in paints and coatings. Ansilex 93 by BASF is preferred for thermal paper applications such as receipts, lottery tickets, and labels.

(d) Metakaolin

Metakaolin is the anhydrous calcinated form of kaolin. It is an amorphous mixture of alumina and silica. It is produced by heating kaolin between 500°C and 800°C. Kaolin is dehydroxylated to form metakaolin. Metakaolin is further heated between 1000°C and 1050°C and is transformed into mullite.

Metakaolin is used in precast concrete, cement, and other applications. Its use aids in increasing the durability and making the cement efflorescence free. It also improves the strength of lightweight concrete, releases post-tensioning, and decreases permeability.

Metakaolin was first used in the construction of dams in the 1960s in Brazil with an intention to suppress the damages caused by alkali-silica reaction. It is preferred as an alternative to silica fume and is used in concrete by replacing 5% to 20% of the weight of cement. It is used as a plastic cable filler, where it aids in improving the performance of cable sheath insulation.

4.4 Regulatory framework

Kaolin consists of hydrated aluminium silicate. The commercial products of clay (kaolin) contain varying quantities of alkalis and alkaline earth. It is a white to yellowish or greyish fine powder. There are at least three different minerals, namely kaolinite, dickite, and nacrite, classified as kaolin. Kaolinite or china clay is white, less contaminated with extraneous minerals, and less plastic in water.

Kaolin is known to be hazardous upon inhalation and can cause lung irritation. Even though it is used as a base in cosmetics for facial treatment, it is also can be slightly hazardous to skin and eyes. It is reactive when exposed to oxidizing agents, acids, and alkalis. The storage and use of kaolin are governed by various regulatory bodies, detailed as follows.

4.5 Workplace Hazardous Materials Information System (WHIMS)

According to the WHIMS regulation:

(a) Kaolin is classified under the very toxic (D2A) substance category.

(b) It is also classified as a category 1A carcinogen and contains 0.1% of a carcinogenic substance (crystalline silica).

(c) Prolonged exposure to the product can cause organic toxicity.

4.6 Food and Drug Administration (FDA)

In accordance with FDA 186.1(b) (1), the ingredient is used as an indirect human food ingredient with no limitation other than current good manufacturing practice. The affirmation of this ingredient as generally recognized as safe (GRAS) as an indirect

human food ingredient is based upon the following current good manufacturing practice conditions of use:

(a) the ingredient is used in the manufacturing of paper and paperboard that are not exposed to food; and

(b) the ingredient is used at levels not to exceed current good manufacturing practice.

Prior sanctions for this ingredient different from the uses established in this regulation no longer exist or have been waived.

4.7 Overview of kaolin market

In 2019 the global kaolin market was valued at US$4.76 billion and is projected to reach US$6.28 billion by 2027, which equals a compound annual growth rate (**CAGR**) of 3.5% per year from 2020 until 2027.

It is anticipated that the total market registered demand by volume will increase from 29 million tonnes in 2019 to over 37 million tonnes in 2027.

In 2019, the paper industry was the majority consumer of kaolin worldwide, accounting for nearly 39% of total market share by volume. Further, in 2019 the Asia Pacific kaolin market accounted for 40.7% of global market share by volume.

It is anticipated that cosmetics and ceramics will become the fastest growing applications for the kaolin market in the region over coming years. An increasing number of ceramic manufacturing companies in China has contributed to the growth of the kaolin industry and this trend is expected to continue. Similarly, rising consumption of natural ingredients in manufacturing cosmetics, due to its superior properties, is anticipated to fuel its utilisation among the millennial population, thereby further supporting kaolin demand in the coming years.

4.8 Production

Imerys, Quarzwerke, Sibelco, and BASF accounted for nearly 26% of global production in 2019 and dominated the global kaolin market. Imerys alone accounted for 15.9% of the market. Other major producers include KaMin and Thiele (both based in the US).

Asian producers account for significant volumes, but at the lower end of the market.

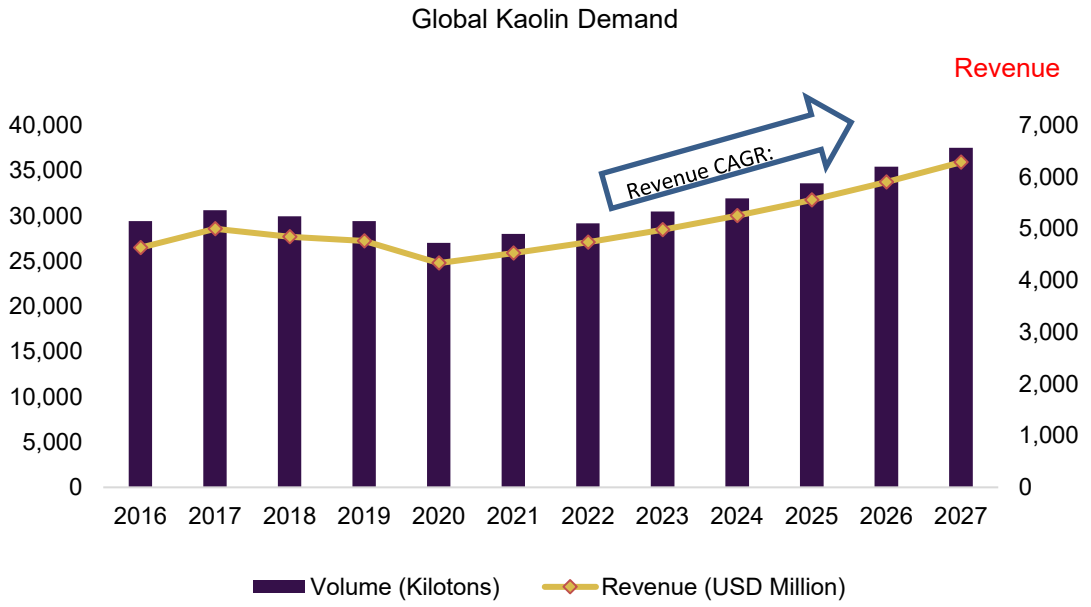
4.9 Size of market: revenue

Global kaolin demand was worth circa US$4.76 billion in 2019 and is expected to reach US$6.28 billion by 2027, growth at a CAGR of 3.5% per annum from 2020 to 2027.

4.10 Size of market: volume

Global kaolin demand was recorded at 29,395 kilotonnes in 2019 and is expected to reach 37,503.5 kilotonnes by 2027, advancing at a CAGR of 3.1% per annum from 2020 to 2027. The below figure represents the global demand for kaolin in terms of revenue (USD million), on the secondary axis, and volume (kilotonnes), on the primary axis, from 2016 to 2027.

Figure 1: Global demand for kaolin

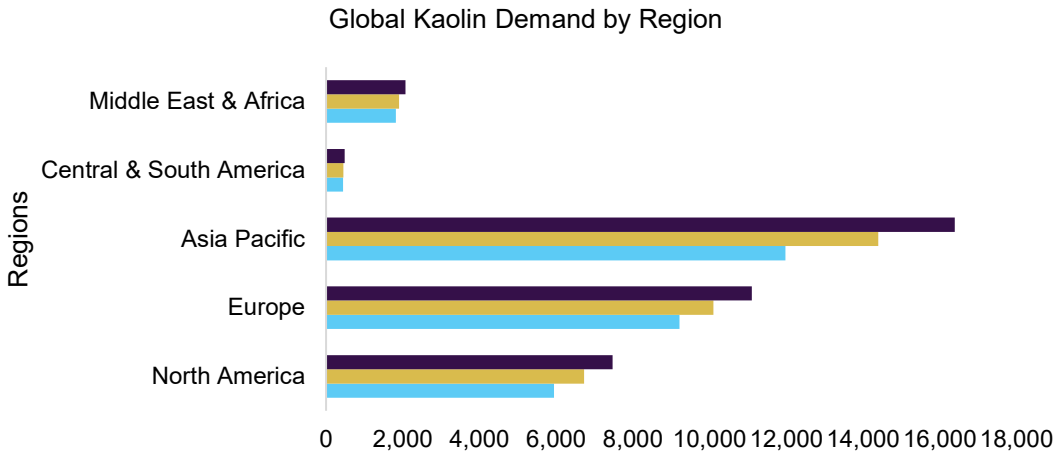


4.11 Demand

The market demand by volume was 29.39 million tonnes in 2019 and is expected to reach 37.50 million tonnes by 2027, growing at a CAGR of 3.1% per annum from 2020 to 2027.

(a) Fibreglass is one of the major materials used for manufacturing lightweight composites for the automotive, marine, aerospace and other industries. Rising demand for fiberglass composites is likely to augment the demand for kaolin over the coming years as kaolin is often used in the production process for fiberglass.

(b) The ceramics segment is anticipated to witness considerable growth in the kaolin market over the coming years, owing to an increasing requirement for kaolin as a partial replacement to the base material. Kaolin increases the durability of ceramics as well as the smoothness and whiteness of the finished product.



	North America	Europe	Asia Pacific	Central & South America	Middle East & Africa
2027	7,470.4	11,095.6	16,387.2	481.8	2,068.5
2025	6,721.3	10,092.9	14,393.8	453.7	1,907.0
2019	5,941.3	9,214.7	11,968.8	447.2	1,823.0

Volume (Kilotonnes)

4.12 Supply

(a) Increasing investments from manufacturers to meet the regulatory norms coupled with rising labour, energy, and logistics costs have led to an increase in the prices of kaolin. Companies including Imerys and KaMin have announced an increase in the price of kaolin products, effective from 2018, to ensure long-term sustainability in the market. Companies also take efforts to maintain strong relations with logistics partners to optimise cost.

(b) Pressure from regulators in China to improve environmental and safety standards has led to the closure of kaolin producers and a tightening of supply.

(c) Market consolidation has occurred over the last 5 years with key players such as Imerys acquiring assets from competitors.

(d) From 1 June 2019 China has increased the import tariff on US kaolin imported into China.

(e) Globally, high quality deposits are being exhausted and the volumes being sourced from lower quality deposits require extensive processing to achieve customer quality parameters.

(f) Ore from secondary deposits suffer from organic contamination and generally have high levels of contamination that are not suitable for some applications, such as high-quality ceramics.

4.13 Distribution

Kaolin is sold to manufacturers and end-use industries through various distribution channels including direct supply contracts and third party contracts. A few companies, including KaMin, Imerys, Thiele, and I-Minerals, are forward integrated across the mining, manufacturing, and distribution stages of the value chain. These companies conduct exploration, extraction and refining of kaolin, and directly supply the product to their customers.

4.14 Key future catalysts

(a) Increasing use of fiberglass composites in the above-mentioned applications and industries will grow the kaolin demand for fiberglass.

(b) Expanding population and rising consumer standards of living will grow kaolin demand for ceramic products in housing and construction.

(c) Several regulations that have mandated the printing of food-related information on packaging is anticipated to fuel the growth of the kaolin market with market expansion of printable packaging materials including paper-packaging materials.

4.15 Historical and forecast pricing

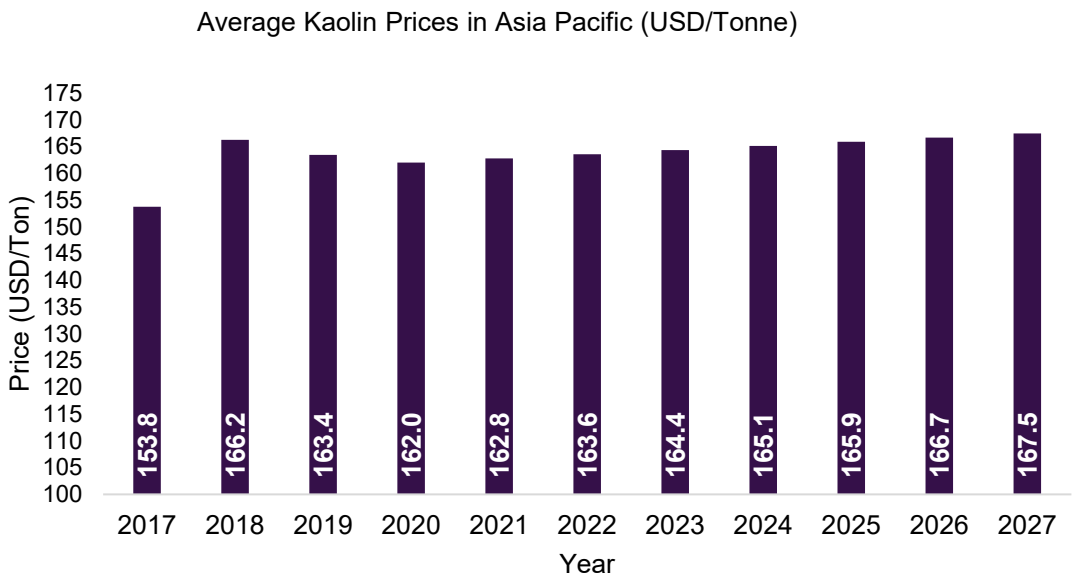
(a) Existing producers such as BASF, Imerys, Thiele Kaolin Company and KaMin have announced price increases for kaolin over the past few years. KaMin attributed its price increase to ensure long-term stability. It has continued investing in order to meet regulatory requirements and increase kaolin production.

(b) Increases in labour, fuel, energy, freight and logistics costs is expected to impact the prices of kaolin over the coming years.

(c) BASF increased prices to maintain business stability due to rising labour and other costs and increasing demand of the product, especially from the paints and coatings applications.

(d) The reduction of capacity in China due to mine closures has placed upward pressure on prices.

Figure 2: Global kaolin market estimates and forecasts in paper, ceramics and fibreglass 2017 – 2027 (USD million/tonne)



Source: Primary Research, GVR Analysis

Figure 3: Global kaolin market estimates and forecasts in paper 2019 – 2027 (USD million)

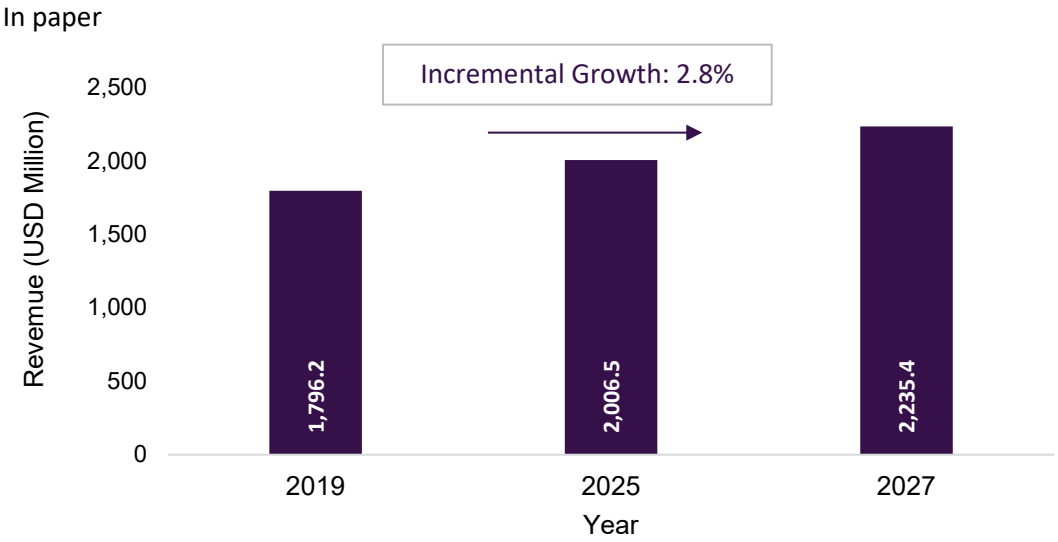
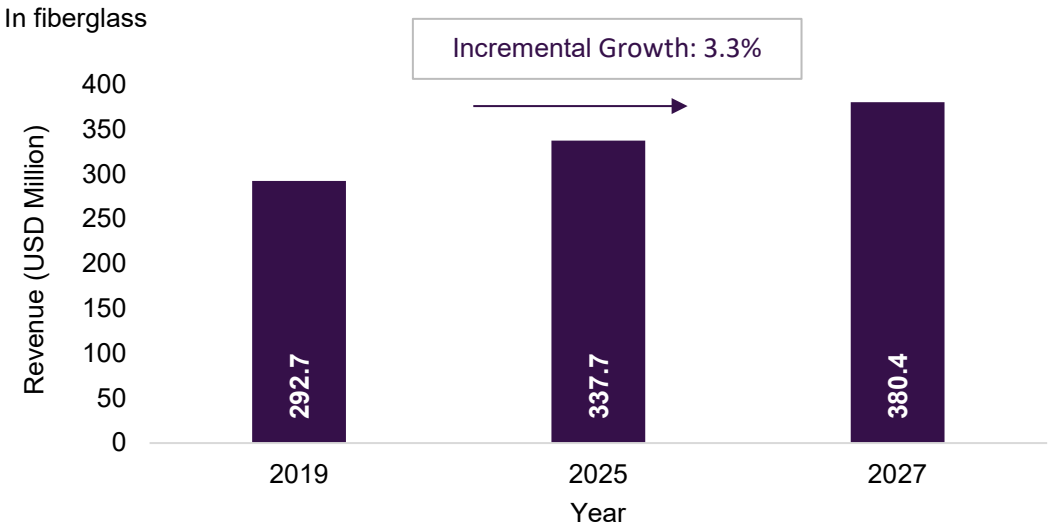


Figure 4: Global kaolin market estimates and forecasts in ceramics 2019 – 2027 (USD million)

Figure 5: Global kaolin market estimates and forecasts in fibreglass 2019 – 2027 (USD million)

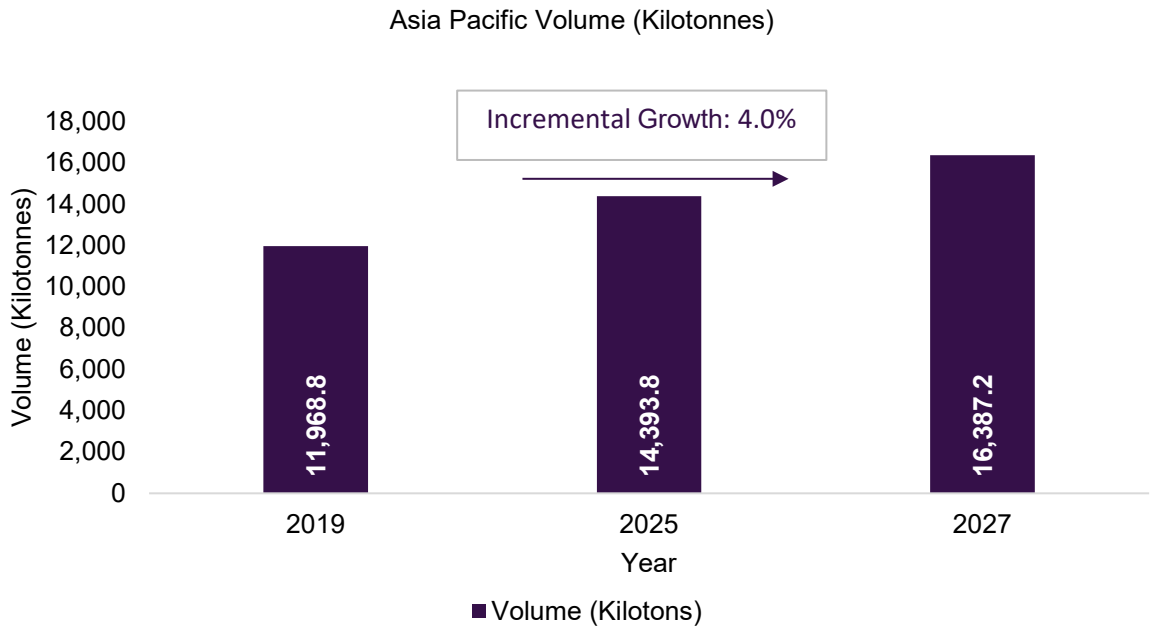


4.16 Regional movement analysis and market share, 2019 and 2027

The Asia Pacific held the largest revenue share accounting for 41.1% in 2019, due to the increasing demand from paper and paint industries in the region. Additionally, increasing use of kaolin in the ceramics industry is expected to augment the future demand growth due to rapidly growing ceramic industries particularly in China. Gains in the kaolin market in the Asia Pacific is expected to be slightly restrained due to the declining paper market in Japan.

The market share of kaolin is expected to decline in North America and Europe by 2027 due to cheaper substitutes particularly in paper and coating industries. However, use of kaolin in manufacturing ceramic proppants during hydraulic fracking is expected to increase in North America owing to significant developments in shale plays in the region. The Middle East is expected to represent a strong growth prospect for the market due to the initiation of several large construction projects in the region.

Figure 6: Asia Pacific kaolin market estimates and forecasts 2019 – 2027 (kilotonnes)



The Asia Pacific is expected to witness the fastest growth in all of the previously mentioned sectors, precipitating the greatest growth of the kaolin industry. This is due to the emerging economies, such as India and China that dominate the market for paper and fibreglass, meaning the Asia Pacific is likely to witness the fastest growth compared to other regions in the kaolin market.

The primary driver that contributes to the Asian Pacific market growth is the rise in demand of packaging paper due to new and stringent government regulations. This has led to a heavy penetration as well as dominance of products manufactured from kaolin. Further, increase in the disposable income of consumers, an ever-increasing need for domestic products such as rubber and paints coupled with increase in construction activities are some of the key contributing factors that augment the centrality and growth of the Asia Pacific market.

Hence the Asia Pacific is both the most dominating region and fastest growing kaolin market.

4.17 Company target market

The Asia Pacific region is the Company's target market and the target sector during the first three years of its operations are the ceramic, fibreglass, paint and rubber markets. Sales revenue from these three applications in 2017 was US$630 million, being 37% of the Asia Pacific kaolin market. This revenue is forecast to grow to US$1.6 billion by 2025. Paint is also a major target market for the Company.

4.18 Competitor landscape

(a) Imerys

Imerys S.A. (**Imerys**) specialises in the production and processing of minerals and is headquartered in Paris, France. Imerys was established in 1880 and is a subsidiary of Belgian Securities BV. It sells its products through four business segments including energy solutions and specialties, filtration and performance additives, ceramic materials, and high resistance minerals. Kaolin is manufactured under the filtration and performance additives segment. The products manufactured by the company are used in aerospace, waste recycling, agriculture and horticulture, magazines, pharmaceuticals, steel, health and beauty, specialty paper, electronics, office paper, tableware, infrastructure, food, packaging, industrial equipment, construction and renovation, automotive, catalogues and advertising, and energy industries. The company owns kaolin-processing facilities in the US, Brazil, the UK, France, and Sweden. Imerys sells its products in the form of powders, granules, suspensions, and tiles.

(b) BASF

BASF SE (**BASF**) is an integrated chemical company with its global headquarters in Ludwigshafen, Germany. BASF was founded in 1865 and has a presence across 80 countries with over 112,000 personnel. It has 6 integrated production sites and 390 other production sites in Europe, Asia, Australia, the Americas, and Africa. The company has a broad portfolio and provides chemicals to numerous end-use industries such as agriculture, pharmaceuticals, paints and coatings, construction, personal care and hygiene, and paper and pulp industries. It mainly deals in five business segments namely, chemicals, performance products, functional materials and solutions, agricultural solutions, and oil and gas.

Kaolin is marketed under the paper chemicals division with brand names such as Ansilex and Luminex. BASF began its kaolin operations in 1908 at McIntyre, Georgia and has expanded over the years. As of 2017, BASF had four plants and numerous mines located across Middle Georgia. BASF uses its kaolin for manufacturing thermal paper, paints and coatings, wire and cable, rubber and plastics. In addition, its product is used in agriculture and construction sectors. Moreover, BASF also manufactures and markets calcined kaolin for paper.

(c) KaMin

KaMin LLC (**KaMin**) was established in 1926 and is engaged in exploring, mining, and processing kaolin clay. The company operates through two business segments, which

are chemicals and specialty minerals. KaMin has a manufacturing facility spread across an area of 40,000 square feet with a business presence in North America, Europe, Latin America, Africa, and Asia Pacific with 350 employees.

KaMin manufactures a variety of custom-engineered grades of kaolin through various processes including water-wash process, delamination process, chemical surface treatment, and calcinations process. KaMin's product portfolio comprises kaolin, kaolinite, and hydrated aluminum silicate.

(d) Thiele

Thiele Kaolin Company (**Thiele**) is engaged in mining, processing, blending, and delivering kaolin coating and filler pigments. Thiele was founded in 1947 and is headquartered in Georgia, US. The products manufactured by Thiele are used in various application areas including, paper and paperboard, building products, adhesives, unbleached and recycled board, inkjet, and adhesives. Thiele owns kaolin reserves in North America and has slurry facilities in Wisconsin Rapids, Wisconsin and Gavle, Sweden, and processing facilities in Wrens, Georgia and Sandersville, Georgia.

(e) i-Mineral

I-Mineral, Inc. (**i-Mineral**) was established in 1984 and is headquartered in Vancouver, Canada. The company is involved in the exploration and production of minerals including kaolin, feldspar, halloysite, and quartz. Kaolin manufactured by i-Mineral is used in paper coating, filler, paints, plastics, fiberglass, catalysts, and other specialty applications. i-Mineral is engaged in various projects for the extraction of above-mentioned products. Kaolin is extracted under the Bovill Kaolin project.

(f) Quarzwerke

Quarzwerke GmbH (**Quarzwerke**) was established in 1919 and is headquartered in Frechen, Germany. Quarzwerke owns majority of shares in the Kaolin AD, which was founded in 1924 and is a mineral extracting company headquartered in Senovo, Bulgaria Quarzwerkeis engaged in mining and processing of sand and non-ferrous materials. Key products of Quarzwerke include kaolin, silica sand, chamotte, feldspar, and carbonate fillers. Quarzwerke carries mining production from 18 of its processing plants that contribute to about 1% of the world's kaolin reserves. Apart from Bulgaria, key mining and manufacturing regions of the company include Serbia, Ukraine, and Albania owing to many acquisitions in the regions. Quarzwerke also owns majority of assets in AKW Ukrainian Kaolin Company since 2007.

Quarzwerke has business operations in Germany, Poland, Czech Republic, Austria, Slovakia, Ukraine, and Russia. Quarzwerke's product portfolio includes quartz, kaolin, feldspar, and high-performance fillers. The company mines kaolin and processes it in its plants in Caminau (Germany), Gluhivzi Plant (Ukraine), Hirschau-Schnaittenbach (Germany), Kemmlitz (Germany), and Nowogrodziec (Poland).

(g) Sibelco

Sibelco N.V. (**Sibelco**) was established in 1872 and is headquartered in Antwerp, Belgium. Sibelco supplies advanced industrial minerals to a diverse range of applications including ceramics, glass, construction and engineering, casting and metallurgy, oil and gas recovery, and environmental protection. Sibelco operates in 41 countries across 5 continents with approximately 10,000 personnel. Sibelco's product portfolio includes wet sands, dry sand, cristobalite, silica flour, frac sand, filtration sand, high purity quartz, spherical silica, coated sands, ball clay, red clay, kaolin, prepared bodies, diatomite, feldspar, nepheline Semite, olivine sand, olivine flour, quicklime, hydrated lime, and lithium minerals. The kaolin manufactured by Sibelco is used to produce fine ceramics. Sibelco's kaolin reserves are located in the UK, Czech Republic, France, Germany, Spain, Portugal, and Ukraine.

5 Directors, Senior Management and Corporate Governance

5.1 The Board of Directors

The Board of Directors currently consists of:

(a) John White – Non-Executive Chairman;

(b) Alfred Baker – Executive Director;

(c) Linton Putland – Non-Executive Director; and

(d) Cathy Moises – Non-Executive Director.

Dr John White **Non-Executive Chairman** **Age – 68**	Dr White has been a director and/or CEO of several publicly listed and private Australian companies. Dr White is formerly the Chairman of the Federal Government's Uranium Industry Framework Council, a member of the Federal Government's Defence Procurement Board and Director of the DefenceSA Advisory Board. During 1978 to 1984, Mr White was extensively involved in the development of Woodside's North West Shelf Offshore Gas and LNG Development. He has also participated in the RAN Collins Class Submarine Project tender as Project Director for the Australia-German owned AMEC proposal and subsequently as Chairman for the Thyssenkrupp proposal for the RAN Attack Class submarines. Current directorships include Chairman of Regenerative Australian Farmers Pty Ltd and Birdon Pty Ltd. The Board does not consider these roles will affect Dr White's ability to act as Chairman of the Company.
Alfred Baker **Executive Director** **Age – 70**	Mr Baker is a co-founder of WA Kaolin and has an engineering background with over 40 years' experience in process technology. He is an experienced and successful businessman, authoring several patents and designs throughout his career. Since 1996, Mr Baker has founded and directed a number of companies. This includes Pacific Polymers, a mineral treatment plant operating in Dandenong, Victoria, using patented technology and Australia's largest manufacturer of power distribution insulators, EMC Pacific Aust Pty Ltd (**EMCPA**), which commenced manufacturing of its products in Australia in 1997 as EMC Pacific Pty Ltd (**EMCP**). EMCP ceased trading in August 2016 and entered voluntary liquidation as a rationalisation step. No creditors or liabilities remained other than to shareholder loans and a minor superannuation shortfall. The business continues to this day under EMCPA. The other Directors of WA Kaolin are of the view that Mr Baker's involvement with EMCP at the time as both a director and shareholder in no way impacts on his appointment and contribution as a Director of WA Kaolin. From 1976 to 1996, Mr Baker was Managing Director and co-founder of PQ Australia Pty Limited, which produces the inorganic chemical - Sodium Silicate in both glass and liquid form and patented valuable downstream product 'Q-Cel' hollow microspheres.
Linton Putland **Non-Executive Director** **Age – 56**	Mr Putland has over 30 years' experience in mining operations, joint ventures and corporate management in Australia, Africa and the Americas covering a wide range of commodities. Mr Putland is principal of LJ Putland & Associates, a private mining consultancy founded in 2002, providing advisory and consultancy services in mining project and company evaluation and due diligence appraisals with a focus on corporate growth. He has also been Managing Director of a privately-owned exploration company with joint venture interests in Africa. Prior to this, he held corporate and senior management roles in IAMGOLD, AurionGold, Delta Gold and Pancontinental Mining. Mr

	Putland is currently Non-Executive Director of Breaker Resources NL. Mr Putland holds a Bachelor of Engineering (Mining) and a Masters in Science (Mineral Economics) from the Western Australian School of Mines. He is a Member of AusIMM and a Graduate Member of AICD.
Cathy Moises **Non-Executive Director** **Age – 57**	Ms Moises has extensive experience in the resources sector having worked as a senior resources analyst for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners where she was a partner of that firm. Most recently, between 2017 and 2019, Ms Moises was Head of Research at Patersons Securities Limited. Ms Moises has substantial experience in company management, capital markets and institutional investor engagement. She is currently Non-Executive Director of Arafura Resources Limited and Australian Potash Limited. Ms Moises holds a Bachelor of Science with Honours in Geology from the University of Melbourne and a Diploma of Finance and Investment from the Securities Institute of Australia.
Cameron Baker **Alternate Director** **Age – 41**	As the son of co-founder Mr Alfred Baker, Mr Cameron Baker has taken an active family interest with the Wickepin Project for over 15 years. Mr Baker is an educator and currently works within school leadership. Prior to this, he has been involved in facilitating sports development programs to engage youth for Cricket Australia and the AFL. These roles involved training university staff in India to roll-out the program in other countries. Mr Baker holds a double degree in Applied Science (Teaching) and Psychology.

(a) Independence of Directors

Each Director has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Non-Executive Director or Executive Director without constraint having regard to their other commitments.

The Board considers an independent Director to be a Non-Executive Director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of WA Kaolin and its security holders generally. The Board will consider the materiality of any given relationship on a case-by-case basis and has adopted guidelines to assist with this. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time. In assessing independence, the Board will have regard to the ASX Recommendations (see Section 5.3 below). The Board Charter sets out guidelines of materiality for the purpose of determining independence of Directors in accordance with the ASX Recommendations and has adopted a definition of independence that is based on that set out in the ASX Recommendations.

The Board considers that each of John White and Linton Putland and Cathy Moises are all free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of the Director's judgement and that each of them is able to fulfil the role of independent Director for the purpose of the ASX Recommendations.

Alfred Baker is currently considered by the Board not to be independent. Alfred Baker is an Executive Director and a co-founder of the Company.

(b) Board composition

The Directors consider that the composition of the current Board is appropriate. As the Company's activities develop, the size of the Board and its corporate governance arrangements will be reviewed.

(c) Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established an Audit and Risk Management Committee and a Remuneration and Nomination Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Company, relevant legislative and other requirements, and the skills and experience of individual Directors.

5.2 Senior Management

Biographies for the Senior Management are set out below.

Andrew Sorensen **Chief Executive Officer** **Age – 56**	Mr Sorensen joined the Company in 2006 and has over 30 years' experience in operations management across a broad range of industries. Mr Sorensen has held various senior leadership positions, including General Manager (Derrimut) at CMTP Pty Ltd, Vice President and General Manager (Asia Pacific) for Potters Industries Inc. and Manufacturing Manager for PQ Australia Pty Aust Ltd. In his most recent role, Mr Sorensen was responsible for overseeing the operation and continuous improvement of CMTP's Derrimut plant. He also had responsibility for Health, Safety, Security, Environment, IT, Procurement and Knowledge Management. Mr Sorensen has a Bachelor of Applied Science (Information Management) and a Master of Business Administration.
Michael Kenyon **Company Secretary and Chief Financial Officer** **Age – 51**	Mr Kenyon has held various senior finance roles at both private and ASX-listed companies over the past 23 years. Mr Kenyon commenced his finance career with roles at EY (previously Ernst & Whinney) and PwC (previously Price Waterhouse) before joining diversified industrial company Vysarn Pty Ltd in 1997 as Chief Financial Officer (CFO). Since that time, Mr Kenyon has held CFO roles with ASX-listed Forge Group Ltd, Matrix Composites and Engineering Ltd and Pacific Energy Ltd and is currently CFO and company secretary for Resource Development Group Ltd. He is also non-executive director of ASX-listed company Babylon Pump & Power Limited and a leading Catholic aged care, family, health, disability and community services provider in Perth, Western Australia. The Board does not consider these roles will affect Mr Kenyon's ability to act as Chief Financial Officer and Company Secretary of the Company. Mr Kenyon was company secretary of Cloudy Sky Solutions Pty Ltd from June 2019 until June 2020 when the company entered into voluntary administration as a result of the cessation of business due to COVID-19. The Directors do not consider his role as company secretary at that time impacts on his appointment and contribution as an officer of WA Kaolin. Mr Kenyon holds a Bachelor of Business from Edith Cowan University, is an Associate of the Institute of Chartered Accountants, and a Graduate Member of the Australian Institute of Company Directors.

5.3 Corporate Governance

This Section 5.3 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder

interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX. The ASX Corporate Governance Council has developed and released its fourth edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the ASX Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. At Listing, the Company will comply with all ASX Recommendations and copies of the Company's key corporate governance policies and charters will be available in the "Corporate" section of the Company's website www.wakaolin.com.au.

(a) Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

(b) Audit and Risk Management Committee Charter

Under the Company's Audit and Risk Management Committee Charter, the role of the Audit and Risk Management Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's financial reporting, internal control structure, risk management systems and internal and external audit functions. This includes confirming the quality and reliability of the financial information prepared by the Company, working with the external auditor on behalf of the Board and reviewing non-audit services provided by the external auditor to confirm they are consistent with maintaining external audit independence.

The Audit and Risk Management Committee provides advice to the Board and reports on the status and management of the risks to the Company. The purpose of the Committee's risk management process is to assist the Board in relation to risk management policies, procedures and systems and ensure that risks are identified, assessed and appropriately managed.

The Company complies with the ASX Recommendations in relation to the composition and operation of the Committee. The Committee will comprise of Linton Putland (Chair), John White and Cathy Moises.

(c) Remuneration and Nomination Committee Charter

Under the Remuneration and Nomination Committee Charter, the role of the Remuneration and Nomination Committee is to assist the Board in fulfilling its responsibilities for corporate governance and overseeing the Company's nomination and remuneration policies and practices. This includes reviewing and making recommendations to the Board on remuneration packages and policies related to the Directors and senior executives. The Remuneration and Nomination Committee is also responsible for administering short term and long-term incentive plans (including any equity plans). In addition, the Committee is responsible for reviewing and making recommendations in relation to the composition and performance of the Board and its committees and ensuring that adequate succession plans are in place (including for the recruitment and appointment of Directors and Senior Management). Independent advice will be sought where appropriate.

The Company complies with the ASX Recommendations in relation to the composition and operation of the Committee. The Committee will comprise of Cathy Moises (Chair), John White and Linton Putland.

(d) Code of Conduct

The Board has adopted a Code of Conduct setting out the standards of behaviour it expects from its directors, senior executives and employees. WA Kaolin will carry on business honestly and fairly and in compliance with all laws and regulations.

(e) Diversity Policy

The workforce of WA Kaolin is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. The Diversity Policy aims to align WA Kaolin's business operations with the positive outcomes that can be achieved by utilising the contribution of diverse skills and talents among its Board, management and employees.

(f) Anti-Bribery and Corruption Policy

WA Kaolin is committed to operating in a manner consistent with the laws and regulations of the jurisdictions in which its businesses operate, including those relating to bribery and corruption. Accordingly, the Board has adopted an Anti-bribery and Corruption Policy which sets out the responsibilities of WA Kaolin and its employees or other personnel or representatives in observing and upholding the prohibition on bribery and related improper conduct and provides information and guidance on how to recognise and deal with instances of bribery and corruption. The Board will be informed of any material breaches of the Anti-bribery and Corruption Policy.

(g) Securities Trading Policy

WA Kaolin has adopted a Securities Trading Policy for regulating the trading in its securities during certain "prohibited periods" by its directors and other key management personnel.

(h) Disclosure Policy

WA Kaolin has adopted a Disclosure Policy setting out its processes for complying with its continuous disclosure obligations under the ASX Listing Rules. Unless an exception applies, WA Kaolin must disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

(i) Shareholder Communication Policy

The Board aims to ensure Shareholders and other stakeholders are informed in a timely and readily accessible manner of all major developments affecting the Company. It has therefore adopted a Shareholder Communication Policy to facilitate effective two-way communication with investors and encourage participation at meetings.

(j) Whistleblower Protection Policy

WA Kaolin has adopted a Whistleblower Protection Policy to encourage its officers, employees and contractors to raise any concerns and report instances of unethical, illegal, socially irresponsible or fraudulent conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal. The Whistleblower Protection Policy sets out WA Kaolin's commitment to investigating all matters reported in an objective and fair manner as soon as possible after the matter has been reported. The Board will be informed of any material concerns raised under the Whistleblower Protection Policy that call into question the culture of WA Kaolin.

5.4 Deeds of access, indemnity and insurance

The Company has entered into a deed of access, indemnity and insurance with each of its Directors and officers as described in Section 12.12(b).

6 Risk Factors

The Securities offered under this Prospectus are considered speculative. Before applying for Securities, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Securities pursuant to this Prospectus.

In addition, investors should be aware there are risks associated with investment in the Company. There are certain general risks and certain specific risks which relate directly to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company. Those risks, along with other specific and general risks involved in investing in the Company, are set out in more detail in this Section 6.

The risks described below are not to be taken as exhaustive. Where relevant, the risks below assume completion of the Offer has occurred. The specific risks considered below and other risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may materially and adversely affect the Company's business operations, the financial performance of the Company and the value and market price of Company Securities.

6.1 Specific risks to the Company

(a) Tenements and title

Mining tenements are only granted for a specified term and subject to periodic renewal. The renewal of the term of granted tenements is also subject to the discretion of the Minister and the Company's ability to meet the conditions imposed on the relevant tenement, including payment of annual rents and meeting prescribed expenditure commitments which, in turn, is dependent on the Company being sufficiently funded. The inability of the Company to meet those conditions may have a materially adverse effect on its ability to retain title to the tenements and the operations, financial position and/or overall performance of the Company.

The Company's 2017 Mineral Resource estimates are located in areas subject to retention licences R70/40, R70/42, R70/43 and R70/44. WA Kaolin does not currently intend to mine on these areas as part of its current expansion program based on the Ore Reserve life of mine (31 years). However, if the Company changes its intentions, it must first convert the relevant retention licence into mining leases before it can mine on those areas as such conversion may delay any such future activities.

See the Solicitor's Report on Tenements in Section 10 for more information on the Tenements.

(b) Access and compensation

The Company currently has access and compensation agreements for its current mining operations with various land owners and related parties. The Company has no reason to believe the relevant land owners and occupiers will withdraw their consent to the Company accessing the land for purposes relevant to its mining operations. Some of these agreements are, however, relatively informal. There is uncertainty as to some of their terms and the informal nature of the agreements may adversely affect their enforceability. Further, where there is an informal access agreement, the compensation payable to the previous holder may not continue to apply to a new land owner who may demand a higher rate of compensation than previously applied.

Similarly, if the owner of land over which a Tenement is granted has not obtained the consent of any mortgagee over that land, the mortgagee will not be obliged to recognise the access and compensation arrangement agreed with the land owner.

Similarly, where any of the land is leased and the lease holder has not consented to the access and entered into a compensation arrangement with the Company, the lessee does not have to recognise the rights of the Company.

As at the Prospectus Date, WA Kaolin only has agreements in place for the private land lots on which mining operations are currently conducted or are planned as part the Company's staged expansion program on the mining lease M70/1143. Although the Company does not have access and compensation arrangements for all of the private land underlying the area subject to the Tenements, the Company does not intend to mine on all of this land in the medium term. If the Company wishes to shift or expand its mining operations onto the private land lots for which it does not have in place access and compensation arrangements, such planned operations may be delayed or impeded by the absence of access and compensation arrangements and there is a risk of significant penalties for non-compliance if they were to proceed without them.

(c) Other access issues

In addition to the access risks noted in Section 6.1(b), some other areas of the Tenements are the subject of other land uses (including reserves) or environmental restrictions. The terms of grant of Tenements over these types of land contain sometimes stringent conditions relating to access and ground disturbing activities that the Company will need to comply with and may require additional regulatory consents being obtained prior to access. Miscellaneous licence 70/156 encroaches to a minor extent on a "C Class" reserve that has been set aside for water purposes. Under the Mining Act, the Minister's consent must be obtained before the Company can conduct any mining activities on this reserve. WA Kaolin does not currently intend to do so as part of its staged expansion program, however any change to such intention may delay or impede the Company's future activities. See section 6 of the Solicitor's Report on Tenements in Section 10 for more information.

The Company will experience delays and cost overruns in the event it is unable to access the land required for its operations for other reasons including, for example and without limitation, because of adverse weather conditions, environmental restraints, native title or aboriginal heritage issues and the need for regulatory approvals and consents.

(d) Key distributors and customers

The Company currently relies on a small group of key distributors and customers and, while the Company is diligently expanding its distributors and customers, it is expected the Company will continue to remain somewhat dependent on this small group. If the Company is unable to retain current levels of business with these distributors and customers and attract new business from them or others at the intended price mix, the Company's operations and financial conditions may be adversely affected.

Further, most of these arrangements are not covered by definitive agreements. These parties may terminate arrangements with immediate effect without notice and most of them are not long-term. Should any such key distributors or customers terminate their arrangements with the Company, the Company's operations and financial conditions may be adversely affected.

(e) Utilities and transport

The Company does not have in place contracts for the supply of water and electricity to the Wickepin site. WA Kaolin intends to generate power for the plant site for the initial stage of the Project. As the Company's staged expansion program progresses, there is a risk that the absence of electricity and water supply contracts will impede the Company's kaolin production capacity.

The Company does not have in place formal arrangements for the use of rail or port services to transport its kaolin and instead relies on informal and ad hoc arrangements.

(f) Development and operational

Mineral development and production are high-risk activities. The ability of the Company to commercially exploit its Tenements depends, among other things, on successful mining, maintaining title to the Tenements, obtaining all necessary consents and approvals, successful design, construction, commissioning and operating of mining and processing infrastructure and effective management of operations. Mineral development and production activities may be affected by force majeure (being catastrophic events beyond the control of Company) and other unforeseen risks.

While the Company has already identified a commercially viable kaolin deposit, there is no guarantee that it can be profitability exploited. Economical exploitation depends on a number of factors including, among others, the specific attributes of the deposit (such as size and grade), proximity to infrastructure, commodity prices and government regulations (including in relation to taxes, royalties, land tenure, land use, exploiting minerals and environmental protection). Unless and until the Company can expand capacity under, and realise value from, the Project, it is likely to incur ongoing operating losses.

WA Kaolin has relied on and may continue to rely on consultants and others for mineral development and exploitation expertise. The Company believes that those consultants and others are competent and have carried out their work in accordance with recognised industry standards. However, if the work conducted by those consultants and others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays and increased costs in furthering the commercialisation of its Project.

(g) Metallurgical

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

(i) developing an economic process route to produce a saleable product; and

(ii) changes in mineralogy in the ore deposit can result in inconsistent product recovery, affecting the economic viability of the project.

If the Company does not meet agreed product specifications (such as, for example, those contained in the DTT Offtake Agreement summarised in Section 11.10), the Company's ability to sell kaolin to those distributors or customers, or to sell the kaolin at the anticipated price, will be adversely affected.

(h) Technology

Any failure or delay in developing new technology or an inability to exploit technology as successfully or cost-effectively as competitors, could result in a decrease in customer demand, which could have a material adverse effect on the Company's business and cash flows, prospects for growth, financial condition and results of its operations.

(i) Commodity prices

The price at which the Company can sell the kaolin it produces will have a material impact on its financial performance and value of its Tenements. It is impossible to predict future commodity prices with confidence, which are affected by factors outside the Company's control including, for example, global supply and demand, geopolitical situations, military conflicts, production costs, global energy consumption and general economic conditions such as inflation, interest and currency exchange rates. A material and extended fall in kaolin prices will likely affect the timing, viability and profitability of WA Kaolin's future operations and activities (because the cost of extraction is higher than the likely return).

(j) Counterparty

The current and planned operations of the Company require involvement of a number of third parties including distributors, customers and suppliers. The ability of the Company to achieve its stated objectives will depend on the continued creditworthiness of and

contractual performance by such counterparties. If deterioration of the creditworthiness of these counterparties occurs, or if they otherwise fail to adhere to or terminate arrangements, the Company's business may be adversely affected (including, for example, a delay to or termination of services or costly legal disputes.

(k) Reliance on key personnel

The future success of the Company depends, to a significant extent, upon the continued services of the management team of the Company. The loss of services from any of the key personnel may have a material adverse effect on the Company's business and operations. There can be no assurance that the Company will be able to retain or hire all appropriate personnel necessary for the development and operation of its business.

(l) Financial indebtedness

The Company manages its various financial obligations by preparing detailed cash flow forecasts and monitoring actual cash flows. However, the Company's ability to service its various financial obligations, including repayments under the loan and deferred payment agreements, and totalling $28.3 million[1] over 4 years and outlined in Sections 11.7 and 11.8, may be impaired by the occurrence of any number of factors including the occurrence of any of the risk factors noted in this Prospectus. In particular, the Company has repayment obligations, under the loan and deferred payment agreements, in the amount of approximately $15 million falling due in 2023 (although these repayment instalments are not required to be paid at that time unless they can be repaid out of free cash flow). If the Company fails to meet any of its repayment obligations, the relevant creditors may pursue remedies against the Company, any of which would likely have a material adverse effect on the Company's financial condition, prospects and ability to continue as a going concern.

(m) Funding

The Company believes that the funds raised under the Offer, together with existing cash, will be sufficient to fund completion of Stage 1 of its expansion program (see Section 3.5). The Board intends to apply any additional funds raised from any exercise of Options towards either the repayment of debt, the construction of the new processing plant or scale up of operations (depending on the timing of such exercise) and general working capital purposes. However, further capital may be required at an earlier stage if, for example, an insufficient number of Options are exercised or any of the other risks in this Section 6 materialise. WA Kaolin may also seek further funding for future activities including, for example, to implement further expansions of the K99 Process capacity at its to-be-constructed Wickepin processing plant or to support the construction of an additional wet processing plant to further increase the Company's export capabilities.

Any additional equity financing may dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations and scale back its processing activities, as the case may be. There is no guarantee that the Company will be able to secure any additional financing or be able to secure financing on terms favourable to the Company.

(n) Infectious diseases

Outbreaks of pandemics or diseases, including, for example, the recent outbreak of the coronavirus disease (**COVID-19**), may have a material adverse effect on WA Kaolin's business. The global economic outlook remains uncertain due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share price. The Company's share price may be adversely affected by this economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as travel bans and quarantining) may adversely impact the Company's operations (including, without

[1] As at 30 June 2020, excluding the loan agreement with Boneyard Investments Pty Ltd which was used to subscribe for 1,000,000 Convertible Notes.

limitation, the Company's construction of its processing plant at Wickepin and further exploration and development activities). Examples of possible implications include delays to regulatory mining-related approvals, construction delays, site access restrictions, limited or no access to funding on commercially acceptable terms, delayed payments or cancelled orders from counterparties or termination of distribution arrangements and loss of revenue. The Board is monitoring the situation closely and will inform investors of any changes to its assessment of the impact of COVID-19 on the Company's business and financial performance.

(o) Climate change

There has been increasing concern by the public and regulators globally on climate change issues. As a mining company, WA Kaolin is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for kaolin declines, WA Kaolin will find it difficult to commercialise any resources it discovers. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect WA Kaolin's operating and financial performance.

(p) Resource estimation

The Mineral Resource and Ore Reserve estimates for the Company's project are estimates only and no assurances can be given that any particular level of recovery of kaolin will in fact be realised. Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may change significantly when new information or techniques become available. In addition, by their very nature, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Adjustments to Mineral Resource and Ore Reserve estimates could affect the Company's future plans and ultimately its financial performance and value.

(q) Environmental regulations and approvals

The Company's operations are subject to environmental laws and regulations at both a State and Federal level. As with most mining operations, the Company's activities are expected to have an impact on the environment. The Company intends to conduct its exploration and production activities in an environmentally responsible manner and in accordance with applicable laws.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop additional economically viable mineral deposits. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The Company considers there are minimal environmental-related risks inherent in its activities, such as accidental spills, leakages or other unforeseen circumstances, but which could subject the Company to liability. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company.

Government approvals and permits will be required in connection with the Company's operations, including for operating on any environmentally sensitive areas and for such activities as any land clearing and ground disturbing activities. To the extent such approvals are required and there are delays in obtaining them or they are not obtained or maintained on acceptable conditions, the Company may be delayed or prohibited from proceeding with planned development of its projects. A Part IV approval under the Environmental Protection Act was not deemed to be necessary in relation to the Company's Works Approval proposal. The Works Approval states that no significant

environmental impact will be caused by the Company's operations covered by the mining proposal. Any significant amendment to the mining proposal may, however, attract a referral to the Environmental Protection Authority.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions (including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed) and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions.

(r) Equipment

The Company's ability to undertake mining and processing activities is dependent upon its ability to source and acquire appropriate mining equipment. Equipment is not always available and the market for mining equipment experiences fluctuations in supply and demand. If the Company is unable to source appropriate equipment economically or at all, this would have a material adverse effect on the operating and financial performance of the Company.

(s) Land rehabilitation requirements

Although variable, depending on location and the governing authority, land rehabilitation requirements are generally imposed on mineral development companies, as well as companies with mining operations, in order to minimise long term effects of land disturbance. Rehabilitation may include requirements to control dispersion of potentially deleterious effluents and to reasonably re-establish pre-disturbance land forms and vegetation. In order to carry out rehabilitation obligations imposed on the Company in connection with its mineral development, the Company must allocate financial resources that might otherwise be spent on further mineral development programs.

(t) Unforeseen expenses

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(u) Native title and Aboriginal heritage

The effect of present laws in respect of native title that apply in Australia is that mining tenements (including applications for mining tenements) may be affected by native title claims or procedures, which may prevent or delay the granting of mining tenements or otherwise affect the ability of the Company to explore and develop the Tenements.

Commonwealth and State legislation obliges the Company to identify and protect sites of significance to Aboriginal custom and tradition. Further details of this legislation are set out in section 13 of the Solicitor's Report on Tenements (see Section 10). The Company is not in possession of any Aboriginal heritage agreements or surveys. While it is unlikely significant residual Aboriginal heritage sites exist in the area subject to the Tenements (because they are either wholly within or largely encroach on private land or road reserves), the Company cannot guarantee this is the case unless it conducts Aboriginal heritage surveys.

(v) Insurance

The Company faces various risks in conducting its business and may lack adequate insurance coverage or may not have the relevant insurance coverage. Although insurance is maintained in line with industry practice, no assurance can be given that such insurance will be available in the future on commercially reasonable terms or that any cover will be adequate and available to cover any or all claims.

(w) Litigation

Legal claims or proceedings may arise from time to time in the course of the business of the Company. Defence and settlement costs of legal claims can be substantial, even where claims have no merit.

Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which the Company is or may become subject could have a material effect on its financial position, operating results (including achievement of its forecasts) or business activities and cause a distraction to management.

(x) Tax risks

At 30 June 2019 the Company has carry forward Australian tax losses of $17,424,408. Recoupment of these carry forward tax losses in the future is subject to the Company satisfying the relevant tax loss recoupment tests within the *Income Tax Assessment Act 1997* (Cth). The relevant tax loss recoupment rules are assessed at the time of recoupment and there is a risk that the Company may not be able to satisfy the tests at the due time.

Due to the Company having eligible research and development activities, the Company will not be able to realise $5,083,489 of deferred franking credits until the Company has paid at least an equivalent amount of income tax or future PAYG instalments.

6.2 General risks

(a) Economic

General economic conditions and movements in interest, inflation and currency exchange rates may have an adverse effect on the Company's mineral development and production activities, its ability to fund those activities and its financial performance more broadly.

Other contributing factors to the general economic climate include tax reform, new legislation, changes in investor sentiment, the demand for and supply of capital and terrorism or other hostilities.

(b) Regulatory

Changes in relevant taxes, legal and administrative regimes, accounting practice and government policies of Australia, any country in the Asia Pacific region or other country in which the Company has economic interests may adversely affect the viability and profitability of the Company.

(c) Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

6.3 Risks relating to the Offer

(a) Offer

If ASX does not admit the Shares to Official Quotation before the expiration of three months after the Prospectus Date, or such period as varied by the ASIC, the Company will not allot or issue any Securities and will repay all Application Monies within the time prescribed under the Corporations Act, without interest.

(b) Share market

There is currently no public market for the Shares, the price of Shares is subject to uncertainty and there can be no assurance that an active market for the Shares will develop or continue after the Offer.

Following Listing, the market price of the Shares may fall as well as rise and may be influenced by the varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) Liquidity and escrow release

There is no guarantee that, upon Listing, there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company. Further, as set out in Section 2.14, certain Shares will be subject to mandatory or voluntary escrow arrangements. During this period, trading in Shares may be less liquid which may impact on the ability of Shareholders to dispose of their Shares in a timely manner.

There is also a risk that, upon release from escrow, if a substantial proportion of those Shares are offered for sale on the market at the same or similar time, this may reduce the market price of Shares around that time.

6.4 Speculative nature of investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors. The above factors, and others not specified, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of Securities offered under this Prospectus. Therefore, there can be no guarantee with respect to the payment of dividends, returns of capital or the market value of the Shares.

Potential investors should consider that the investment in the Company is speculative in nature and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7 Financial Information

7.1 Introduction

The financial information contained in this Section 7 includes:

(a) statutory historical financial information for the Company comprising:

(i) audited historical income statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020;

(ii) audited historical cash flow statements for the financial years ended 30 June 2018, 30 June 2019 and 30 June 2020; and

(iii) audited historical balance sheet as at 30 June 2020,

(together, the **Historical Financial Information**);

(b) pro forma historical financial information for the Company comprising pro forma historical balance sheet as at 30 June 2020 (**Pro Forma Historical Information**).

The Historical Financial Information and Pro Forma Historical Financial Information together form the **Financial Information**.

Also summarised in this Section 7 are:

(a) the basis of preparation of the Financial Information (see Section 7.2); and

(b) management's discussion and analysis of the Pro Forma Historical Financial Information (see Section 7.5).

All amounts disclosed in this Section 7 are presented in Australian dollars. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

The information in this Section 7 should also be read in conjunction with the key risk factors set out in Section 6 and other information contained in this Prospectus.

7.2 Basis of preparation of the Financial Information

Preparation of Historical Financial Information

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of WA Kaolin for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, which were audited by BDO Audit (WA) Pty Ltd (**BDO Audit**) in accordance with Australian Auditing Standards. BDO Audit issued an unmodified audit opinion on the financial reports.

Preparation of Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Historical Financial Information of WA Kaolin, after adjusting for the effects of the subsequent events and pro forma adjustments described in Section 7.5. The stated basis of preparation is the recognition and measurement principles contained in Australian

Accounting Standards applied to the Historical Financial Information and the events or transactions to which the pro forma adjustments relate, as described in Section 7.5, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by WA Kaolin to illustrate the impact of the events or transactions described in Section 7.5 on WA Kaolin's financial position as at 30 June 2020. As part of this process, information about WA Kaolin's financial position has been extracted by WA Kaolin from WA Kaolin's financial statements for the year ended 30 June 2020.

7.3 General factors affecting the operating results of the Company

Below is a discussion of the main factors which affected the Company's operations and relative financial performance for the periods from 1 July 2018 to 30 June 2020.

The inability to fund the scale up the Company's mining and processing operations necessitated:

- continuation of production from the Kwinana operation; and
- the logistics costs of shipping ore to Kwinana for production of customer orders,

which may affect the Company's operations in the future. The discussion of these general factors is intended to provide a summary only and does not detail all factors that affected the Company's historical operating and financial performance, nor everything which may affect the Company's operations and financial performance in the future. The information in this Section 7 should also be read in conjunction with the risk factors set out in Section 6, and the other information contained in this Prospectus.

Statutory Historical Statements of Profit or Loss and Other Comprehensive Income

	Audited for the year ended 30-Jun-20 $	Audited for the year ended 30-Jun-19 $	Audited for the year ended 30-Jun-18 $
Continuing operations			
Other income	351,206	578,297	607,422
Rental expenses and outgoings	(236,160)	(270,378)	(254,748)
Employee benefits expense	(644,826)	(477,969)	(488,467)
Depreciation and amortisation expense	(59,118)	(41,813)	(36,774)
Other expenses	(1,310,238)	(794,779)	(884,578)
Results from operations	**(1,899,136)**	**(1,006,642)**	**(1,057,145)**
Finance income	1,058	5,790	29
Finance costs	(3,264,575)	(414,179)	(798,271)
Net finance costs	**(3,263,517)**	**(408,389)**	**(798,242)**
Loss before income tax expense	**(5,162,653)**	**(1,415,031)**	**(1,855,387)**

	Audited for the year ended 30-Jun-20 $	Audited for the year ended 30-Jun-19 $	Audited for the year ended 30-Jun-18 $
Income tax benefit/ (expense)	-	-	-
Profit /(loss) after income tax expense	**(5,162,653)**	**(1,415,031)**	**(1,855,387)**
Other comprehensive loss for the period, net of tax	(1,231,000)	-	-
Total comprehensive loss	**(6,393,653)**	**(1,415,031)**	**(1,855,387)**

Revenue

Other income largely consisted of R&D Tax refunds as well as wages recovery, lease option reversal, cashflow boost from the Australian Government in relation to Covid-19 and other smaller amounts of other income.

Expenses

Mining costs and expenses

This expenditure comprised of tenement management fees and other expenditure which did not satisfy the recognition criteria under the development and production of mineral resources accounting standard and was therefore expensed over the periods presented.

Mining costs and expenses have increased due to tenement management fees and project generation work on non-granted tenure.

Employment costs

Employment costs have increased due to Company's strategy to proceed with a listing on the ASX.

Consultancy costs

Comprised primarily of legal fees incurred, but includes other consultancy that is unrelated to operational activities in the areas of interest which the mineral development and production assets relate. In the accounts for the year ended 30 June 2020, consultancy costs increased due to Company's strategy to proceed with a listing on the ASX.

Other expenses

This expenditure comprised of administration expenses, most notably business development expenditure, business insurance and office costs that are not related directly to operational activities in the areas of interest to which the mineral development and production asset relates. These expenses have increased due to the Company's strategy to proceed with a listing on the ASX.

Income tax expense

Tax expense recognised in profit or loss comprised the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity. The Company has been in a taxable loss position and therefore is not in a tax payable position.

Other than these transactions, the Company has had limited operating history.

7.4 Cash flow statements

Statutory Historical Statements of Cash Flows

The table below presents the historical statements of cash flows.

	Audited for the year ended 30-Jun-20 $	Audited for the year ended 30-Jun-19 $	Audited for the year ended 30-Jun-18 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from product sales	434,009	26,473	54,629
Payments to suppliers and employees	(3,192,452)	(877,429)	(2,242,175)
Interest received	1,058	5,790	-
R&D tax credit	268,233	420,544	582,221
Receipt of COVID-19 subsidy	50,000	-	-
Receipt of subsidies	13,256	-	-
Net cash outflow from operating activities	**(2,425,896)**	**(424,622)**	**(1,605,325)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment	(165,342)	(31,818)	(26,500)
Net cash outflow from investing activities	**(165,342)**	**(31,818)**	**(26,500)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan interest paid	(443,478)	(100,250)	(108,215)
Repayment of borrowings	(642,394)	-	-
Proceeds from borrowings	5,676,618	512,814	1,757,969
Issue of shares	47,142	-	-
Net cash inflow provided by financing activities	**4,637,888**	**412,564**	**1,649,754**
Net increase/(decrease) in cash held	**2,046,650**	**(43,876)**	**17,929**
Cash and cash equivalents at the beginning of the period	(26,355)	17,521	(408)
Cash and cash equivalents at the end of the period	**2,020,295**	**(26,355)**	**17,521**

Operating cash flows

The Company has continued to incur corporate operating costs over the periods presented which has resulted in operating cash outflows. Payments for administration mainly comprise audit fees, accounting fees and salaries and wages, rent, business development and insurance.

Investing cash flows

The cash flows from investing activities most notably comprised purchases of mobile plant and laboratory equipment in order to expand the Company's operations.

Financing cash flows

The cash flows from financing activities comprised capital raisings to advance the Company's mining assets and prepare the Company to list on the ASX.

7.5 Pro Forma Historical Statement of Financial Position

The table below sets out the pro forma adjustments that have been made to the historical statement of financial position as at 30 June 2020.

Proforma Balance Sheet	Notes	Audited WA Kaolin 30-Jun-20 $	Subsequent events $	Pro-forma adjustments $	Pro-forma after Offer $
CURRENT ASSETS					
Cash and cash equivalents	1	2,020,295	2,652,860	19,906,959	24,580,114
Trade and other receivables		257,206	-	-	257,206
TOTAL CURRENT ASSETS		2,277,501	2,652,860	19,906,959	24,837,320
NON-CURRENT ASSETS					
Property, plant and equipment		3,843,902	-	-	3,843,902
Deferred exploration and evaluation expenditure		1,756,132	-	-	1,756,132
TOTAL NON-CURRENT ASSETS		5,600,034	-	-	5,600,034
TOTAL ASSETS		7,877,535	2,652,860	19,906,959	30,437,354
CURRENT LIABILITIES					
Trade and other payables		2,548,241	-	-	2,548,241
Borrowings	2	9,155,327	2,819,000	(7,891,778)	4,082,549
Provisions		65,563	-	-	65,563
TOTAL CURRENT LIABILITIES		11,769,131	2,819,000	(7,891,778)	6,696,353
NON- CURRENT LIABILITIES					
Borrowings		17,710,243	-	-	17,710,243
TOTAL NON-CURRENT LIABILITIES		17,710,243	-	-	17,710,243
TOTAL LIABILITIES		29,479,374	2,819,000	(7,891,778)	24,406,596
NET ASSETS		**(21,601,839)**	**(166,140)**	**27,798,737**	**6,030,758**
EQUITY					
Issued capital	3	3,070,081	-	28,721,026	31,791,107
Reserves	4	19,828,645	-	12,156,867	31,985,512
Accumulated loss	5	(44,500,565)	(166,140)	(13,079,156)	(57,745,861)
TOTAL EQUITY		**(21,601,839)**	**(166,140)**	**27,798,737**	**6,030,758**

The pro forma adjustments reflect the impact of the Offer as if they had occurred at 30 June 2020.

The pro forma historical statement of financial position is provided for illustrative purposes only and is not represented as being necessarily indicative of the Company's view of its future financial position.

Subsequent Events

The pro forma statement of financial position reflects the following event that has occurred subsequent to the period ended 30 June 2020:

(a) the Company completed the second tranche of the Pre-IPO Raising in August with an additional $2.82 million raised through the issue of Convertible Notes. The costs of the additional Pre-IPO Raising was $166,140. These costs are offset against issued capital; and

(b) as at 30 June 2020, Boneyard Investments Pty Ltd (**Boneyard**) was owed a debt of $1,000,000, including some minor accrued interest of $7,557. During September 2020, Boneyard used the $1,000,000 loan to subscribe for 1,000,000 Convertible Notes at $1 per note. Given that the portion of the Convertible Notes held by Boneyard will convert into shares on IPO, for clarity purposes, the issue of the Convertible Notes in lieu of the loan was not separately accounted for and presented in the pro-forma balance sheet. Any accounting adjustment for the issue of the portion of the Convertible Notes held by Boneyard in lieu of the loan would then be eliminated when the notes are converted. The Note Conversion (defined term in Section 2.4) is detailed in note f) below as a pro forma transaction.

Pro forma transactions

The following transactions contemplated in this Prospectus which are to take place on or before the completion of the Offer, referred to as the pro forma adjustments, are presented as if they, together with the Offer, had occurred on or before 30 June 2020 and are set out below.

With the exception of the pro forma transactions noted below (and the subsequent events above) no other material transactions have occurred between 30 June 2020 and the date of this Prospectus which the Directors consider require disclosure.

(a) pursuant to the Offer, WA Kaolin will issue 110,000,000 Shares at an Offer Price of $0.20 each to raise $22 million before costs;

(b) the total cash costs of the Offer is estimated to be $2,093,043, with those costs directly attributable to the capital raising being $1,653,351. These costs are offset against contributed equity. The remaining costs of the Offers of $439,692, which are not directly attributable to the capital raising are expensed through accumulated loss;

(c) WA Kaolin will issue 10 Shares at $0.20 each to raise $2. The details of the Ancillary Offer can be found in Section 12.14 of this Prospectus;

(d) the issue of the IPO Options, being one free attaching option for every two shares issued, pursuant to the Offer, exercisable at $0.25 each, expiring 3 years from the date of issue. Given that the IPO Options are issued on a one for two basis for nil consideration, the value of the IPO Options is reflected in the Offer Price. As such, no financial adjustment is made to reflect the issue of the IPO Options;

(e) the reserves balance has been adjusted to reflect the proposed issue of 5,000,000 options exercisable at $0.25, with an expiry date that is three years from issue and 5,000,000 options exercisable at $0.30, with an expiry date that is four years from issue to the Lead Manager. The Lead Manager Options have been valued at $1,190,000 using the Black Scholes option pricing model and have been offset against issued capital as a cost of the Offer;

(f) on the IPO of WA Kaolin the Convertible Notes issued in the Pre-IPO Raising are to be converted to 41,571,875 Shares in WA Kaolin (excluding the portion of the Convertible Notes issued to Boneyard). Pursuant to the terms of the Convertible Notes, on conversion of the Convertible Notes (excluding the portion issued to Boneyard), the Company will issue 62,357,813 IPO Options. The IPO Options have been valued at $7,108,791 using the Black Scholes option pricing model and

have been expensed as a financing charge, $1,236,674 of this financing charge was expensed at 30 June 2020, therefore the pro forma adjustment represents the expense that was not recognised during the year ended 30 June 2020. The pro forma has also been adjusted to reflect the finance charge incurred in relation to the Convertible Notes, which comprises accrued interest and the expense associated with the Convertible Notes converting at a 20% discount to the Offer Price;

(g) On the IPO of WA Kaolin, the Convertible Notes issued to Boneyard are to be converted into 6,250,000 Shares in WA Kaolin at a conversion price of $0.16 per Share. Pursuant to the terms of the Convertible Notes, the Company will also issue 9,375,000 IPO Options, exercisable at $0.25, with an expiry date that is three years from issue. The IPO Options that are issued to Boneyard have been valued at $1,068,750 using the Black Scholes option pricing model and have been expensed as a financing charge. The Shares issued on conversion of the Convertible Notes have been valued at $0.20 per Share, based on the Offer price. The discount between the value of the Shares and the conversion price ($250,000) represents a financing charge and is expensed through accumulated loss;

(h) the proposed issue of 30,500,000 Incentive Options which are exercisable at $0.35, with an expiry date that is five years from issue. The Incentive Options have been valued at $4,026,000 using the Black Scholes option pricing model and have been expensed on issue; and

(i) the Company has 27,500,000 Performance Rights to be issued, which vest subject to various non-market vesting conditions. These milestone conditions are detailed in Schedule 5 of the Prospectus. In accordance with AASB 2: Share based payment, the value of the performance rights are to be expensed over the vesting period. Therefore, as at the pro forma date, no adjustment has been made to account for the vesting of the Performance Rights.

Recognition of a deferred tax asset

A deferred tax asset has not been recognised in relation to the capitalised Offer costs due to the uncertainty surrounding the flow of economic benefits that will flow in future periods.

1. Cash and cash equivalents

The reviewed pro forma cash and cash equivalents have been set out below:

NOTE 1. CASH AND CASH EQUIVALENTS	Audited 30-Jun-20 $	Pro-forma after Offer $
Cash and cash equivalents	2,020,295	24,580,114
Audited balance of WA Kaolin at 30 June 2020		2,020,295
		2,020,295
Subsequent events:		
Proceeds from Pre-IPO Raising		50,000
Proceeds from Pre-IPO Raising subsequent to 30 June 2020		2,769,000
Costs of the Pre-IPO Raising completed subsequent to 30 June 2020		(166,140)
		2,652,860

Pro-forma adjustments:	
Proceeds from Shares issued under this Prospectus	22,000,000
Costs of the Offer	(2,093,043)
Proceeds from shares to be issued under the Ancillary Offer	2
	19,906,959
Pro-forma Balance	**24,450,114**

2. Borrowings (Current)

The reviewed pro forma Borrowings (Current) has been set out below:

NOTE 2. BORROWINGS (CURRENT)	Audited 30-Jun-20 $	Pro-forma after Offer $
Borrowings	9,155,327	4,082,549
Audited balance of WA Kaolin at 30 June 2020		9,155,327
		9,155,327
Subsequent events:		
Issue of Convertible Notes as part of the Pre-IPO Raising (excluding conversion of Boneyard loan)		50,000
Issue of Convertible Notes as part of the Pre-IPO Raising (excluding conversion of Boneyard loan)		2,769,000
		2,819,000
Pro-forma adjustments:		
Conversion of Convertible Notes issued under the Pre-IPO Raising (excluding conversion of Boneyard loan)		(6,891,778)
Conversion of Convertible Notes issued to Boneyard		(1,000,000)
		(7,891,778)
Pro-forma Balance		**4,082,549**

3. Issued Capital

The reviewed pro forma share capital has been set out below:

NOTE 3. ISSUED CAPITAL	Audited 30-Jun-20 $	Pro-forma after Offer $
Issued Capital	3,070,081	31,791,105
	Number of shares	**$**
Audited balance of WA Kaolin at 30 June 2020	125,000,000	3,070,081
	125,000,000	3,070,081

Pro-forma adjustments:		
Proceeds from Shares issued under this Prospectus	110,000,000	22,000,000
Costs of the Offer	-	(1,653,351)
Proceeds from Shares to be issued under the Ancillary Offer	10	2
Issue of Lead Manager Options treated as a cost of the Offer	-	(1,190,000)
Shares to be issued on conversion of Convertible Notes issued to Boneyard	6,250,000	1,250,000
Shares to be issued on conversion of Convertible Notes	41,571,875	8,314,375
	157,821,885	28,721,026
Pro-forma Balance	**282,821,885**	**31,791,107**

4. Reserves

The reviewed pro forma reserve position has been calculated as follows:

NOTE 4. RESERVES	Audited 30-Jun-20 $	Pro-forma after Offer $
Reserves	19,828,645	31,985,512
Audited balance of WA Kaolin at 30 June 2020		19,828,645
		19,828,645
Pro-forma adjustments:		
Issue of Lead Manager Options		1,190,000
Issue of Incentive Options		4,026,000
IPO Options not recognised at 30 June 2020 that are issued on conversion of the Convertible Notes		5,872,117
IPO Options issued on conversion of the Convertible Notes issued to Boneyard		1,068,750
		12,156,867
Pro-forma Balance		**31,985,512**

Set out below are the key inputs and terms used in the valuation of the options that are issued and proposed to be issued as part of this Prospectus:

	Lead Manager Options	Lead Manager Options	Incentive Options	IPO Options	IPO Options (Boneyard)
Number of Instruments	5,000,000	5,000,000	30,500,000	62,357,813	9,375,000
Underlying share price	$0.20	$0.20	$0.20	$0.20	$0.20
Exercise price	$0.25	$0.30	$0.35	$0.25	$0.25
Expected volatility	100%	100%	100%	100%	100%

Life of the Options (years)	3.00	4.00	5.00	3.00	3.00
Expected dividends	Nil%	Nil%	Nil%	Nil%	Nil%
Risk free rate	0.27%	0.27%	0.44%	0.44%	0.44%
Value per option ($)	0.114	0.124	0.132	0.114	0.114
Value per Tranche ($)	570,000	620,000	4,026,000	7,108,791	1,068,750

5. Accumulated Loss

The reviewed pro forma accumulated loss position is set out below:

NOTE 5. ACCUMULATED LOSS	Audited 30-Jun-20 $	Pro-forma after Offer $
Accumulated Loss	(44,500,565)	(57,745,861)
Audited balance of WA Kaolin at 30 June 2020		(44,500,565)
		(44,500,565)
Subsequent events:		
Cost of Pre-IPO Raising		(166,140)
		(166,140)
Pro-forma adjustments:		
Costs of the Offers not directly attributable to the capital raising		(439,692)
Issue of Incentive Options		(4,026,000)
Financing charge incurred on conversion of the Convertible Notes		(1,422,597)
IPO Options on conversion of the Convertible Notes, expensed as a financing charge		(5,872,117)
IPO Options on conversion of the Convertible Notes issued to Boneyard, expensed as a financing charge		(1,068,750)
Financing charge incurred on conversion of the Convertible Notes issued to Boneyard		(250,000)
		(13,079,156)
Pro-forma Balance		**(57,745,861)**

*$1,236,674 was expensed during the year ended 30 June 2020, therefore the $5,872,117 represents the additional expense in relation to the issue of the IPO Options on conversion of the portion of the Convertible Notes that were not issued to Boneyard.

6. Deferred Franking Debit

Historically WA Kaolin has undertaken eligible Research and Development (**R&D**) activities in relation to the K99 process for the processing and beneficiation of its kaolin resources. As a result of this, the Company has been entitled to and received R&D refundable tax offsets. The receipt of these refundable offsets has resulted in the Company having a deferred franking account balance of $5,083,489.

Generally, a franking debit arises in a franking account when a refund of income tax is received, however where an entity receives a R&D refundable tax offset, there are special rules to ensure these amounts are effectively deferred (deferred franking debits). Where a debit is deferred for the refundable R&D tax offset, franking credits in respect of

payment of income tax or future PAYG instalments will not arise until the full amount of the deferred franking debit has been offset, meaning the Company is required to pay at least $5,083,489 of income tax or future PAYG instalments prior to franking credits arising.

7. Significant Accounting Policies

(a) Basis of preparation of the financial report

The Historical Financial Information has been prepared in accordance with the recognition and measurement, but not all the disclosure requirements of the Australian equivalents to International Financial Reporting Standards (**AIFRS**), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

The Historical Financial Information has also been prepared on a historical cost basis, except for derivatives and available-for-sale financial assets that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair value attributable to the risks that are being hedged. Non-current assets and disposal group's held-for-sale are measured at the lower of carrying amounts and fair value less costs to sell.

(b) Adoption of new and revised standards

The Company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases*.

AASB 16 replaces AASB 117 *Leases* and introduces a single lessee accounting model that requires a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for on a cost basis unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
  - investment property, the lease applies the fair value model in AASB 140 *Investment Property* to the right-of-use asset; or
  - property, plant or equipment, the lessee applies the revaluation model in AASB 116 *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis to other financial liabilities, whereby interest expense is recognised in respect of the lease liability and the carrying amount of the lease liability is reduced to reflect the principal portion of lease payments made.

The Company does not have any leases and so there has been no material impact of adoption of AASB 16.

The Company has applied AASB 9 and AASB 15 for the years ended 30 June 2018, 30 June 2019 and 30 June 2020. AASB 16 has been applied for the year ended 30 June 2020 however there was no impact of adopting this standard given the Company does not have any leases. There would not be a material impact on the Historical Financial Information if the Company was to early adopt AASB 16.

(c) Going Concern

The Financial Information has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is dependent on the success of the fundraising under the Prospectus. The Directors believe that the Company will continue as a going concern. As a result the financial information has been prepared on a going concern basis. However should the fundraising under the Prospectus be unsuccessful, the entity may not be able to continue as a going concern. No adjustments have been made relating to the recoverability and classification of liabilities that might be necessary should the Company not continue as a going concern.

(d) Reporting Basis and Conventions

The report is also prepared on an accrual basis and is based on historic costs and does not take into account changing money values or, except where specifically stated, current valuations of non-current assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(e) Foreign currency transactions and balances

Functional and presentation currency

The Historical Financial Information is presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(f) Revenue

Revenue from contracts with customers

The Company requires identification of discrete performance obligations within a transaction and associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of goods or services is transferred, rather than on transfer of risks or rewards.

Revenue received for a contract that includes a variable amount is subject to revised conditions for recognition, whereby it must be highly probable that no significant reversal of the variable component may occur when the uncertainties around its measurement are removed.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(g) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting period end date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity or entities within a tax consolidated group and the same taxation authority.

(h) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within 30 days.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade and other receivables are estimated with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current and the forecast direction of conditions at the reporting date.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery; for example, when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

(l) Property, plant and equipment

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment for buildings. Land is not depreciated. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Plant and equipment – over 2 to 20 years
- Motor Vehicle – over 4 to 6 years
- Leasehold improvements – over 10 to 13 years

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(m) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(n) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(o) Employee leave benefits

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled.

Liabilities accruing to employees in respect of wages and salaries, annual leave and long service leave not expected to be settled within 12 months of the balance date are recognised in non-current other payables in respect of employees' services up to the balance date. The liabilities are measured as the present value of the estimated future outflows to be made by the Company.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(p) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale

(q) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(r) Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (**FVTPL**);
- equity instruments at fair value through other comprehensive income (**FVOCI**); and
- debt instruments at fair value through other comprehensive income (**FVOCI**).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument. In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2'); and
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss

(other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the Convertible Notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the Convertible Notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a share-based payment reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on Convertible Notes is expensed to profit or loss.

(t) Exploration, Evaluation and Development Expenditure

Exploration and evaluation costs including costs of studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities along with those for general and administrative costs are expensed in the period they are incurred. Acquisition costs of acquiring are capitalised until the viability of the area of interest is determined. Those acquisition costs are carried forward when the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
  - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(u) Share based payment

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(v) Government grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to depreciable assets are credited to deferred income and are recognised in profit or loss over the period and in the proportions in which depreciation expense on those assets is recognised.

(w) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Recovery of capitalised exploration

The Company assesses impairment of capitalised exploration at each reporting date by evaluating conditions specific to the Company and to exploration assets that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Impairment of Property, Plant and Equipment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets.

Fair value of land

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount.

Discount rate on borrowings

As some of the Company's borrowings are on interest-free terms, present value calculations have been performed on the basis of an implied 12% discount rate as determined by the directors.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the Financial Information or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 6, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Share-based payment

The Company measures the cost of equity-settled transactions with employees and convertible noteholders by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 14 for further information.

8 Independent Limited Assurance Report

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8 October 2020

The Directors
WA Kaolin Limited
3 Ward Road, Rockingham
Western Australia, 6168

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT

1. Introduction

BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) has been engaged by WA Kaolin Limited (**'WA Kaolin'** or **'the Company'**) to prepare this Independent Limited Assurance Report (**'Report'**) in relation to certain financial information of WA Kaolin, for the Initial Public Offering of shares in WA Kaolin, and for inclusion in a prospectus to be issued by WA Kaolin (**'the Prospectus'**). Broadly, the Prospectus will offer 110,000,000 Shares at an issue price of $0.20 each to raise $22,000,000 before costs (**'the Offer'**). The Offer also includes one free attaching option for every two shares issued.

Expressions defined in the Prospectus have the same meaning in this Report. The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the Corporations Act. BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) holds the appropriate Australian Financial Services Licence (AFS Licence Number 316158).

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

2. Scope

You have requested BDO to perform a limited assurance engagement in relation to the historical and pro forma historical financial information described below and disclosed in the Prospectus.

The historical and pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 AFS Licence No 316158 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

You have requested BDO to review the following historical financial information (together the **'Historical Financial Information'**) of WA Kaolin included in the Prospectus:

- the historical Statements of Profit or Loss and Other Comprehensive Income for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the historical Statements of Cash Flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020; and
- the historical Statement of Financial Position as at 30 June 2020.

The Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies. The Historical Financial Information has been extracted from the financial reports of WA Kaolin for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, which were audited by BDO Audit (WA) Pty Ltd (**'BDO Audit'**) in accordance with Australian Auditing Standards. BDO Audit issued an unmodified audit opinion on the financial reports.

Pro Forma Historical Financial Information

You have requested BDO to review the following pro forma historical financial information (the **'Pro Forma Historical Financial Information'**) of WA Kaolin included in the Prospectus:

- the pro forma historical Statement of Financial Position as at 30 June 2020.

The Pro Forma Historical Financial Information has been derived from the historical financial information of WA Kaolin, after adjusting for the effects of the subsequent events and pro forma adjustments described in Section 7.5. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 7.5 of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position or financial performance.

The Pro Forma Historical Financial Information has been compiled by WA Kaolin to illustrate the impact of the events or transactions described in Section 7.5 of the Prospectus on WA Kaolin's financial position as at 30 June 2020. As part of this process, information about WA Kaolin's financial position has been extracted by WA Kaolin from WA Kaolin's financial statements for the year ended 30 June 2020.

3. Directors' responsibility

The directors of WA Kaolin are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of the Historical Financial Information and the Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

4. Our responsibility

Our responsibility is to express limited assurance conclusions on the Historical Financial Information and the Pro Forma Historical Financial Information. We have conducted our

engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the financial information.

5. Conclusion

Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Historical Financial Information, as described in section 7 of the Prospectus, and comprising:

- the Statements of Profit or Loss and Other Comprehensive Income of WA Kaolin for the years ended 30 June 2018, 30 June 2019 and 30 June 2020;
- the Statements of Cash Flows for the years ended 30 June 2018, 30 June 2019 and 30 June 2020; and
- the Statement of Financial Position of WA Kaolin as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

Pro Forma Historical Financial information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information as described in section 7.5 of the Prospectus, and comprising:

- the pro forma historical Statement of Financial Position of WA Kaolin as at 30 June 2020,

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 2 of this Report.

6. Independence

BDO is a member of BDO International Ltd. BDO does not have any interest in the outcome of the proposed IPO other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. BDO is the auditor of WA Kaolin and from time to time, BDO also provides WA Kaolin with certain other professional services for which normal professional fees are received.

7. Disclosures

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained

in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 2 of this Report, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDO has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDO has not authorised the issue of the Prospectus. Accordingly, BDO makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

8. Financial Services Guide

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully

BDO Corporate Finance (WA) Pty Ltd

Sherif Andrawes

Director

APPENDIX 1

FINANCIAL SERVICES GUIDE

8 October 2020

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 (**'we'** or **'us'** or **'ours'** as appropriate) has been engaged by WA Kaolin Limited (**'the Company'**) to provide an Independent Limited Assurance Report (**'ILAR'** '**Our Report**') for inclusion in this Prospectus.

Financial Services Guide
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 licensee.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our internal and external complaints handling procedures and how you may access them.

Information about us
BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our Report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide
We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide an ILAR in connection with the financial product of another entity. Our Report indicates who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice
We only provide general financial product advice, not personal financial product advice. Our Report does not take 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.

Fees, commissions and other benefits that we may receive
We charge fees for providing reports, including this Report. These fees are negotiated and agreed with the client who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately $52,000 – $59,000 (exclusive of GST).

Except for the fees referred to above, neither BDO, 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.

BDO Audit (WA) Pty Ltd is the independent auditor of WA Kaolin. In addition BDO Corporate Tax (WA) Pty Ltd has provided tax services to WA Kaolin during the past two years.

Remuneration or other benefits received by our employees
All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from WA Kaolin Limited for our professional services in providing this Report. That fee is not linked in any way with our opinion as expressed in this Report.

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.

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 must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, 38 Station Street, Subiaco, Perth WA 6008.

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.

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 was established on 1 November 2018 to allow for the amalgamation of all Financial Ombudsman Service schemes into one. AFCA will deal with complaints from consumers in the financial system by providing free, fair and independent financial services complaint resolution. If an issue has not been resolved to your satisfaction you can lodge a complaint with AFCA at any time.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website www.afca.org.au or by contacting it directly via the details set out below:

Australian Financial Complaints Authority
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 931 678
Website: www.afca.org.au

Contact details
You may contact us using the details set out on page 2 of our Report.

SNOWDEN
Enabling Great Thinkers

Report for WA Kaolin Limited

WA Kaolin Project - Independent Technical Report

Project Number AU10332

October 2020

This report has been prepared by Snowden Mining Industry Consultants Pty Ltd ('Snowden') for use by WA Kaolin Limited, pursuant to an agreement between Snowden and WA Kaolin Limited only and not for any other purpose.

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1 EXECUTIVE SUMMARY

Snowden Mining Industry Consultants Pty Ltd (**Snowden**) was requested by WA Kaolin Limited (**WAK or the Company**) to prepare an Independent Technical Report (**ITAR**) on its WA Kaolin Project (**the Project**). The Project comprises an operating kaolin mine located near Wickepin (Figure 1.1) in the south-eastern wheatbelt of Western Australia, and a kaolin processing facility located in the industrial city of Kwinana, south of Perth.

Snowden understands that this ITAR is to be included in a prospectus to be issued by WAK to facilitate a listing on the Australian Securities Exchange.

Figure 1.1 The Project schematic location

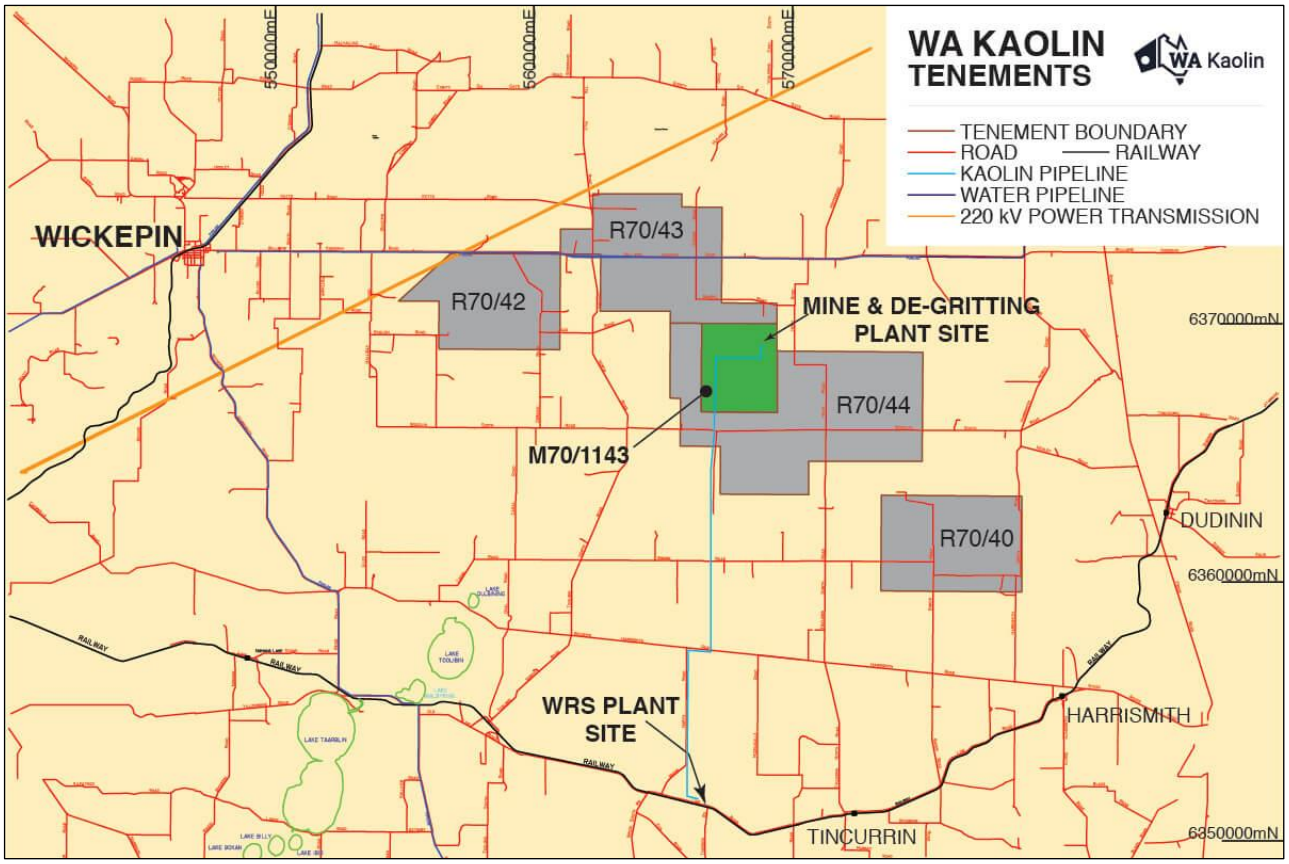
Source: WAK

The mining Project comprises a single general purpose lease G70/251, a miscellaneous licence L70/156, a mining lease M70/1143, and four retention licences R70/40, R70/42, R70/43 and R70/44 (Table 1.1 and Figure 1.2) under Western Australian mining legislation.

Table 1.1 WAK mineral assets

Tenement	Status	Holder	Grant	Expiry	Area (ha)
G70/251	Good Standing	WA Kaolin Ltd	8 Oct 2013	7 Oct 2034	398
L70/156			17 Oct 2013	16 Oct 2034	90
M70/1143			21 May 2003	20 May 2024	996
R70/40			10 May 2007	9 May 2022	2,010
R70/42			10 May 2007	9 May 2022	1,823
R70/43			10 May2007	9 May 2022	2,475
R70/44			10 May 2007	9 May 2022	2,849

Figure 1.2 WAK mineral assets



Source: WAK

This report has an Effective Date of 29 September 2020, this being the most recent date on which WAK made material in its possession available to Snowden. Snowden is unaware of any material change since this date.

This document is prepared in accordance with the 2012 guidelines of the Australasian Code for Public Reporting of Exploration Results, Mineral Resources and Ore Reserves (**the JORC Code**) and the 2015 Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (**the VALMIN Code**).

1.1 Summary of Mineral Resources and Ore Reserves

The Project has a Mineral Resource[1,2] and Ore Reserve[1,3] estimated by mining consultants, CSA Global Pty Ltd[4] (**CSA Global**), of Perth, and reported under the JORC Code guidelines. The Mineral Resource and Ore Reserve estimates have not been previously publicly reported on a stock exchange and Snowden includes them in this ITAR with appropriate commentary.

A previous Mineral Resource was estimated by CSA Global in 2017[5] for mineralisation contained across its tenure.

[1] As defined by Clause 18 of the JORC Code

[2] CSA Global, Mineral Resource Estimate, WA Kaolin Project (M70/1143), Wickepin, Western Australia, CSA Global Report No. R351.2019, 31 July 2019

[3] CSA Global, Ore Reserve Report, WA Kaolin Project 2020 Statement of Ore Reserves, CSA Global Report No. R301.2020, 30 July 2020

[4] www.csaglobal.com

[5] CSA Global, Mineral Resource Estimate, WA Kaolin Project, Wickepin, Western Australia, CSA Global Report No. R280.2017, 3 August 2017

1.1.1 Mineral Resource estimate

CSA Global estimated a Mineral Resource for WAK in July 2019, estimating mineralisation for for the Sparks deposit, located on M70/1143 and reported for the material fraction below 45 µm. The Competent Person for the estimate is Dr Matthew Cobb, who is a full-time employee of CSA Global and Member of the Australian Institute of Geoscientists, and the estimate has been reported in accordance with JORC guidelines.

The Mineral Resource estimate is based on 9,259 m of drilling for 367 drillholes.

CSA Global classified the resultant Mineral Resource estimate as Measured, Indicated and Inferred based on an assessment of geological understanding of the deposit, geological and grade continuity, drillhole spacing, quality control results, search and interpolation parameters and an analysis of available density information.

CSA Global comments that the deposit appears to be of sufficient grade, quantity and coherence to have reasonable prospects for eventual economic extraction. Snowden concurs with this view.

Mineral Resources within M70/1143 were reported for the fraction of material below 45 µm recovered from kaolinised granite (Table 1.2).

Table 1.2 Mineral Resource estimate (<45 µm), M70/1143, May 2019

Classification	Kaolinised granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
Measured	38	82	51	21.3
Indicated	27.7	83	50	13.9
Inferred	43.3	83	49	19.3
Total	**109.1**	**82**	**50**	**54.5**

Source: CSA Global

Competent Persons Statement – Mineral Resource estimate

The information in this report that relates to Mineral Resources is based on, and fairly represents, information and supporting documentation prepared by Dr Matthew Cobb, who is a full-time employee of CSA Global. Dr Cobb is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are supervising to qualify as a Competent Person as defined in the JORC Code. Dr Cobb consents to the disclosure of this information in this report in the form and context in which it appears.

This Mineral Resource estimate has not been previously published and a copy of CSA Global's JORC Code Table 1 has been appended (refer to Appendix A).

1.1.2 Ore Reserve estimate

CSA Global estimated an Ore Reserve for WAK in July 2020 (Table 1.3), superseding a previous estimate made in 2012. The Competent Person for the estimate is Mr Karl van Olden, who is a full-time employee of CSA Global and Fellow of the Australasian Institute of Mining and Metallurgy (**AusIMM**), and the estimate has been reported in accordance with JORC 2012 guidelines.

CSA Global has classified the resultant Ore Reserve estimate as Probable, based on an assessment of the Indicated and Measured mineralisation by considering the Modifying Factors, as promulgated by the JORC Code. Snowden concurs with this assessment.

Table 1.3 Ore Reserve estimate M70/1143, 30 June 2020

Classification	Tonnes (Mt)	ISO brightness (%)	Yield (%)	In situ kaolin (Mt)
Proved	No Proved Ore Reserve			
Probable	30.5	83.7	51.8	15.8

Total	**30.5**	**83.7**	**51.8**	**15.8**

Source: CSA Global

Competent Persons Statement – Ore Reserve estimate

The information in this report that relates to Ore Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Karl van Olden, who is a full-time employee of CSA Global. Mr van Olden is a Fellow of the AusIMM and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which they are supervising to qualify as a Competent Person as defined in the JORC Code. Mr van Olden consents to the disclosure of this information in this report in the form and context in which it appears.

This Ore Reserve estimate has not been previously published and a copy of CSA Global's JORC Code Table 1 has been appended (refer to Appendix A).

1.1.3 Summary of Exploration Results

Snowden is reporting Exploration Results[1] in the context of the Mineral Resource estimate which was prepared by CSA Global. These Exploration Results have not previously been publicly reported and a copy of CSA Global's JORC Code, Table 1 has been appended (refer to Appendix A).

Competent Persons Statement – Exploration Results

The information in this report that relates to Sampling Techniques, Data Collection and Exploration Results is based on, and fairly represents, information and supporting documentation prepared by Dr Ian Wilson, who is an independent consultant to WAK. Dr Wilson is both a member of the Institution of Materials Mining and Metallurgy and a Fellow of the Geological Society of London. Dr Wilson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is supervising to qualify as a Competent Person as defined in the JORC Code. Dr Wilson consents to the disclosure of this information in this report in the form and context in which it appears.

1.2 Summary of geology and mineralisation

The Wickepin kaolin mine exploits lateritised granitic basement of the Yilgarn Terrane covered by Tertiary aeolian and alluvial/colluvial sediments. The basement has been intruded by Paleoproterozoic dioritic and doleritic dykes that strike east-northeast and are associated with the Widgiemooltha igneous province.

The overlying regolith profile includes transitional and saprolitic horizons, a mottled clay zone, and a lateritic/colluvial horizon.

Mineralisation is the result of intense weathering of the basement granite to form a kaolinite-rich saprolite horizon within the regolith. This horizon is variably overlain by a mottled zone, comprising the upper layers of the saprolite horizon stained with iron oxides and a lateritic overburden.

1.2.1 Drilling data

There are more than 500 drill holes completed by various parties at the Mineral Assets. Mr Peters has determined that the deposit is well enough understood because of previous production and that full disclosure of the drill hole locations and collars is not material to this report.

1.3 Summary of processing strategy

WAK has operated a small-scale kaolin mine on the mining lease to provide test ore samples to its existing Kwinana Plant, where it has developed a proprietary dry beneficiation process, the "K99" process.

WAK intends to construct at Wickepin a treatment plant of capacity of 0.5 Mt/a ore (dry), producing 0.2 Mt/a (at 1% moisture) of kaolin product. The initial design will allow for further expansion of the K99 facility to a throughput of at least 1.0 Mt/a ore (dry), producing 0.4 Mt/a (1% moisture) of kaolin products and additional provision for further treatment via a wet process, still under development. The product will be transported using existing transport corridors to Kwinana for direct loading onto ships for export.

The Wickepin Plant will be a replica of the current Kwinana Plant, expanded by a factor of between four and five. This expansion will be achieved by establishing a feed, drying and product collection system capable of 26 t/hr (product) and two beneficiation processing modules rated for 13 t/hr (product). Each module represents an increase in production, compared to that achieved in the Kwinana Plant, by a factor of greater than two.

1.4 Summary of commercial strategy

WAK is focused on establishing itself as a supplier of high-grade premium kaolin products globally through (Table 1.4):

- Construction of a processing plant in Wickepin, utilising the K99 process, with progressive increase to >200,000 t/a production through the plant planned by 2022
- Expansion of production capacity at the Wickepin Plant to >400,000 t/a within 48 months of the IPO
- Building on the existing Mineral Resource at Wickepin
- Negotiation of sales agreements for product on suitable commercial terms with acceptable counterparties
- Investment in further processing expansion including the construction of an additional wet processing plant to produce product suitable for use in premium paper and packaging markets.

WAK currently mines and processes kaolin and sells this through a network of distributors both in Australia and overseas. Snowden's observation is that WAK's revenue is currently limited by its available production capacity.

Table 1.4 WAK commercial strategy

Year	Stage	Milestone	Description
2020	Kwinana in production Stage 1 – Wickepin in Construction	K99 Pilot Plant, Kwinana Western Australia	The current business continues with ore mined at Wickepin being transported by truck to Kwinana for processing and then sold to the Company's existing network of customers and distributors. The waste from the treated process is currently being stockpiled for possible sale or transported to Wickepin for back fill.
2021	Kwinana in production Stage 1 – Wickepin in Construction	Construct new processing plant at Wickepin, Western Australia	The Kwinana plant continues operation while the first stage of production equipment is installed at the Wickepin, Western Australia plant site adjacent to the current mining operations.
2022	Stage 1 – Wickepin in Production	Completion of construction of new plant;	The first stage of production equipment is operating at Wickepin, Western Australia with a nameplate

Year	Stage	Milestone	Description
		commercial scale up at Wickepin	capacity of 200,000 tonnes per annum. The Kwinana site will progressively transition to have an R&D focus on wet processing and other specialty kaolin products. Some of the Kwinana K99 Process production equipment will be used for the Stage 2 expansion at Wickepin.
2023	Stage 1 – Wickepin in Production Stage 2 – Wickepin in Construction	Completion of construction of new plant; continue commercial scale up at Wickepin	The first stage of production equipment is operating at Wickepin, Western Australia. Concurrently, the second stage of production equipment is installed at Wickepin, Western Australia, which will bring the operating nameplate capacity to a total of 400,000 tonnes per annum by the end of 2023.
2024	Stages 1 and 2 – Wickepin in Production	Expand K99 Process capacity at Wickepin	The second stage of production equipment installation is complete and the Directors anticipate ramping up kaolin production to the nameplate capacity of 400,000 tonnes per annum progressively by the end of 2024.[1]
After 2024	Future stages may be considered	Expand K99 Process capacity at Wickepin	The Company's objective is to continue to add on 200,000 tonne modules with the implementation of each subsequent stage subject to a range of factors, including demand, funding and approvals.

Source: WAK

Following the IPO capital raising, WAK intends to expand its production capacity at Wickepin.

As production and sales revenue increases towards the planned first stage plant capacity of 200,000 t/a, Snowden's observation of the financial model presented indicates that WAK will be profitable. The Company intends that its kaolin production capacity will further increase according to its staged capacity expansion plan.

1.4.1 Snowden opinion

Snowden considers that WAK's commercial strategy and use of funds is appropriate and prudent. Snowden considers that in its opinion and within its experience, in terms of the business case of the cash flow model, BDB's work has been competently prepared in relation to process function, recovery/costs, and expansion plans.

1.5 Conclusions and recommendations

Snowden considers that the Project has been in development for some years and that WAK has developed technology to produce a saleable product, which has been demonstrated at a pilot scale. WAK has sold its product at a pilot scale for some years.

1.6 Snowden conclusions

Snowden concludes that WAK has:

- Ownership of the Project and is well progressed toward licensing
- Commenced preparation for construction of a commercial production plant and mine at Wickepin
- Demonstrated economic viability under the assumed conditions
- Conducted its technical work to an appropriate standard
- Demonstrated a Mineral Resource and Ore Reserve under the assumed conditions.

The DFS and IER commissioned by WAK confirm the viability of the process, its costs and that the project demonstrates the stated returns, considering customer commitments and assumed global market conditions

1.7 Snowden recommendations

Snowden recommends that WAK:

- Progresses with listing on the ASX to raise capital for construction
- Continues to establish markets for its product
- Continues to conduct its technical work to a standard that is reportable in accordance with the guidelines of the JORC Code.

2 INTRODUCTION

Snowden was requested by WAK to prepare an ITAR for the Project. The Project comprises a kaolin mine located near Wickepin in the Western Australian Wheatbelt, and a kaolin processing facility located in the industrial city of Kwinana, south of Perth (Figure 1.1).

Snowden understands that this ITAR is to be included in a prospectus to facilitate a listing on the Australian Securities Exchange.

2.1 Competent Person, effective date and no material change

The Competent Person for preparation of the report is Mr Jeremy Peters, FAusIMM CP (Mining, Geology). Mr Peters has extensive professional experience, is familiar with the geology of Western Australia and has worked extensively throughout Australia.

The information in this report that relates to Technical Assessment of Mineral Assets reflects information compiled and conclusions derived by Mr Peters. Mr Peters is an Associate of Snowden and is an employee of Burnt Shirt Pty Ltd. Mr Peters has sufficient experience relevant to the Technical Assessment of the Mineral Assets under consideration and to the activity which he is undertaking to qualify as a Practitioner defined in the 2015 edition of the VALMIN Code. Mr Peters consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The effective date of this report is 29 September 2020, this being the date at which no further information was supplied to the author by WAK, and the author is not aware of any material change in the status of the Project in the period between receipt of data and completion of the report.

Unless otherwise stated, information and data contained in this report or used in its preparation has been provided by WAK or has been gathered from public sources.

2.2 Reporting code

This document is prepared in accordance with the JORC Code and the VALMIN Code. All references to the JORC or VALMIN codes in this document are to the 2012 and 2015 editions, respectively, unless otherwise stated.

2.3 Mineral Assets

The Mineral Assets that are the subject of this ITAR are granted tenements under Western Australian mining legislation[6] (Table 1.1 and Figure 1.2). The Department of Mines, Industry Regulation and Safety (**DMIRS**) in Western Australia requires minimum expenditure and annual reporting of exploration activity as a condition of tenure.

Snowden has sighted evidence in the form of a letter addressed to Mr Andrew Sorenson of WAK from Tenement Administration Services, a suitably qualified professional tenement manager, that the tenements are in good standing and ownership is vested in WAK[7].

2.3.1 Mineral Resource estimates

In 2017, WAK commissioned mining consultants, CSA Global to produce a Mineral Resource estimate its entire tenure (refer Section 6 below). Snowden has accepted this estimate as a basis for this ITAR.

[6] For a more comprehensive explanation of Western Australian mining legislation, refer to www.dmp.wa.gov.au/Minerals/Legislation-and-compliance-6224.aspx

[7] Tenement Administration Services, letter dated 26 September 2019, Standing of Tenements held by WA Kaolin Holdings Pty Ltd.

In 2019, WAK commissioned CSA Global to produce a Mineral Resource estimate for the Sparks kaolin deposit, located on M70/1143 (refer Section 6 below). Snowden has accepted and used this estimate as a basis for this ITAR.

2.3.2 Reasonable prospects for eventual economic extraction

The Competent Person for both the 2017 and 2019 Mineral Resource estimates deems that there are reasonable prospects for eventual economic extraction on the following basis:

- Portions of the deposit are currently being mined successfully, and necessary infrastructure currently exists

In addition, the Competent Person for the 2019 Mineral Resource estimates deems that there are reasonable prospects for eventual economic extraction on the following basis:

- Kaolinite in the region is currently being produced from similar deposits
- The relatively high tenor and generally shallow depths are amenable to extraction for those areas where mining is not planned nor active.

Clause 49 of the JORC Code requires that industrial minerals, including kaolin, must be reported including pertinent specifications. The Competent Person deems that the WA Kaolin Project is appropriately reported by considering ISO brightness and yield for the <45 µm fraction of kaolinized granite horizon within the Project area, as these specifications match those for run-of-mine feed from current mining operations at the Project, and also notes that a product meeting these specifications is currently being sold.

2.3.3 Ore Reserve estimate

In 2020, WAK commissioned CSA Global to produce an Ore Reserve estimate for the Sparks kaolin deposit, located on M70/1143 (refer Section 8 below). Snowden has accepted and used this estimate as a basis for this ITAR.

2.4 Sources of information and site visit

The geology and exploration history of the Wickepin area has been extensively and publicly reported. Mr Peters has worked on the rocks of the Yilgarn Craton at various points in his career and has conducted a site visit to Wickepin. He has examined WAK's literature to satisfy himself of the veracity of the deposit.

Mr Peters physically examined the Wickepin and Kwinana sites on 4 August 2020 and accepts representations made by WAK and bases his inferences on his own experience and observations.

Unless otherwise stated, all currencies are expressed in Australian dollars (**A$**) and units of measurement are metric. Historic units have been converted to metric units. Grid locations are in Geocentric Datum of Australia 1994 (**GDA94**), unless otherwise indicated.

Snowden is responsible for this report as part of WAK's listing documentation and declares that it has taken all reasonable care to ensure that the information contained in this report is, to the best of its knowledge, in accordance with the facts and contains no material omissions.

2.4.1 Reliance on other experts

In preparing this report, Mr Peters has extensively relied on information collated by other parties, particularly Ore Reserve and Mineral Resource reports by CSA Global and a cash flow model developed by WAK. Mr Peters has critically examined this information, made his own enquiries and applied his general mineral industry competence to conclude that the information presented in this ITAR complies with the definitions and guidelines of the JORC Code.

Mr Peters has drawn extensively on a Definitive Feasibility Study prepared by BDB Process Pty Ltd (**BDB**)[8], of Fremantle, WAK's process advisor. Mr Peters notes that BDB has not been directly exposed to the proprietary dry attritioning and beneficiation sections of the plant but has confirmed the performance of these sections to its satisfaction through production data and has consequently disclaimed aspects of its opinion.

The responsibility of the author is provided in Table 2.1.

Table 2.1 Responsibilities of the author

Author	Responsible for sections
Jeremy Peters, FAusIMM CP (Min, Geo)	Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12

The principal source of information regarding WAK assets is private and statutory reports that have been prepared by various parties for WAK.

2.4.2 Reliance on information

Snowden believes that its opinion must be considered as a whole and that selection of portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinions presented in this ITAR. The preparation of an ITAR is a complex process and does not lend itself to partial analysis or summary.

2.4.3 Limitations

WAK has agreed to indemnify Snowden for any liability arising as a result of or in connection with the information provided by or on behalf of it being incomplete, incorrect or misleading in any material respect. WAK has confirmed in writing to Snowden that, to its knowledge, the information provided by it (when provided) was complete and not incorrect or misleading in any material respect. Snowden has no reason to believe that any material facts have been withheld and WAK has confirmed in writing to Snowden that it believes it has provided all material information available to it.

2.4.4 Declaration

Snowden will receive a fee for the preparation of this report in accordance with normal professional consulting practice. This fee is not contingent on the outcome of the ITAR and Snowden will receive no other benefit for the preparation of this report. Snowden does not have any pecuniary or other interests that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the assets.

Neither Snowden, the Competent Person, Mr Peters, who is responsible for authoring this ITAR, nor any Directors of Snowden have at the date of this report, nor have had within the previous two years, any shareholding in WAK or any of its advisors.

Consequently, Snowden, Mr Peters and the Directors of Snowden consider themselves to be independent of WAK and its related parties.

2.4.5 Copyright

Copyright of all text and other matter in this document, including the manner of presentation, is the exclusive property of Snowden.

It is an offence to publish this document or any part of the document under a different cover, or to reproduce and/or use, without written consent, any proprietary technical procedure and/or technique contained in this document. The intellectual property reflected in the contents resides with Snowden and shall not be used for any activity that does not involve Snowden, without the written consent of Snowden.

[8] BDB Process Pty Ltd, Independent Expert's Report on WA Kaolin Commercial Pilot of the K99 Process, Draft 19-AUS-WAK-1003-Final Report V2, July 2020

3 PROJECT DESCRIPTION

The Project comprises an operating kaolin mine near Wickepin, Western Australia, and a kaolin processing facility located near Kwinana, Western Australia.

3.1 Wickepin

The mining Project comprises a single general purpose lease 70/251, a miscellaneous licence 70/156, a mining lease 70/1143, and four retention licences 70/40, 70/42, 70/43 and 70/44 (Table 1.1 and Figure 1.2) under Western Australian mining legislation.

Snowden has sighted a letter from an appropriately qualified tenement manager stating that:

- There are no outstanding rents for any of the tenements
- The minimum annual commitment of $99,700.00 for mining lease 70/1143 has been met every year since grant
- There are no outstanding Mining Rehabilitation Fund submissions and all levy payments have been made
- There are no encumbrances recorded
- The tenements are currently in good standing.

WAK is currently exploiting the Sparks deposit (refer Section 4.4 below).

3.1.1 Location and access

The Project is located approximately 20 km east of Wickepin (Figure 1.2), 220 km southeast of Perth, Western Australia. The town and the Project are well serviced by sealed roads and by rail to the industrial deep-water port of Kwinana, south of the State capital of Perth.

The climate is typical of the Western Australian Wheatbelt region, with maximum and minimum temperatures ranging from approximately 30°C to 15°C, and 15°C to 5°C, respectively.

The area experiences defined seasons, with January the hottest month and July the coldest.

Average annual rainfall is greater than 490 mm, with January the driest month, averaging 13.2 mm; and July the wettest, averaging 85.8 mm.

The Project area is dominated by sheep and wheat farmland. The native vegetation is wandoo and york-gum woodland. The area forms part of the Avon River catchment and drains to the north.

3.1.2 Infrastructure

The Project requires no substantial permanent infrastructure, with campaign mining taking place intermittently within two shallow pits located on M70/1143 (Figure 1.2). No on-site facilities currently exist, with product being hauled by road to a processing facility near the Kwinana Port.

As of August 2020, Shire approvals are in place for a proposed de-gritting and processing facility to be relocated to Wickepin, and construction has commenced.

3.1.3 Aboriginal heritage, Native Title and environment

WAK's tenement advisors state that there are no outstanding Annual Environmental Reports or Mine Closure Plans relating to the Wickepin mine.

In relation to Aboriginal relationships, various tenements encroach onto Federal NTC WAD6181/1998 by the Ballardian People; ILUA WI2017/012 by the Ballardong People; and WAD6274/1998 and ILUA WI2015/005 by the Gnaala Karla Booja People.

Obligations under these heritage agreements may apply and Snowden has not been informed of any material encumbrances.

WAK has advised that it has the following approvals:

- The Project was granted a Works Approval by Department of Environment Regulation on 20 February 2014 (WAN: W5443/2013/1), subsequently amended 15 February 2019 to extend the expiry date to 22 February 2022 and increase the scale of intended operations to 1.25 Mt of ore per annum.
- "Existing Environmental" report issued for the Project by Dames and Moore 9 October 1995 (subject to current review and revision as required as part of the current Feasibility Study program). This report covered the biophysical and social environment.
- A Mining Proposal[9] for the Project was issued to the Western Australian Department of Mines and Petroleum (**DMP**) (DMP Registration ID: 50959). This document also addressed environmental aspects. A Mining Approval was granted to WA Kaolin Holdings Pty Ltd by DMP on 21 January 2015, subject to certain conditions.

WAK summarises other current, pending and proposed approvals below (Table 3.1).

Table 3.1 WAK permitting status

Site approval category	Authority	Status	Lead time
Mine site			
Mining approval	DMIRS	Approval granted for 60,000 t/a kaolin operation.	Completed
		Approval granted for 360,000 t/a kaolin operation.	
Works approval (environmental)	DER	Granted.	
Environmental licensing	DER	Application will be consistent with Works approval. Not required pre-construction but required to operate plant.	10–12 weeks from submission
Development approval	DAP and Wickepin Shire	Granted.	Completed
Building permit	Wickepin Shire	Building Licence to follow with commitment to comply with the Australian Building Code.	
Pipeline			
Tenement (miscellaneous licence)	DMIRS	Granted.	Completed
WRS Plant (including rail siding)			
Works approval (environmental)	DER	Granted.	Completed
Environmental licensing	DER	Application will be consistent with Works approval. Not required pre-construction but required to operate plant.	10–12 weeks from submission
Development approval	DAP and Wickepin Shire	Granted.	Completed
Building permit	Wickepin Shire	Building Licence to follow with commitment to comply with the Australian Building Code.	
Rail siding connection	ARC Infrastructure	Negotiations to ensure rail siding achieved and line operative.	Underway
Kwinana			
Kwinana	Rockingham Shire	All consents in place for existing plant up to 5,000 t/a. Variation required to expand to 20,000 t.	Completed

[9] Dr A Tingay, Mining Proposal – Revised Version #1, 5 January 2015

3.2 Kwinana

WAK has constructed a commercial kaolin Pilot Production Facility on 3 ha of portside industrial land at Lot 3, Ward Road, East Rockingham, Kwinana. This plant has been shipping a range of kaolin products for paper, ceramics and paint to customers in China, Korea, Japan and India.

The plant resulted from the development of the K90 process, producing a dry screened, low grade product and a wet process to generate high grade kaolin products. WAK advises that development of the K90 process did not proceed for commercial reasons.

WAK has developed a proprietary dry process, K99, for processing its ore into saleable feedstock to specifications required by paper industry customers.

WAK has operated the Kwinana Plant in its current configuration since early 2017. Operating data for the period from May 2017 until June 2019 inclusive has been sighted by Snowden and forms the basis of a review by WAK's metallurgical consultant, BDB, that is referenced in this ITAR[10].

The process has been incrementally improved and various quantities of ore and product have been reported to have been discarded due to process interruption or quality issues.

The plant at Kwinana is currently configured toward WAK's K99 process and consists of:

- Whole-of-feed drying
- Size reduction
- Dry attritioning
- Beneficiation
- Product packaging
- Tailing disposal (dry).

WAK's intellectual property (IP) pertains to the dry attritioning and beneficiation sections of the plant. The remaining sections of the plant (whole-of-ore drying, size reduction, product packaging, and tailings disposal) utilise conventional process units readily available from established equipment suppliers and well understood in terms of capital construction, operational and ongoing maintenance requirements.

[10] BDB Process Pty Ltd, September 2019, Independent Expert's Report on WA Kaolin Commercial Pilot of the K99 Process

4 GEOLOGY AND MINERALISATION

4.1 Kaolin – introduction

The name “kaolin” is a corruption of the Chinese term “Kauling”, which is the name of a hill in Jiangxi Province that was historically mined. Kaolin is typically a soft white rock consisting primarily of kaolinite, with lesser amounts of other minerals such as quartz, feldspar and various forms of iron and titanium oxide.

The mineral kaolinite has a theoretical chemical composition of 39.5% Al_2O_3, 46.54% SiO_2 and 13.96% structural H_2O.

Kaolin deposits may be broadly described as two types, either residual or transported deposits. Residual deposits may be formed in situ (in place) by the alteration of feldspar-rich rocks such as granitoids or feldspathic sandstone by weathering or hydrothermal fluids.

Kaolin in weathered deposits is formed by the hydration of minerals such as feldspar to produce kaolinite. The weathering process resulted in the leaching and removal of silica, iron, potassium, sodium, calcium and magnesium from the original granitoid rock. It is noted that weathering processes may be affected by the composition of the original rock, topography, fracture zones (e.g. joints or faults), groundwater and the balance between the weathering process and erosion.

The Project is classified as a residual deposit, formed by the weathering of granitoid rocks.

4.2 Regional geology

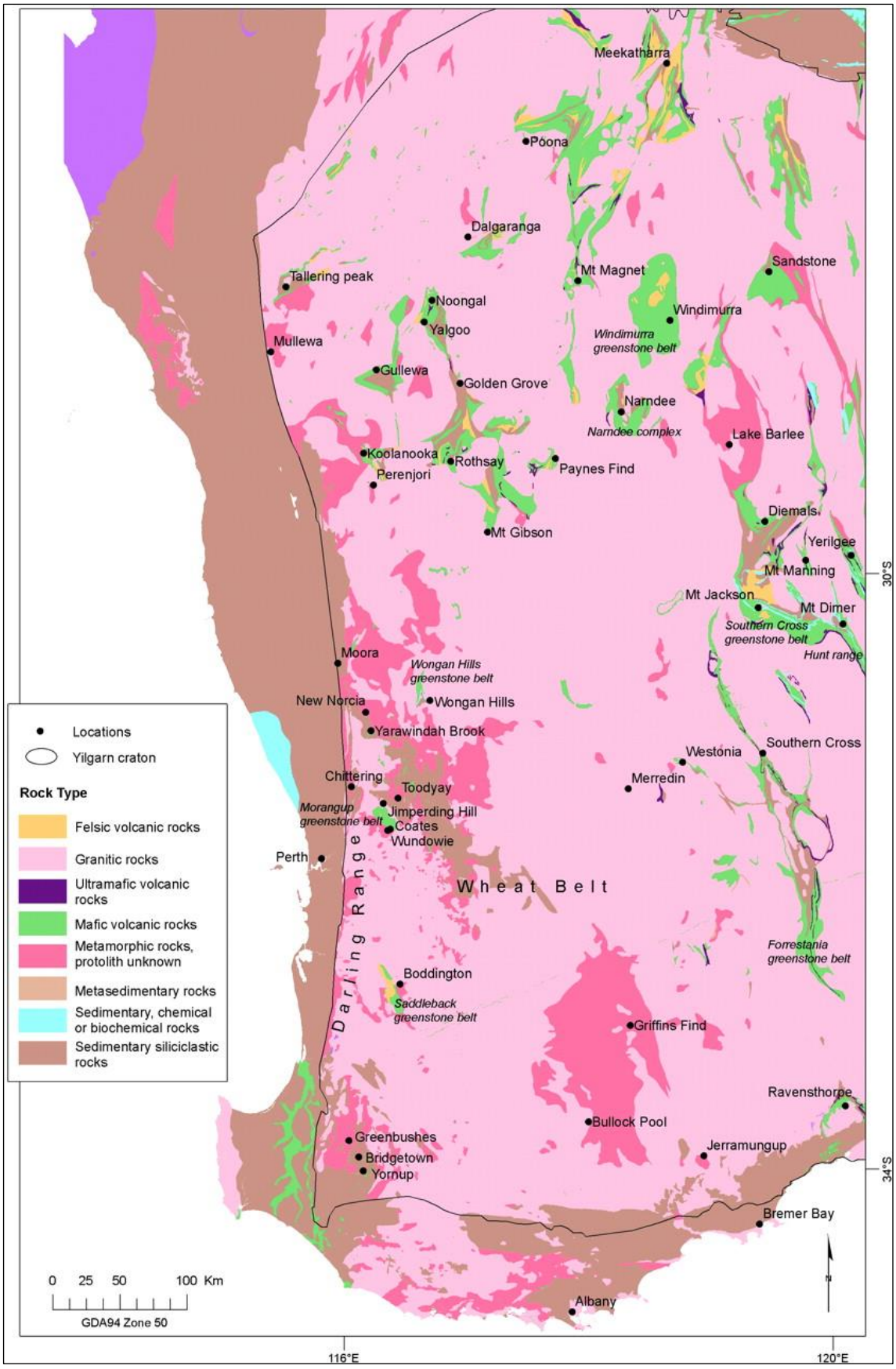
The Project is located within the South West Terrane of the Yilgarn Craton, which is dominated by Meso to Neoarchaean granitoids and associated greenstone belts. The granitoids of the region have been assigned ages of 3000–2600 Ma (Figure 4.1).

Subsequent Tertiary weathering has deeply lateritised the basement granite to laterite and kaolin. Quaternary climatic conditions have produced an aeolian colluvial sandplain and drainages, obscuring the basement geology for much of the region.

There are a number of identified kaolin occurrences in the Wickepin area, WAK’s deposit being the only active operation, being known in government literature as the Sparks deposit (Figure 4.2).

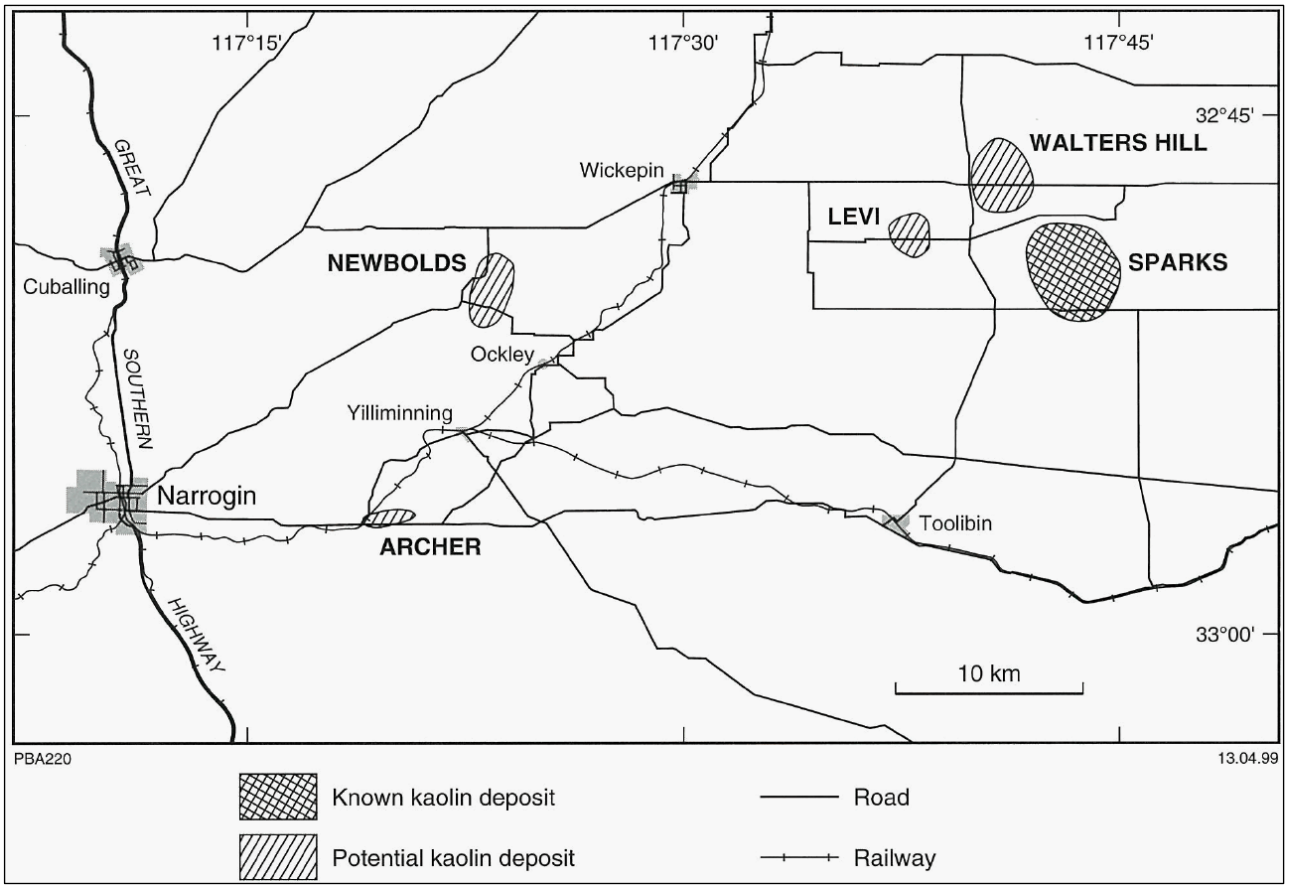
Local land use is mainly farming of these aeolian plains with extraction of gravels and rock for construction in places.

Figure 4.1 Yilgarn regional geology



Source: M. Cornelius, I.D.M. Robertson, A.J. Cornelius and P.A. Morris

Figure 4.2 Kaolin deposits in the Ockley-Wickepin area (after Williams, 1997)



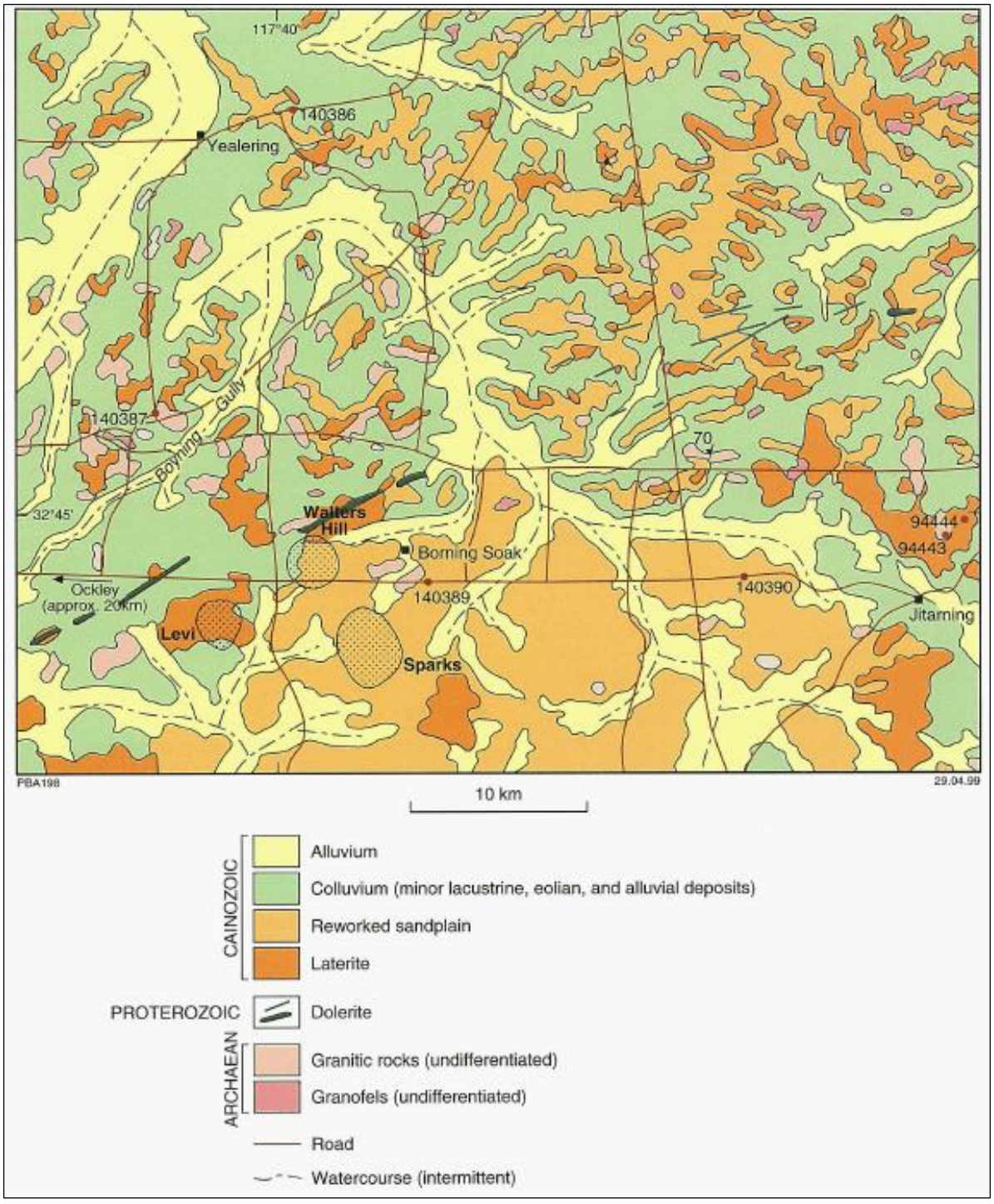
Source: GSWA Bulletin 19, Figure 24

4.3 Local geology

The Project area geology is dominated by lateritised granitic basement of the Yilgarn Terrane covered by Tertiary aeolian and alluvial/colluvial sediments (Figure 4.3). The basement has been intruded by Paleoproterozoic dioritic and doleritic dykes. The dykes strike east-northeast and are associated with the Widgiemooltha igneous province.

The overlying regolith profile includes transitional and saprolitic horizons, a mottled clay zone, and a lateritic/colluvial horizon.

Figure 4.3 WA Kaolin Project local geology



Source: GSWA Bulletin 19, Figure 25, modified from Muhling and Thom, 1985

4.4 Mineralisation

Mineralisation is the result of intense weathering of the basement granite to form a kaolinite-rich saprolite horizon within the regolith. This horizon is variably overlain by a mottled zone, comprising the upper layers of the saprolite horizon stained with iron oxides and a lateritic overburden.

WAK reports typically describe fresh basement rocks at a depth of some tens of metres below the present surface, covered by the regolith profile (Table 4.1).

Table 4.1 Typical WA Kaolin geology profile

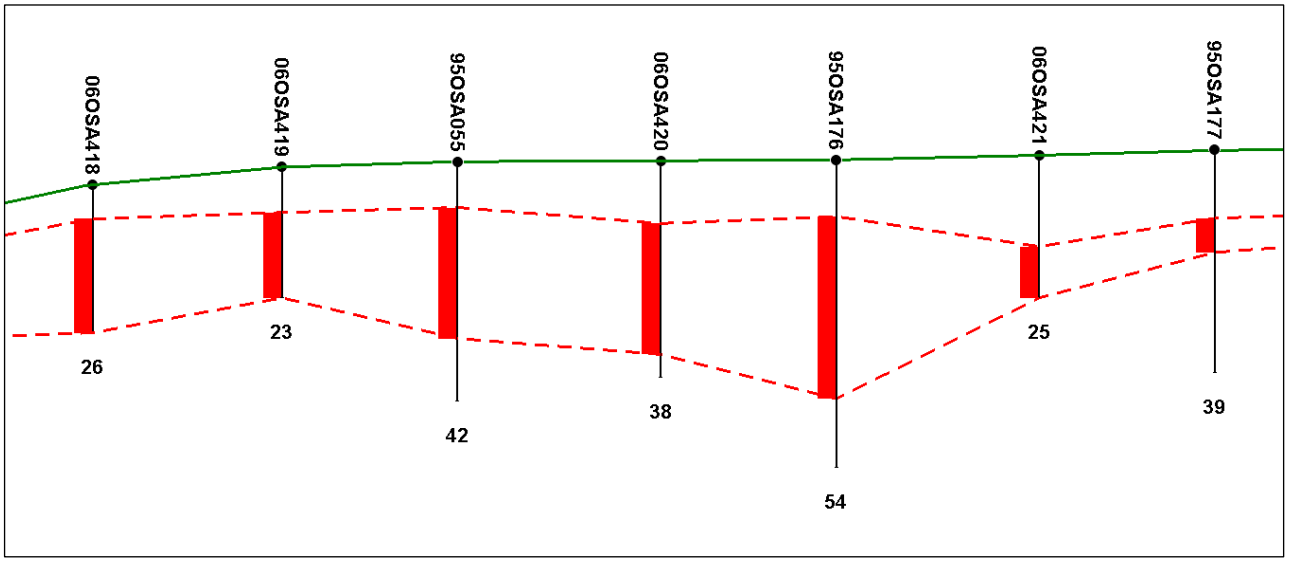
Depth	Geology
0–0.2 m	Pale grey quartz sand
0.2–2 m	Laterite
2–4 m	Mottled sandy clays
4–6 m	Pink kaolinised granite
6– 16 m	Cream to white kaolinised granite
16–20 m	Yellow kaolinised granite
20–30 m	Grey saprolitic granite
>30 m	Fresh granite

Source: WAK

Continuity of kaolin grade at the Project is controlled by the depth and completeness of weathering over the granitic parent primary lithology and the presence of potentially contaminating intrusive mafic dykes.

A typical cross section through the Sparks deposit illustrates its shallow, laterally extensive, sub-horizontal nature (Figure 4.4). The deposit is flat-lying and the drilling by which it is defined is vertical. The Competent Person for this Report considers that the vertical drillholes accurately reflects the true width of the mineralisation.

Figure 4.4 Wickepin kaolin mineralisation cross section example (Section 6367715N)



Notes: Red = kaolin. Collars approximately 100 m apart; final depths in metres. 3 x vertical exaggeration.
Source: WAK drill database; Cross section compiled by Snowden

5 HISTORICAL EXPLORATION

5.1 Exploration summary

Since discovery by Rio Tinto in 1994, some 17,514 m of air-core drilling has been completed at Wickepin[11].

Previously reported exploration history for the Project indicates the earliest work being undertaken by CRAE (a subsidiary of Rio Tinto) in 1994. During 1995, Rio Tinto withdrew from the kaolin business and divested its kaolin assets.

WAK acquired the Project during this time, conducting further drilling in 2003–2004, which was followed up by further drilling in 2006 as part of a due diligence process by Brazilian company Caemi Mineração e Metalurgia S.A., now a subsidiary of Vale S.A., a Brazilian mining conglomerate.

No drilling has been conducted at the Project since 2006 (Table 5.1).

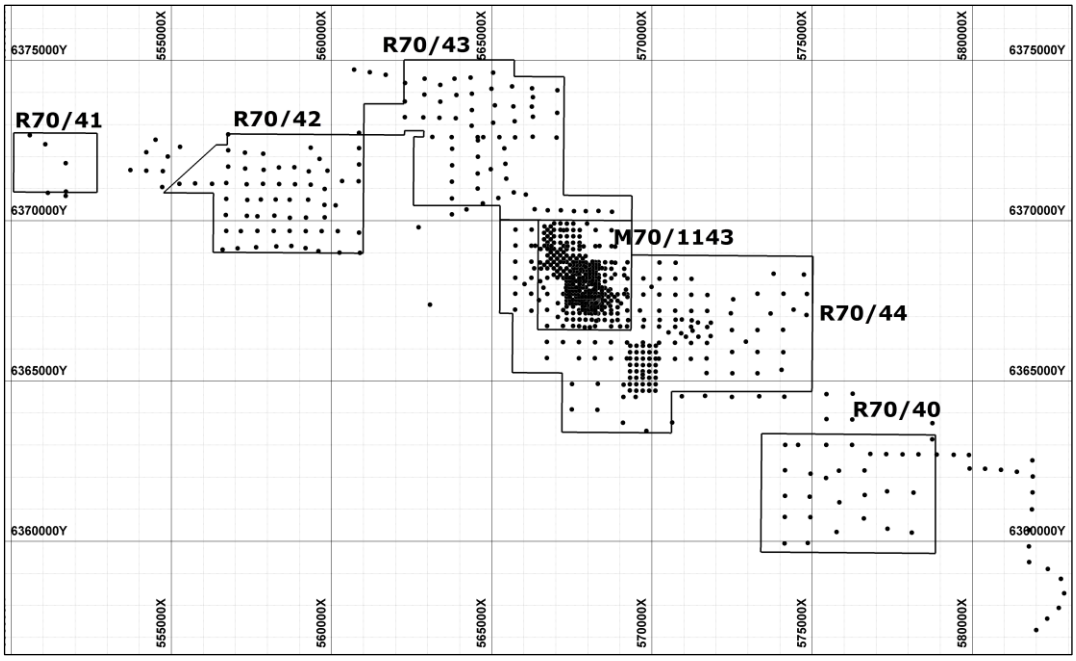
Table 5.1 WA Kaolin Project drilling summary

Year	Number of holes	Total metres
1994	46	1,394
1995	237	7,363
1996	59	1,792
2003	127	2,471
2004	59	1,233
2006	160	3,261
Total	**647**	**17,514**

Source: CSA Global

All tenements in the Project have been drilled to some extent, with the majority of the drilling concentrated on M70/1143, the Sparks deposit, for Mineral Resource definition (Figure 5.1).

Figure 5.1 Tenements and drill collars

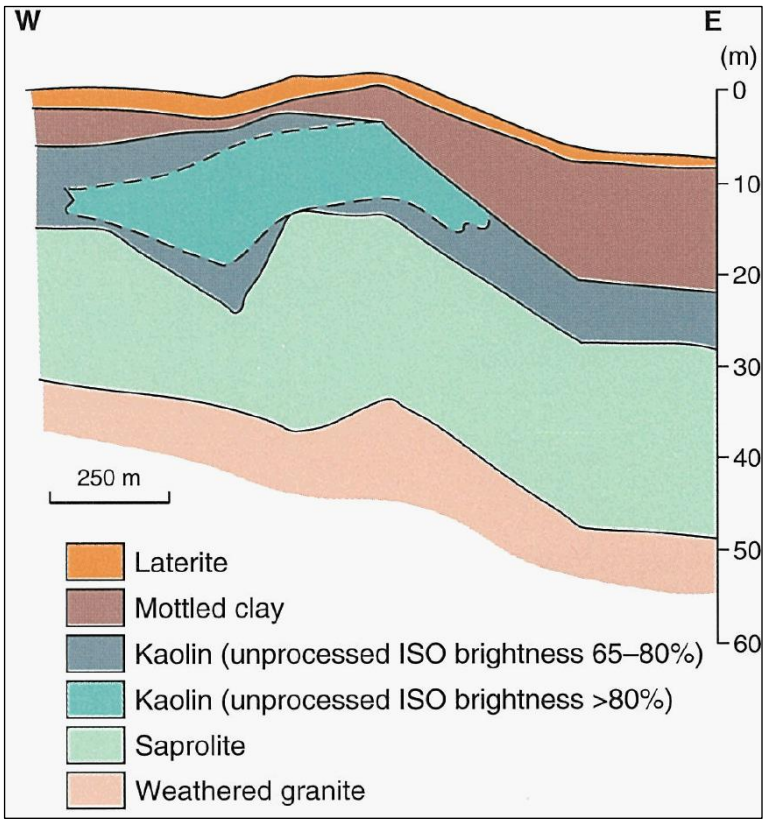


Source: WAK database; Cobb (2017)

[11] Cobb, CSA, 2017

The Sparks deposit has been domained by government geologists and explorers according to its brightness, a key commercial parameter in the kaolin market (Figure 5.2)

Figure 5.2 Schematic cross-section across the Sparks deposit



Source: GSWA Bulletin 19, figure 26

5.2 Snowden commentary

Snowden considers that the geology of the Sparks deposit is well understood and has been subject to competent exploration over a substantial period.

6 MINERAL RESOURCE ESTIMATE

CSA Global notes that *"numerous historical estimates of resources have been conducted since WAK acquired the Project with the latest, reported in 2012, reporting approximately 1.2 billion tonnes of kaolinised granite."* CSA Global also notes that the 2012 estimate reported no details regarding yield or brightness values.

CSA Global reported Mineral Resources in accordance with the JORC Code guidelines in 2017 and 2019.

6.1 Drilling techniques, history and sampling

All drillholes within the database provided by WAK have been drilled by air-core (AC), which is considered the most suitable method for the drilling and sampling of regolith. Holes were drilled to blade refusal. Collars have been drilled in a number of campaigns between 1994 and 2006 (Table 6.1), by three companies; CRA (now Rio Tinto), WAK, and CAEMI (part of Valé). The latest holes drilled by CAEMI were conducted in a campaign of due diligence while WAK maintained ownership of the Project.

In all phases of drilling, samples were collected via scoop sampling of the drill spoil piles that were deposited on the ground on a per-metre basis. Approximately 1–2 kg of material was collected for each sample. Intervals from each drillhole were selected for sampling on the basis of visual appraisal of whiteness or coloration of each metre. The nature of the industrial mineral under consideration is such that scoop sampling in such a fashion is considered by the Competent Person to be an appropriate method of sampling.

Table 6.1 WAK drilling history

Year(s)	Company	No. of holes	Hole type	Metres
1994	CRA	46	AC	1,394
1995	CRA	237	AC	7,363
1996	CRA	59	AC	1,792
2006	CAEMI	160	AC	3,261
2003	WAK	127	AC	2,471
2004	WAK	59	AC	1,233

6.2 Analytical Methods

For the 2017 and 2019 Mineral Resource estimates, samples were screened to <45 µm, then yield values were determined via mass balance. Brightness values were determined via reflectance metering using standard operating conditions as specified in ISO 2470.

6.3 Grade interpolation

For the 2017 and 2019 Mineral Resource estimates, data was domained by geology and each domain boundary was treated as a hard boundary. ISO brightness and yield were estimated into each mineralised domain via ordinary kriging using two search passes of an oriented ellipsoid. With each successive pass, estimation parameters such as minimum number of informing samples, and restrictions on informing composites contributed from individual drillholes were relaxed. Blocks not estimated after two passes for either variable were assigned the mean of the composites belonging to that object.

6.4 2017 Mineral Resource estimation

Available historical drilling data was used to estimate an Inferred Mineral Resource within all licences across the Project area; however, CSA Global notes that a significant proportion of drillholes lack satisfactory International Standards Organization (**ISO**) brightness and yield analytical data.

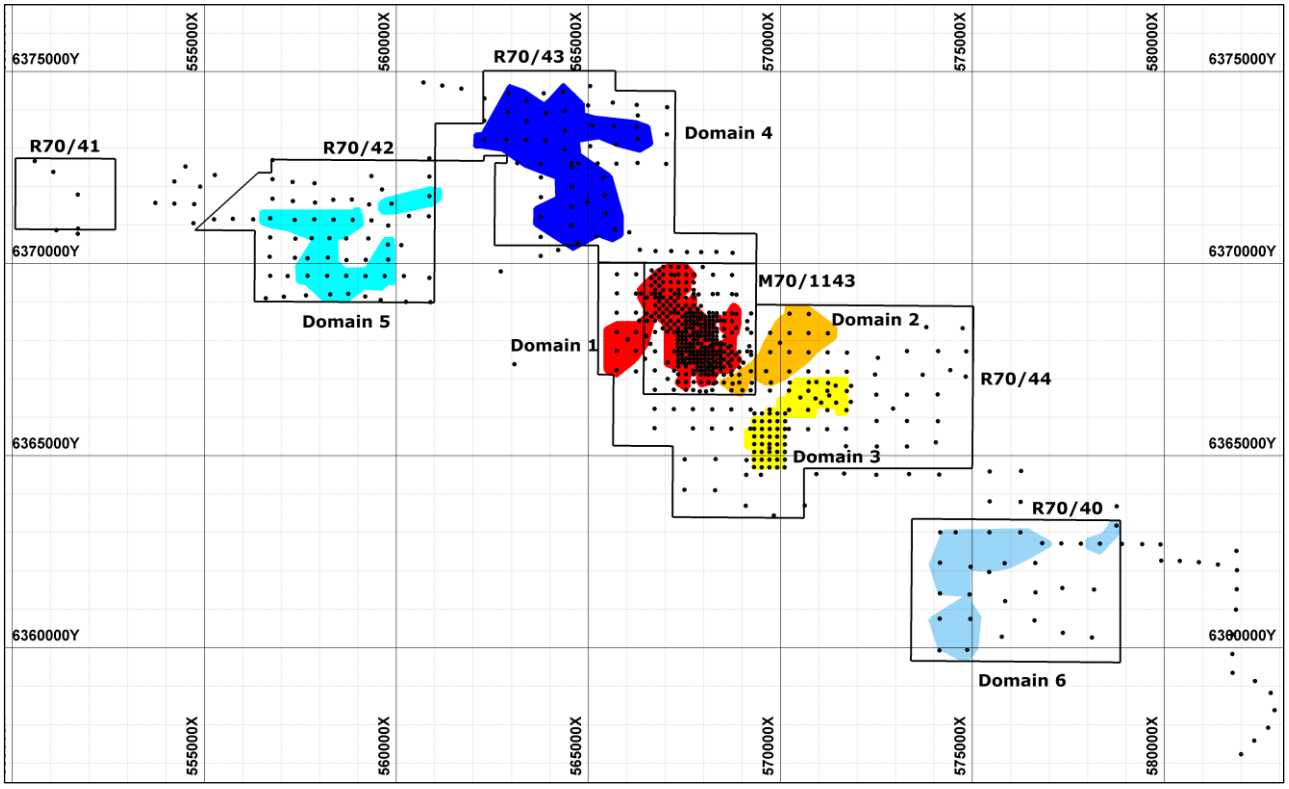
Mineral Resources for the Project were reported in 2017 for the <45 µm fraction of the kaolinized granite horizon, by domain and by tenement (Figure 6.1 and Table 6.2).

Snowden is advised that the tenement R70/41 is not now part of the project, being relinquished on 4th April 2018. This is not material to the 2017 Mineral Resource estimate, because no Mineral Resource was estimated for this tenement.

The 2017 Mineral Resource estimate was classified as Measured, Indicated and Inferred based on the Competent Person's assessment of geological understanding of the deposit, geological and grade continuity, drillhole spacing, quality control results, search and interpolation parameters, and an analysis of available density information.

The 2017 Mineral Resource estimate has not been previously published and a copy of CSA Global's JORC Code Table 1 has been appended

Figure 6.1 Kaolin mineralisation domains and tenements



Source: WAK database; simplified from Cobb, 2017

Table 6.2 Sparks deposit Mineral Resource estimate reported by domain and tenement (2017)

Domain	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
1	123.5	80.6	48.6	60.0
2	64.4	79.8	44.8	28.8
3	64.0	69.2	38.3	24.6
4	210.8	74.4	41.9	88.3
5	108.2	73.2	40.7	44.1
6	73.4	77.7	51.6	37.8
Total	**644.5**	**75.8**	**44.0**	**283.6**
R70/40	73.4	77.7	51.6	37.8
R70/42	107.2	73.1	40.7	43.6
R70/43	210.7	74.4	41.9	88.3
R70/44	142.9	73.7	41.2	58.9
M70/1143	109.1	82.4	49.9	54.5
Total	**644.5**	**75.8**	**44.0**	**283.6**

Source: CSA Global

6.5 2019 Mineral Resource estimation

In 2019, CSA Global reported Mineral Resources for M70/1143, based on 9,259 m of drilling in 367 drillholes.

The Mineral Resource for M70/1143 was classified as Measured, Indicated and Inferred based on an assessment of geological understanding of the deposit, geological and grade continuity, drillhole spacing, quality control results, search and interpolation parameters, and an analysis of available density information.

The Mineral Resources within M70/1143 were classified for the fraction of material passing 45 µm (Table 6.3 and Figure 6.2).

CSA Global described the reasons for the classification as:

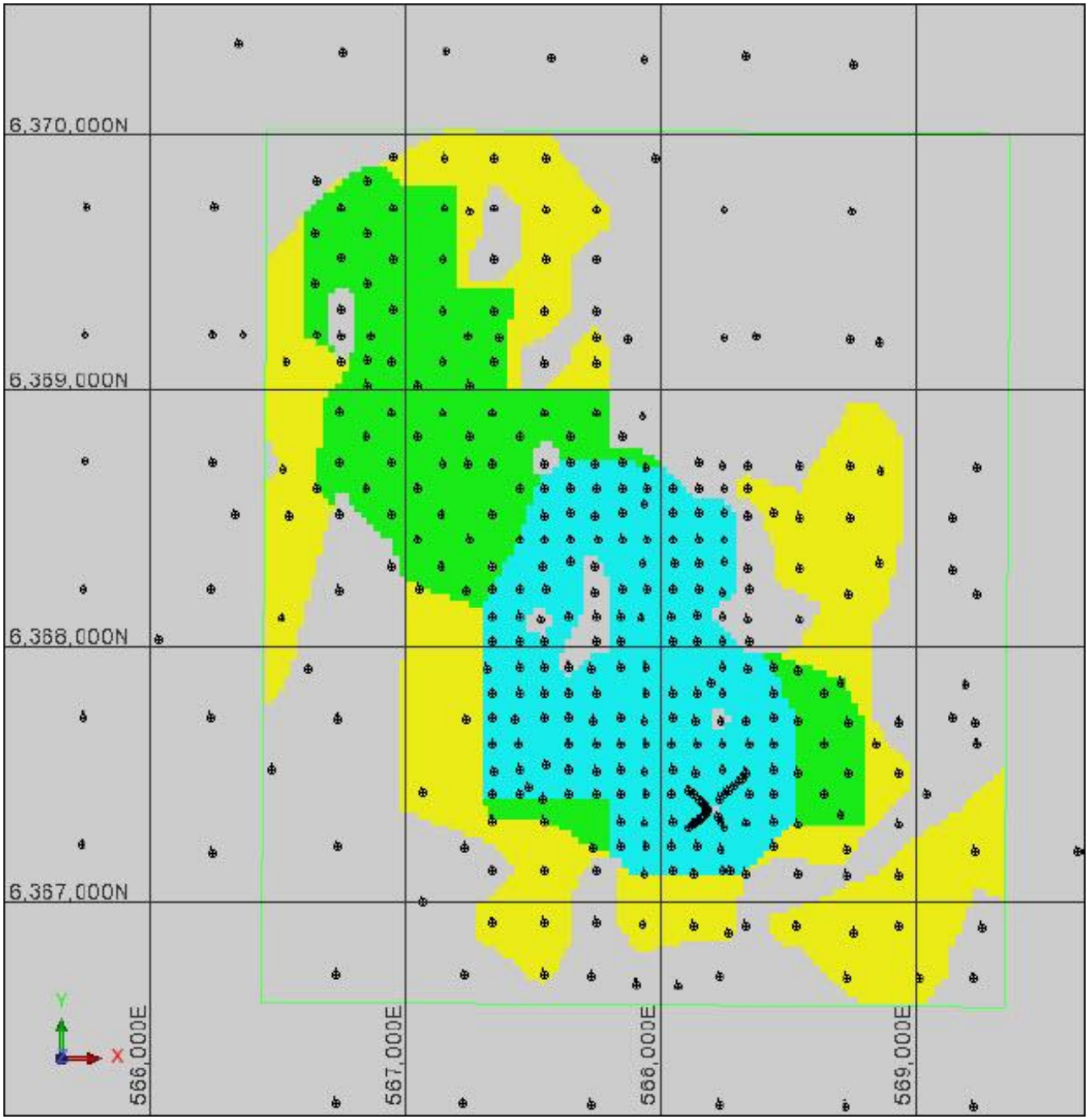
- Geological continuity and confidence in the geological model
- The nominal spacing of the drilling in the Measured area is 25–100 m
- The nominal spacing of the drilling for the Indicated area is 100–200 m
- The nominal spacing of the drilling for the Inferred area exceeds 200 m.

Table 6.3 Sparks deposit 2019 Mineral Resource estimate, material passing 45 µm

Classification	Kaolinized granite (Mt)	ISO brightness (%)	Yield (%)	Kaolin (Mt)
Measured	38.0	82	51	21.3
Indicated	27.7	83	50	13.9
Inferred	43.3	83	49	19.3
Total	**109.1**	**82**	**50**	**54.5**

Source: CSA Global

Figure 6.2 Mineral Resource classification for M70/1143 (Cobb, 2019)



Source: Cobb, 2017. Cyan = Measured; Green = Indicated; Yellow = Inferred

6.6 Snowden commentary

Snowden considers that the Mineral Resource estimate has been competently prepared and is reported in accordance with the guidelines of the JORC Code.

7 MINERAL PROCESSING

WAK has historically processed it kaolin ore at its Kwinana Plant and intends to construct a larger plant at Wickepin that utilises the proprietary K99 process. The proprietary aspects of the K99 process developed by WAK concern the dry attritioning and beneficiation sections of the plant. Snowden's observations of the Kwinana Plant support this claim.

The existing process facilities are located at the same site as the earlier pilot production facilities[12] and K99 has been developed from those facilities. K99 has been operational at the site since April 2017 and production records for the intervening period have been provided to WAK's processing consultants, BDB. Further improvements were made to K99 over this period, such that the recent production periods (from July 2018) are more reflective of likely future performance than earlier periods.

Due to the apparent sensitivity and value of the IP developed by WAK, WAK requested BDB to undertake a review of the operation without the associated IP being disclosed. BDB formed the view that this could be achieved through examination of the operating performance and outcomes associated with K99 as demonstrated by the operating records of the facility. BDB's opinion is that Project is technically feasible.

BDB reported that WAK has an established proven quality assurance (QA) and quality control (QC) program for the product.

Snowden's observation of the operating plant leads it to accept BDB's opinion as being factual and founded on sound information.

7.1 Existing facilities

WAK has two processing plants at Ward Road, East Rockingham. The original processing pilot plant uses conventional wet processing and spray drying of finished product. This wet processing plant is still in situ under care and maintenance.

The current strategy is based on the K99 process production plant, operational since April 2017.

WAK plans to construct a new, larger, K99 production plant at the Wickepin mine site. WAK believes this can add finer paper grades of kaolin to the WAK product range and possibly add value and revenue.

The Project will have an initial design treatment capacity of 0.5 Mt/a ore (dry), producing 0.2 Mt/a (1% moisture) of kaolin product. The initial design will allow for further expansion of the K99 facility to a throughput of at least 1.03 Mt/a ore (dry), producing 0.4 Mt/a (at 1% moisture) of kaolin products and additional provision for potential further treatment via a wet process, still under development.

The product will be transported using existing transport corridors to Kwinana for direct loading onto ships for export.

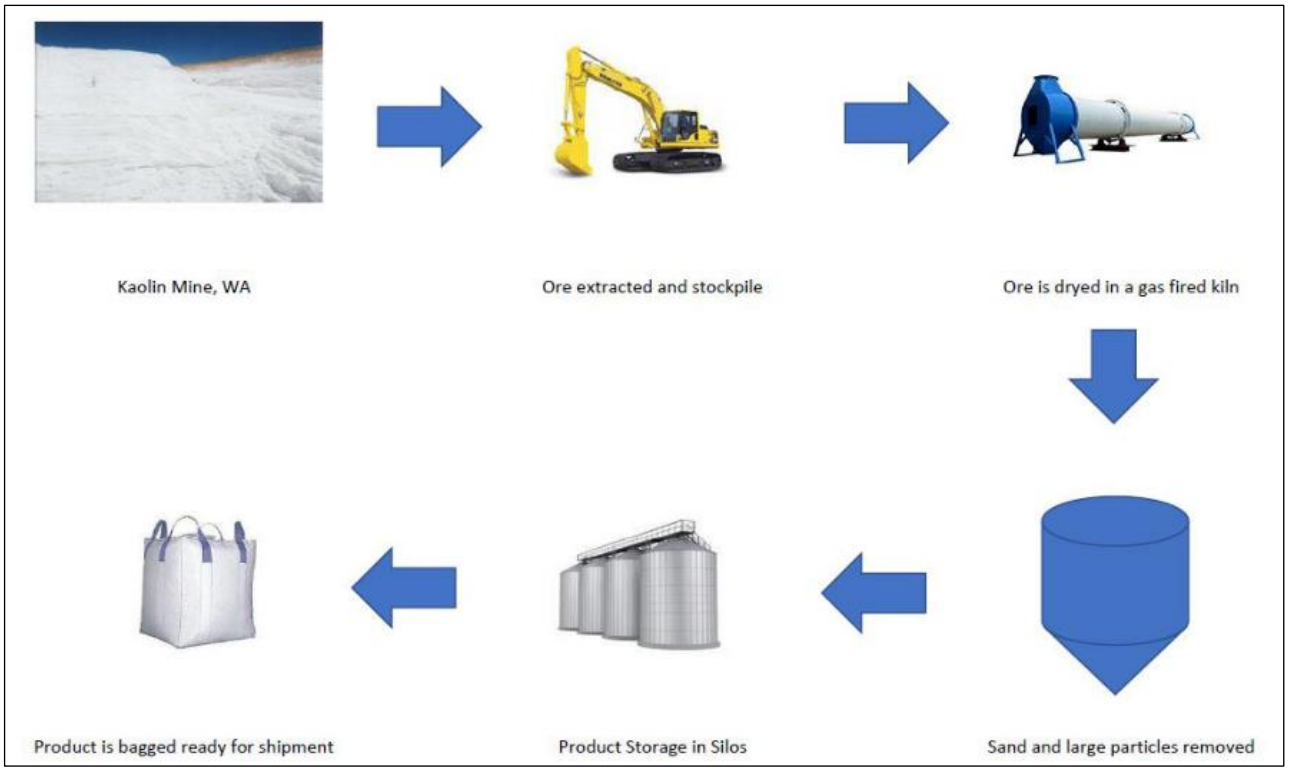
7.2 Future facilities

WAK has commenced earthworks in preparation for construction of a replica of the current Kwinana Plant at Wickepin, expanded by a factor of between four and five. This expansion will be achieved by establishing one feed, drying and product collection system capable of 26 t/hr (product) and two beneficiation processing modules rated for 13 t/hr (product). Each module represents an increase in production, compared to that achieved in the Kwinana Plant, by a factor of just over two.

[12] Lot 3, Ward Road, East Rockingham, Kwinana

Mining will be undertaken by contractor and ore delivered to the run of mine (**ROM**) stockpile (Figure 7.1). From the ROM stockpile, ore will be delivered by front-end loader through a static grizzly and primary crusher. Crusher product will be directed by conveyor to a rotary dryer. The dryer reduces the moisture in the ore from a design of 12% to <1% to facilitate further processing. Drier product is transferred to the modular attritioning and beneficiation circuit, where kaolin is separated from the gangue (which is quartz, for which a secondary market may be established) and graded by size to the various product streams.

Figure 7.1 Simplified WA Kaolin Project process flowsheet



Source: WAK

Final product will be directed to a vendor package bagging plant, batch sampled and packaged in 600 kg and 1.2-tonne bulk bags. As required, the product will be transported to Fremantle port using existing transport corridors and contract freight specialists.

Routine breakdown and scheduled maintenance will be undertaken by a permanent maintenance workforce, but specialist tasks such as drier relines will be undertaken by specialist external teams.

Site infrastructure will incorporate an administration building, staff amenities, laboratory, store and plant maintenance workshop. Additional infrastructure will include diesel and gas storage.

Power and water for the Project will be supplied from a third-party service provider (BOOM diesel-fired station on site) and scheme supplies respectively. Telecommunications will be provided by third-party provider.

7.2.1 Risk amelioration

Scale-up of this magnitude could represent a significant risk to the Project, particularly if it involved a complex flowsheet or the use of equipment larger than existing contemporary experience was able to support.

BDB considers that the risk associated with this scale-up is low:

- The K99 process is relatively simple, involving no recirculating loads and a limited number of unit operations.

- The design ore treatment rate for each beneficiation module is 0.26 Mt/a or 33 t/hr ore (dry) and for the rest of the circuit 0.5 Mt/a or 65.6 t/hr ore (dry). The major equipment required for a treatment rate of this magnitude is well within contemporary established practice for all the unit operations represented in the flowsheet, save for the K99 proprietary technology.
- The equipment required is within the capacity of the domestic mineral processing services sector in terms of both design and construction.
- Operating at this scale should involve no inherent problems that could represent particular risk to the Project, other than the normal risks associated with establishing any new operation.

BDB considers that project risk is associated with the scale-up of the attritioning and separation sections of the process related to the IP claimed by WAK. BDB considers that the five-fold magnitude of the scale-up is reasonable. This risk may be mitigated by applying sound design principles during the final design phase and implementation phase of the Project.

Average metallurgical recovery of 87% (dry) has been used in WAK's technical work, which BDB considers to be reasonable, based on operational experience.

8 ORE RESERVE ESTIMATE

In June 2020, CSA Global estimated an Ore Reserve, current as of 1 June 2020, and reported in accordance with the JORC Code.

Ore Reserves for the Wickepin operations were previously estimated in July 2012. This Ore Reserve estimate contemplated 59.4 Mt of ore. Since that time, the July 2019 Mineral Resource estimate, mining depletion and changes in operating costs, process recoveries and product prices have resulted in a re-statement of Ore Reserves.

In CSA Global's opinion, WAK, CSA Global and BDB, along with other suitably qualified independent consultants and contracting firms, have completed studies to a minimum of a prefeasibility study level standard. Snowden concurs with this assessment.

Wickepin is currently intermittently mining two separate pits (Figure 8.1 and Figure 8.2) and ore is hauled by road to the Kwinana processing plant. The Kwinana processing plant operates at a nominal capacity of 39,000 t/a.

8.1 Ore Reserve estimation methodology

Appropriate studies of the Wickepin Mine have been undertaken by WAK and CSA Global, along with several suitably qualified independent consultants and contracting firms. All studies are at a minimum of a Prefeasibility Study level standard. Wickepin is an operating mine currently mining from two separate pits. Currently the mine operates intermittently, and the ore is hauled to the Kwinana processing plant via road. The Kwinana processing plant operates at a nominal capacity of 39Ktpa.

Pit optimisations were undertaken using a fixed kaolin price and set of parameters agreed between WAK and CSA Global. Selling costs include Western Australian Government royalties, a private royalty to Wamco Industries Group Pty Ltd (WAMCO), transport and insurance costs. WAK commissioned a marketing study by Grand View Research (of California) to produce a kaolin market estimate and forecast (2014–2025) and global average kaolin price forecast.

Detailed pit designs were completed on updated mining models which form part of the Ore Reserve estimation. The pit design had to achieve a positive cash flow result in order to move into Ore Reserve status. The pit designs were completed with collaboration between WAK and CSA Global staff.

8.2 Mining method and assumptions

Mining contemplates open cut mining using conventional load and haul open pit mining equipment, operating on 4 m benches and 2 m flitches to extract ore and waste. The use of 40–60-tonne class hydraulic excavators and 40–50-tonne articulated haul trucks is appropriate for the style of deposit. The small mining fleet will allow selective ore mining to achieve the required material movement. The ore is very visible and flat lying and can be mined with negligible dilution.

The entire deposit is expected to be free dig. The deposit will be mined out as small individual pits to allow for the waste management, tails disposal and rehabilitation activities.

In-pit road conditions provide good trafficability and there is no presence of groundwater above the proposed mining depth. Small articulated trucks were selected, as this will give flexibility in tight working conditions, steep ramps and extreme weather conditions. CSA Global considers that the production rate can be met by the small mining fleet.

The depth of mining is around 20–40 m and the deposit is to be mined as small pits of approximate size 200 m x 200 m and progressively backfilled as the mining progress to the next pit. Mining locations are prioritised based on current mining approvals and landowner agreements.

The overburden from the initial pit stages will be stored on surface until sufficient volume is available in the mine void to start in-pit overburden dumping. A suitable location for the surface waste dump will be selected to ensure haulage distances and costs, both during initial overburden removal and then subsequent rehandle are kept to a minimum.

Tailings will be stored on surface until sufficient volume exists in mined pits to start in-pit tailings storage, which will aid the long term mine rehabilitation program. The tails are quartz that is removed from the ore, with some residual kaolin. The haul trucks bringing the ore to the plant will be used to haul the tails back to the mine. The tails will be low in moisture, facilitating back filling, pushing and contouring.

Figure 8.1 Wickepin north pit

Source: CSA Global

Figure 8.2 Wickepin south pit

Source: CSA Global

8.2.1 Mine access

Pit ramps have been designed with the following characteristics:

- Dual lane ramps are 16.7 m wide to allow for safe passage of the selected trucks with an allowance for a bund wall on the open side of the ramp and a drain on the inner side
- Single lane ramps are 10.4 m wide for mining ultimate benches
- A gradient of 1:7 is practicable with the proposed mining fleet
- Ramps exit the pit crest in the direction of both the ROM and waste rock dumps.

The ramp has only been included in the final design and temporary ramps are to be used and reclaimed as the mining progresses.

8.2.2 Geotechnical considerations

Geotechnical analysis has been carried out using actual site parameters. According to WAK, due to the small size and shallow nature of pits, no method of ground control other than regular visual examination of the batters and berms will be carried out. The weathered granite and existing batter angle in the current pit have proven over the last 13 years to be very stable, as there are no signs of cracking, slumping or collapse. Some material has been washed away due to the rain and water ponding in the pit has not undercut the wall.

A batter angle of 45° with berms of 2 m width every 4 m vertical depth has been recommended, returning an overall slope angle of 34.6° (Table 8.1).

Table 8.1 WA Kaolin Project geotechnical parameters

Parameter	Unit	Value

Vertical depth	m	40
Batter angle	°	45
Berm width	m	2
Bench height	m	4
Ramp width	m	16.70
Inter-ramp angle	°	33.69
Overall angle	°	34.59

Source: CSA Global

8.2.3 Mining dilution and recovery

Mining dilution is assumed 0% due to the clear visual ore contact and thick flat lying massive orebody and selective mining. 98% mining recovery (2% ore loss) has been based on operational findings. The recovery and dilution are considered reasonable due to the nature of the deposit and selected mining fleet.

8.2.4 Mine optimisation

CSA Global based its Ore Reserve on the results of a conventional Lerchs-Grossman pit optimisation. Financial and physical parameters were prepared by CSA Global in conjunction with WAK and used for the optimisation of the Wickepin deposit. Most of the inputs used for the pit optimisations have been based on site operating data provided by WAK. Only Indicated and Measured Mineral Resources were used for the pit optimisation. The pit shells were chosen on revenue factors less than 1.0 based on highest discounted cash flow (**DCF**).

8.2.5 Financial parameters

Capital and operating costs were estimated in A$ and discounted at a rate of 10% annually (Table 8.2). A commodity price supplied by WAK of A$244.63/t was forecast by its marketing consultant in US$ and converted at an exchange rate of US$0.71 = A$1.00.

Table 8.2 WA Kaolin Project financial optimisation parameters

Financial parameter	Unit	Value
Currency	A$	
Discount rate	%	10
Kaolin price	A$/dt kaolin	244.64
Exchange rate	A$/US$	0.71

Source: CSA Global

8.2.6 Mine operating costs

Mining costs were estimated by CSA Global at an average mining cost of A$4.51/bcm for both waste and ore (Table 8.3) loaded and hauled from the pit to the waste dump/backfill area and ROM pad respectively. Unit mining costs includes all contractor fixed monthly/annual costs (equipment charges, staffing costs), but excludes mobilisation and demobilisation. Mobilisation and demobilisation costs are considered negligible due to the small mining fleet and the easily accessible mining location from Perth.

The mining costs include equipment maintenance cost, fuel expenses, ROM management, ore rehandling, site management, supervision, operational and administrative support, road maintenance, signage, road delineation, batter trimming, floor maintenance, pit dewatering, clearing and grubbing activities, tails management and rehabilitation.

Table 8.3 WA Kaolin Project mining optimisation parameters

Item	Unit	Value
Mining recovery	%	98

Mining dilution	%	0
Minimum mining width	m	20.0
Minimum cutback width	m	30.0
Mining cost	A$/bcm	4.51

Source: CSA Global

8.2.7 Process operating costs

Processing costs were estimated by WAK and its advisor, BDB. A processing recovery of 87% is estimated based on the K99 process recovery demonstrated at the Kwinana plant and supported by BDB (Table 8.4).

Processing costs include Western Australian Government royalty of 5%, at 50% of ex-works delivery and the private WAMCO Royalty (**WAMCO Royalty**) as per an agreement between WAK and Wamco Industries Group Pty Ltd.

Both royalties have been converted to A$/t of ROM ore mined and applied to the processing cost. WAK plans to sell some ore directly to customers prior to processing and the royalties were converted against the ROM tonnes for transparency.

Table 8.4 WA Kaolin Project processing parameters

Item	Value (A$/dt)
Government royalty	3.33
WAMCO royalty	1.68
Total royalties	**5.01**
Employment	10.40
Power	4.70
Gas	8.68
Consumables	0.05
Reagents	0.00
Maintenance	0.90
Contingency	1.19
Processing	**25.92**
Tenement rents	0.27
Employment – indirect	2.47
Administration	3.25
Sales and marketing	4.13
Others	0.09
General and administration costs	**10.21**
Lab and quality assurance	**0.18**
Research and development	**1.05**
TOTAL PROCESSING COST	**42.36**
Processing recovery	87%

Source: CSA Global

A selling cost was estimated in the same manner as the process operating cost and includes transport of product to port and a shipping cost estimate for CIF freight from Kwinana (Table 8.5).

Table 8.5 WA Kaolin Project selling costs

Item	Value (A$/dt)
Transport product to port	42.42
Packaging cost (Bulk Bags)	16.16

Storage and transport equipment leases	0.30
EDN, PRA, documents (A$/t)	2.72
Ocean freight costs (US$/t)	42.68
Total	**104.28**

Source: CSA Global

8.2.8 Mine plan and schedule

A Lerchs-Grossman optimisation of CSA Global's pit optimisation and design returned a mining inventory exceeding 20 years (Figure 8.3). From this, CSA Global selected pit shell 22 as a basis for life of mine pit design (Figure 8.4).

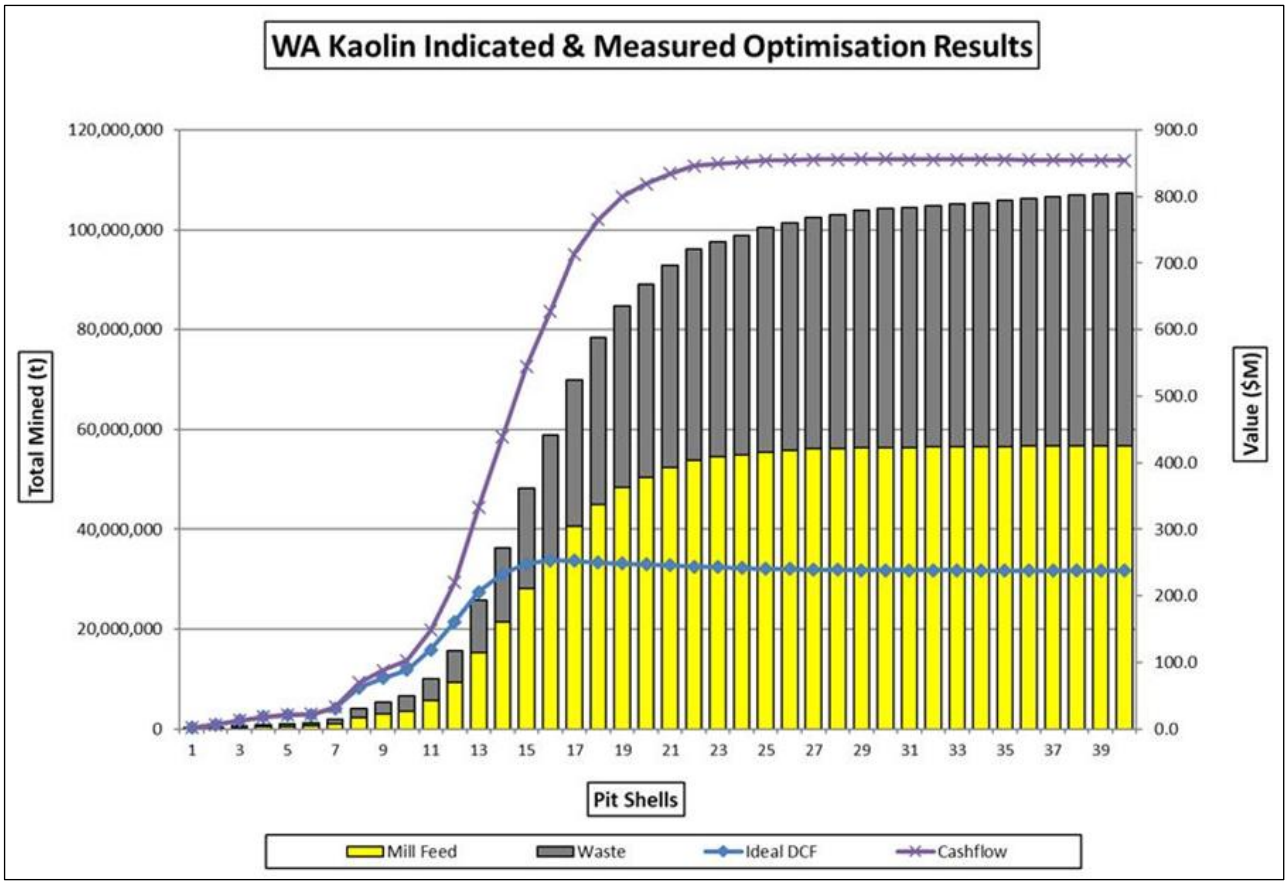
The mine schedule contemplates a staged expansion of processing production from 5 tonnes of kaolin per hour (t/hr) to 30 t/hr over 11 years, moving production from the Kwinana pilot plant to Wickepin after one year to allow for construction of a plant at Wickepin (Table 8.6).

Table 8.6 WA Kaolin Project production schedule

	Unit	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5	Stage 6	Stage 7
		Kwinana Plant	Wickepin Plant					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 8	Year 11
Average hours/day	hrs	16	24					
Average days/week	days	5	7					
Plant utilisation	%	90	95					
Kaolin production rate	**t/hr**	**5**	**25**	**25**	**43**	**50**	**100**	**130**

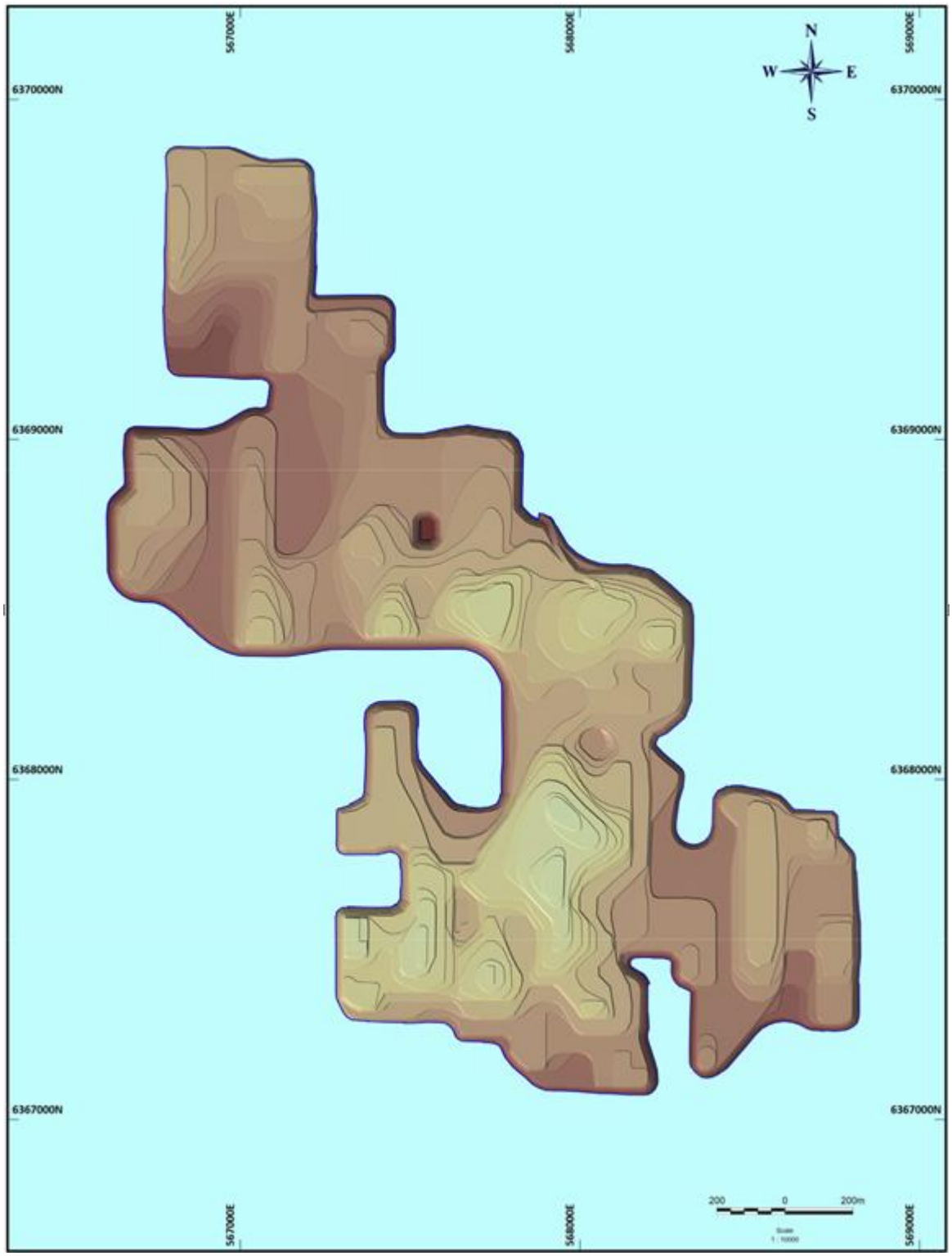
Source: CSA Global

Figure 8.3 WA Kaolin Project – Lerchs-Grossman optimisation results



Source: CSA Global

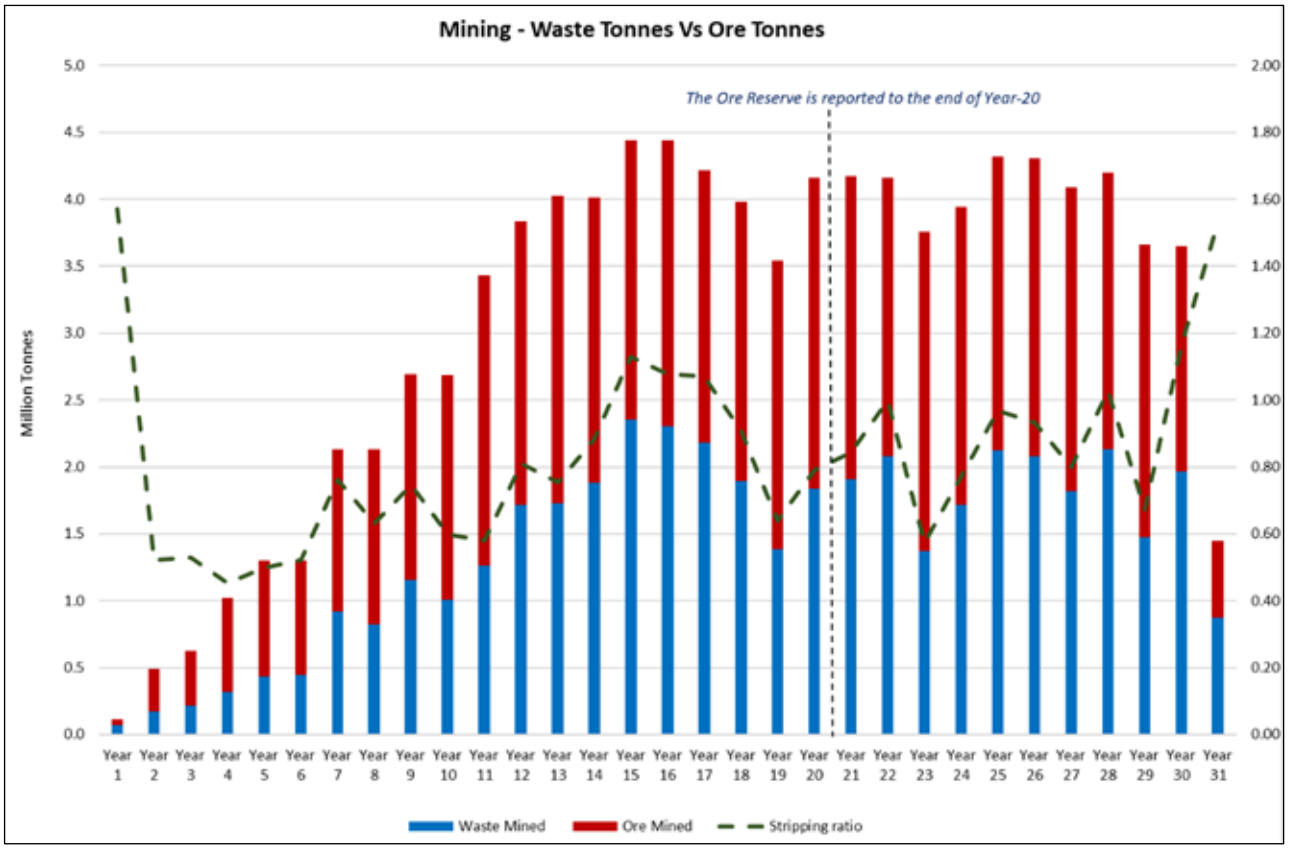
Figure 8.4 WA Kaolin Project – life of mine pit design



Source: CSA Global

The schedule assumes plant recovery of 87%, mining recovery of 98% and mining dilution of 0%, given that the kaolin ore is readily identifiable and separable from other materials in the pit. The schedule contemplates a 31-year life, based on the current Mineral Resource (Figure 8.5), although a 20-year schedule has been used as the basis for the Ore Reserve.

Figure 8.5 WA Kaolin Project – life of mine schedule



Source: CSA Global

There will be no permanent waste rock dumps, as all waste material will be returned to the mined-out pit as part of the rehabilitation works. There is no risk of acid mine drainage due to water shed from stockpiles or from other runoff, as x-ray fluorescence assays of the ore and overburden have shown that SO_3 levels are typically less than 0.08 ppm with many samples half this level. Kaolin is formed by high levels of weathering and leaching of the host rock which results in inert kaolin and quartz sand. As a result, there are no soluble or reactive elements in the mined ore or overburden.

No assumptions have been made regarding possible process residue disposal options. Current mining activities being undertaken by WAK over the Mineral Resource sufficiently indicate that there are no significant environmental concerns with exploitation of the deposit.

8.3 Ore Reserve estimate

CSA Global has estimated a Probable Ore Reserve of 34.7 Mt, reported in accordance with the JORC Code, for the first 20 years of mine life.

Table 8.7 WA Kaolin Project – Ore Reserve estimate (30 June 2020)

Classification	Tonnes (Mt)	ISO brightness (%)	Yield (%)	In situ kaolin (Mt)
Proved	No Proved Ore Reserve			
Probable	30.5	83.7	51.8	15.8
Total	**30.5**	**83.7**	**51.8**	**15.8**

Source: CSA Global

8.3.1 Ore Reserve classification

The Wickepin Kaolin mine is an open cut mining operation and most of the parameters used have been derived from operational data. The mine design, production schedule and associated financial

parameters have demonstrated that the WAK's Wickepin operation has a mine production life of approximately 31 years.

An Ore Reserve of 30.5Mt has been estimated and classified as Probable Ore Reserve, reported in accordance with the JORC Code. The first 20 years of mine life is reported as Ore Reserve. All the Indicated and Measured ore is classified as Probable Ore Reserves by considering the Modifying Factors.

The status of the Modifying Factors is considered sufficient to support the classification of Probable Reserves. None of the Inferred material is included in the reserve estimation, all the Inferred material is reported as waste.

The Kaolin price used in the Ore Reserve estimate has been extrapolated from a five-year market projection. The Ore Reserve estimate has been estimated for the first 20-years of the mine life, which is considered by the Competent Person to be a maximum period for extrapolation of the available market analysis.

Analysis on the main economic assumptions within the cash flow model indicate that the Project produces a positive discounted cash flow (DCF) in terms of all operating costs and the current kaolin price and selected Modifying Factors.

8.3.2 Competent Person

This Ore Reserve estimate is based on information compiled by Mr Anoop Antu Kachappilly and reviewed by Mr Karl van Olden, both employees of CSA Global, and Mr van Olden takes overall responsibility for the Ore Reserve as Competent Person.

Mr van Olden is a Fellow of the AusIMM and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person in terms of the JORC Code (2012 Edition).

Mr van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

8.4 Snowden commentary

Snowden considers that the Ore Reserve has been competently estimated and appropriately classified and considers that a significant proportion of the Ore Reserve may be reclassified as Proved on completion of the Wickepin plant and establishment of long-term contracts for its product.

9 ECONOMIC ASSESSMENT

9.1 Definitive Feasibility Study

In July/August 2020, BDB undertook a Definitive Feasibility Study (**DFS**)[13] to examine the feasibility of establishing a kaolin processing facility on the mining lease held by the Company at the Project site (**Initial**), with the intention to duplicate that facility two years after commissioning of the Initial facility (**Expansion**). BDB completed the DFS in September 2020.

Financial analysis of the Project considers both the Initial facility as a stand-alone development without the Expansion and then the Project assuming the Expansion is undertaken as planned.

The Works Approval that underpins the Project is for a project involving both wet and dry processing facilities, with the dry facility located at the site chosen for the initial development considered in the DFS and the wet facility located at the nearby Wedin rail siding.

The development considered by the DFS is for the dry processing facility and an expansion of that facility.

The Company intends to complete the wet processing facility at some time in the future when process development work has been successfully completed and market conditions warrant.

The DFS details the economics-based ramp up of kaolin production to 400,000 tonnes per annum only and reports that there remains scope to further increase production.

The financial modelling of the DFS considers the first 12 years of Project operations in detail and the Life of Mine (**LOM**) assumes complete depletion of the Ore Reserves. The requirements of the Australian Securities and Investments Commission Regulatory Guide 170 precludes presentation within this ITAR of a view as to the reasonable grounds for making long term financial forecasts based on the LOM. Snowden observes that the DFS relies on the Ore Reserve which is referred to in section 9.2 of this ITAR.

Modelling has been conducted on both the Initial (25 tonnes per hour of kaolin product) and the Expansion operation (50 tonnes per hour of kaolin product). There remains significant scope to further increase the production from the Project due to the very large Mineral Resource inventory which contains 54.5 million tonnes of kaolin and remains open laterally, and the potential to attract additional market share.

9.1.1 Snowden opinion

Snowden considers that in its opinion and within its experience, in terms of the business case of the cash flow model, BDB's work has been competently prepared in relation to process function, recovery/costs, and expansion plans.

9.2 Capital cost

WAK has estimated project capital cost using external engineering consultants and standard industry practice. The initial Wickepin project capital cost is estimated at $18.0 million, including a contingency of $2.3 million.

Table 9.1 WA Kaolin Project – capital cost estimate

Cost area	Estimate (A$ M)
Direct costs	
Plant and equipment	5.1
Civil	1.0
Infrastructure	0.1
Structural	4.7

[13]BDB Process Pty Ltd, Definitive Feasibility Study, WA Kaolin Limited, Wickepin Kaolin Project, 19-AUS-WAK-1004-DFS Report V5, September 2020

Cost area	Estimate (A$ M)
Electrical	1.4
Mobile equipment	1.5
Total direct costs	**13.8**
Indirect costs	
Overheads	1.4
EPCM	0.5
TOTAL PROJECT COSTS (excluding contingency)	**15.7**
Contingency	2.3
TOTAL PROJECT COSTS (including contingency)	**18.0**

Source: WAK

Snowden considers that WAK's capital costs have been estimated in a manner consistent with good engineering practice.

9.3 Cash flow model

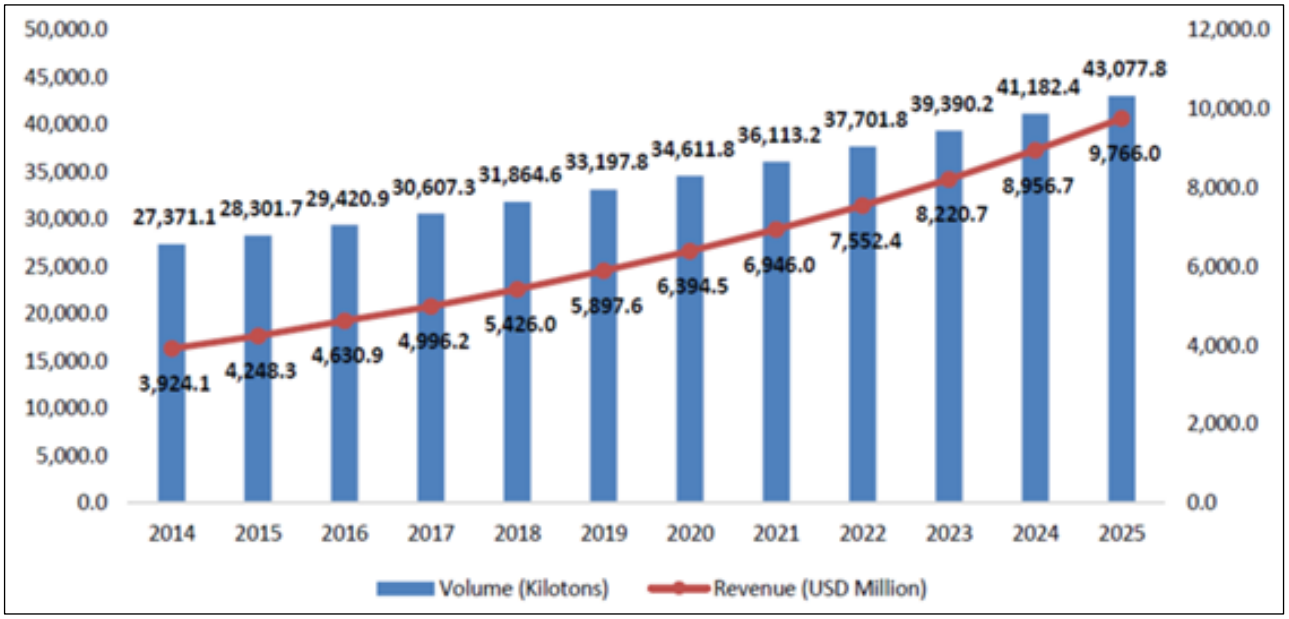
Snowden has reviewed a cash flow model that supports estimation of the Ore Reserve[14]. The model contemplates a 12-year production period, with production commencing at Kwinana in Year 1 and moving to a newly constructed plant at Wickepin in Year 2. Snowden considers that the model has been competently prepared and supports estimation of the Ore Reserve.

[14] WA Kaolin Model K99 for CSA no ROM Sales.xls

9.4 Market studies

WAK commissioned a kaolin market study from Grand View Research (of California) to produce a kaolin market estimate and forecast (2014–2025, Figure 9.1) and global average kaolin price forecast. This study forecasts a steadily increasing global and regional market price. WAK considers that European and Asian supply of kaolin will become constrained as existing mines become depleted[15].

Figure 9.1 Global kaolin market and forecast (2014–2025)



Source: CSA Global

Table 9.2 Average kaolin prices and price projections by region (2014–2025)

Region	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
North America	144.0	151.0	160.0	160.0	164.8	169.7	171.4	174.0	176.8	179.8	183.0	186.5
Europe	157.5	165.4	173.8	182.5	191.8	201.5	211.9	222.7	234.1	246.0	258.6	271.9
Asia Pacific	130.6	136.5	142.7	149.2	156.0	163.1	170.6	178.4	186.6	195.1	204.1	213.4
CSA	141.1	147.5	154.1	161.1	168.5	176.2	184.2	192.6	201.5	210.7	220.4	230.5
MEA	148.4	155.1	162.1	169.5	177.2	185.3	193.8	202.6	211.9	221.7	231.8	242.5

Source: CSA Global

9.5 Sensitivity analysis

Sensitivity analysis was applied to the commodity price, metallurgical recovery, operating cost, capital cost and discount rate and indicates that the Project results are most sensitive to commodity price and then to the operating cost.

CSA Global was issued with updated parameters after completion of its Ore Reserve estimate, which were marginally different to the parameters used in its optimisation section The new parameters were tested in the cash flow model and had no material impact on the Ore Reserve.

Table 9.3 Updated WA Kaolin Project cash flow parameters

Item	Unit	Ore Reserve	Financial model

[15] A Sorensen, WAK, pers comm

Average sale price	A$/dt of product	244.63	266.34
Total average transportation cost	A$/dt of product	104.23	103.68
Exchange rate	A$:US$	0.71	0.68
Processing cost	A$/dt of ore	25.92	23.35
Administration cost	A$/dt of ore	11.44	8.33

Source: CSA Global

Sensitivity analysis was done for the commodity price, processing recovery, operating cost, capital cost and discount rate. The sensitivity analysis indicates that the Project results are most sensitive to commodity price and then to the operating cost. The Project NPV remains positive for a price variance down by -23% and operating cost up by +32%. Metallurgical recovery and capital cost remain positive for the tested sensitivity between +20% and -20%. The NPV remains positive for the tested discount rate variance between 0% per annum and 20% per annum.

10 SNOWDEN OPINION

Snowden considers that the Project has been in development for some years and that WAK has developed technology to produce a saleable product, which has been demonstrated at a pilot scale. WAK has sold its product at a pilot scale for some years.

10.1 Snowden conclusions

Snowden concludes that WAK has:

- Ownership of the Project and is well progressed toward licensing of the Project
- Commenced preparation for construction of a commercial production plant and mine at Wickepin
- Demonstrated economic viability under the assumed conditions
- Conducted its technical work to an appropriate standard
- Demonstrated a Mineral Resource and Ore Reserve under the assumed conditions.

The DFS and IER commissioned by WAK confirm the viability of the process, its costs and that the project demonstrates the stated returns, considering customer commitments and assumed global market conditions

10.2 Snowden recommendations

Snowden recommends that WAK:

- Progresses to listing on the ASX to raise capital for construction
- Continues to establish markets for its product
- Continues to conduct its technical work to a standard that allows reporting in accordance with the guidelines of the JORC Code.

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12 ABBREVIATIONS AND UNITS

Abbreviation/Unit	Definition
%	percent
°	degree
°C	degree Celsius
A$	Australian dollars
Al_2O_3	aluminium oxide
AusIMM	Australasian Institute of Mining and Metallurgy
cm	centimetre
Company	WA Kaolin Limited
CSA Global	CSA Global Pty Ltd
DCF	discounted cash flow
DMIRS	Department of Mines, Industry Regulation and Safety
DMP	Department of Mines and Petroleum
H_2O	water
ha	hectares
hr(s)	hour(s)
IP	intellectual property
IPO	initial public offering
ISO	International Standards Organization
ITAR	independent technical report
k	thousand(s)
kg	kilogram(s)
kℓ	kilolitre
km	kilometre(s)
km^2	square kilometres
M	million(s)
m	metre
m^2	square metres
m^3	cubic metre(s)
mm	millimetre(s)
Mt	million tonnes
Mt/a	million tonnes per annum
NPV	net present value
ppm	parts per million (equivalent to g/t)
QA	quality assurance
QC	quality control
ROM	run of mine
SiO_2	silicon dioxide
Snowden	Snowden Mining Industry Consultants Pty Ltd
t	tonne(s)
t/hr	tonnes per hour
US$	United States dollars
WAK	WA Kaolin Limited
Wamco	Wamco Industries Group Pty Ltd

Appendix A

JORC Table 1: 2019 Mineral Resource and 2020 Ore Reserve Estimates

Section 1: Sampling Techniques and Data (applies to both the 2017 and 2019 Mineral Resource estimates)

Criteria in this section apply to all succeeding sections

Criteria	JORC Code explanation	Comments
Sampling techniques	*Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc).* *These examples should not be taken as limiting the broad meaning of sampling.*	Samples used in the production of this Mineral Resource estimate (MRE) have been collected from face sampled air-core (AC) drilling, with samples collected as regular metre interval composites, deposited from the cyclone attached to the return air-line. Drill spoils were deposited in piles on the ground adjacent to the drillhole. Samples were collected by scooping from each individual pile.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Given the nature of the industrial mineral being sampled, scoop sampling of drill spoils is considered by the Competent Person to be an appropriate method of sampling for the deposit in question.
	Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done, this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). *In other cases, more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	Drilling intervals selected for sampling were decided on a subjective basis by the person(s) responsible for supervision of the drilling campaign. Selection was based on the perceived whiteness or colouration of the interval, with a 1–2 kg sample collected via scoop from each selected interval.
Drilling techniques	*Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic etc) and details (e.g. core diameter, triple of standard tube, depth of diamond tails, face-sampling bit or other type, whether core is orientated and if so, by what method, etc).*	All drillholes within the WA Kaolin Project have been AC, of either HQ or NQ diameter, using a rotary blade bit, face sampled. With minor exceptions, holes were drilled to blade refusal.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Samples were collected and logged at metre intervals.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	The Competent Person is not aware of the drilling practices employed to maximise recoveries.
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Given the nature of the target material, no bias could be reasonably expected to occur from a grade/recovery relationship.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	Drill core was extensively logged in detail for geological characteristics, for every metre drilled, using a consistent set of logging codes to identify the specific weathering horizons which pertain to the characterisation of a kaolin deposit.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Lithological logging was semi-quantitative in nature, based on visually estimated proportion of individual lithological components within each sample interval.
	The total length and percentage of the relevant intersections logged.	All drillholes were logged in full.

Criteria	JORC Code explanation	Comments
Subsampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	Not applicable; no core taken.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	Drill spoils from whole metre intervals were collected from the cyclone attached to the return air hose and deposited in piles adjacent to the drill collar. 1–2 kg samples were scooped from each pile. Samples were collected with natural moisture.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Given the nature of the industrial mineral under examination, the Competent Person considers that the quality of the samples collected, and the technique used for sample collection are appropriate.
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	The Competent Person is not aware of the quality control measure taken to maximise sample representivity.
	Measures taken to ensure that the sampling is representative of the in-situ material collected, including for instance results for field duplicate/second-half sampling.	No information pertaining to sample representivity, as assessed by duplicate sampling and analysis, was available at the time of modelling and estimation.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes are considered appropriate for the rock type, style of mineralisation, the thickness and consistency of the intersections, the sampling methodology and percent value assay ranges for the primary variable at the WA Kaolin Project.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Yield values have been determined via mass balance following size fraction screening to <45 µm, while brightness values have been determined via reflectance meter using standard operating conditions in accordance with the ISO test for kaolin brightness.
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	No geophysical tools were employed.
	Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	No documented quality assurance procedures have been located for the WA Kaolin Project drilling programs.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	The Competent Person was intimately involved in the collection of drilling data, having supervised a number of the drilling campaigns conducted.
	The use of twinned holes.	No twinned holes were located within the WA Kaolin Project dataset.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Logging and assay data were collected into specifically designed Microsoft (MS) Excel spreadsheets to capture the pertinent information relating to de-gritted size fractions, brightness and lithology. Logging data were collected, assay data compiled by the Competent Person.
	Discuss any adjustment to assay data.	No adjustments or calibrations were made to any assay data.

Criteria	JORC Code explanation	Comments
Location of data points	*Accuracy and quality of surveys used to locate drillholes (collar and downhole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	Collars were surveyed by RTK global positioning system (GPS), with an accuracy of sub 50 cm. Holes were all vertical and not surveyed downhole, due to their shallow nature.
	Specification of the grid system used.	The grid system used for collar location was UTM, based on the GDA94 datum in Zone 51.
	Quality and adequacy of topographic control.	A topographic surface has been built from surveyed collar data. This data captures the generally low relief of the topographic surface within the deposit area but does not adequately account for depletion due to previous mining activity.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Not applicable; Exploration Results are not being reported.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The mineralised domains for the WA Kaolin Project have demonstrated sufficient continuity in both geological and grade continuity to support the definition of Mineral Resources and the classification applied under the JORC Code (2012).
	Whether sample compositing has been applied.	Samples were composited to lengths of 2 m, with a minimum composite length of 1 m and a maximum length of 3 m.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	All holes drilled were vertical and adequately capture the horizontal tabular form of the mineralisation without significant bias.
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	Drilling orientations are not considered to have introduced a bias to assay data.
Sample security	*The measures taken to ensure sample security.*	Information regarding the chain of custody, and sample security for the WA Kaolin Project deposit samples is not available in the currently accessible data.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	The Competent Person has reviewed the sampling techniques as part of the supervision of drilling and considers them to be acceptable.

Section 2: Reporting of Exploration Results (applies to both the 2017 and 2019 Mineral Resource estimates)

Criteria in this section apply to all succeeding sections

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	The licences in which the WA Kaolin Project deposit is held are owned by the company WA Kaolin Holdings Pty Ltd (WAK). The Competent Person is not aware of the status of any joint ventures, partnerships, royalties or other encumbrances which may be related to these licences.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	The Competent Person is not currently aware of any risks to the security of tenure, nor of any potential impediments to the development of the WA Kaolin Project deposit, which has been historically mined.
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	Drilling over the WA Kaolin Project deposit has been conducted by two main parties throughout the project's history, with the earliest exploration recorded by CRA Exploration during the mid-1990s to early 2000s (1994 to 2003). Subsequent drilling was conducted by owners WAK. Brazilian Caemi, – subsequently Vale) carried out drilling and evaluation in 2006. No recorded drilling has taken place since.
Geology	*Deposit type, geological setting and style of mineralisation.*	The deposit under consideration contains the industrial mineral kaolin and is considered to have formed as the result of weathering of the underlying parent rock (granite). The deposit is located within the bleached regolith horizon (considered to be saprolite), which is located beneath both a thin <5 m thick) semi-continuous veneer of laterite and a mottled clay zone of varying thickness and continuity. A semi-continuous unit of transitional (saprock) material underlies the target saprolite horizon, beneath which the fresh parent granite is located. Due to its petrogenetic setting, the deposit is extremely tabular and highly continuous in the XY plane.
Drillhole information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:* • *easting and northing of the drillhole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar* • *dip and azimuth of the hole* • *downhole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Not reporting Exploration Results.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	Drillhole intervals used for definition of domains are calculated using a length-weighted average. Assay values were considered significant and composited if ISO brightness exceeded 80%. Maximum lengths of internal waste were unlimited.
	Where aggregate intercepts incorporate short lengths of high-grade results and longer lengths of low-grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	Not applicable; not reporting Exploration Results.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are currently being used.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. If it is not known and only the downhole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').*	Mineralisation is typically intersected with true-width equal to downhole lengths. Not reporting Exploration Results.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.*	Not reporting Exploration Results.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	Not reporting Exploration Results.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Reports accompanying historical estimates of the WA Kaolin Project indicate that CRA Exploration determined a bulk density for the kaolinite target material of 1.9 g/cm^3. No detail surrounding the derivation of this value is currently available, however it is considered by the Competent Person to be a reasonable value and has been subsequently applied to the current Mineral Resource.
Further work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Further infill drilling is warranted to increase the confidence of the Inferred Mineral Resource. In the northern and south-eastern most portions.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	Not applicable; not reporting Exploration Results.

Section 3: Estimation and Reporting of Mineral Resources (applies to the 2019 Mineral Resource estimate)

Criteria in this section apply to all succeeding sections

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	The database used in the MRE was provided to CSA Global as a MS Access database, prepared for use in Surpac. Creation of a Surpac database for use in resource estimation (from these spreadsheets) requires basic data integrity such as logging depths not exceeding recorded depths of holes and no overlapping assay or logging values. The measures taken to ensure accurate data capture and ensure integrity of the data against transcription or keying errors are not currently known to CSA Global.
	Data validation procedures used.	Validation of the data by CSA Global included checks for overlapping intervals, missing survey data, missing assay data, missing lithological data and missing collars.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	The Competent Person has visited site in June 2019 and has verified the geology and location of selected drill collars used in the MRE.
	If no site visits have been undertaken, indicate why this is the case.	Not applicable.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	Geological interpretation was completed by CSA Global geologists. The geological interpretations are suitable for the level of information available. Geological continuity of mineralisation appears to be very good, and in areas of dense drilling bay be assumed. In areas of lower density drilling extension of similar continuity may be implied by visual appraisal of grade continuity and also by the correlation between regional structure, lithology and the mineralisation. The geological interpretation provided a suitable foundation for the modelling of a kaolin deposit.
	Nature of the data used and of any assumptions made.	Detailed geological logging, and available assay data, were used in the interpretation of the currently reported Mineral Resource.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	Geological continuity is implied between drillholes and conforms well to the anticipated geological model based on the interpretation of regional geology, and its association with mineralisation. The data do not readily offer alternative interpretations.
	The use of geology in guiding and controlling Mineral Resource estimation.	Grade (Brightness) has been the primary influence in controlling the Mineral Resource estimation. Wireframes have been constructed for the main mineralised horizons as determined by the brightness assays.
	The factors affecting continuity both of grade and geology.	Continuity of geology and structures may be assumed and can be readily traced between drillholes by visual and physical property characteristics.

Criteria	JORC Code explanation	Commentary
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The whole WA Kaolin Project deposit is expressed as a series of thin, tabular, sub-horizontal bodies within the regolith horizon extending along an easterly strike more than 17 km, and a northerly extent of greater than 12 km. Mineralisation depths are governed by the depth of weathering and generally do not exceed 50 m below the natural surface. The depth to the top of mineralisation is also governed by the depth of weathering, and is generally less than 12 m.
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	All modelling was undertaken using Surpac. The model constructed comprises multiple thin tabular bodies defined on the basis of >80% ISO brightness values. A block model of dimensions 100 m x 100 m x 2 m (XYZ) was generated and coded for belonging to one of the five grade domains (exclusive of the others). Statistical analysis was conducted wholly within Supervisor and GeoAccess on a per-domain basis, and then subsequently on an all-in basis. Variography was conducted on the complete dataset, with little statistical differentiation made between the brightness and yield values of each domain to justify individual modelling. Data were transformed via Gaussian Anamorphosis (through use of Hermite Expansions) to improve variography. Semi-variogram models were back-transformed into real space prior to use in estimation. Block grades were interpolated using ordinary kriging. Only those composites belonging to the current target domain were used to inform blocks of that domain. An orientated “ellipsoid” search was used to select data for interpolation. Search ellipsoid orientations were based on orientations derived from the variographical analysis. A single ellipsoid was generated and used for both brightness and yield estimation. Dimensions of the ellipsoid were based on the longest-range structure in variography for both brightness and yield in each of the three principal directions. A two-pass search was used to complete estimation for brightness and yield within the domain objects. Any block not estimated after these two passes were assigned the mean value of the domain composites.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	An historical estimate had been produced for the WA Kaolin Project; however, the methods used, differ fundamentally from those employed in the current MRE. Historical figures report resources in excess of 1 billion tonnes of kaolinized granite, but do not provide yield or brightness values for the estimate. This tonnage figure was determined using contoured top and bottom of horizon values, based on subjective colour logging to define the “mineralised horizon”. Thicknesses greater than 8 m were then constrained and a tonnage determined using a density value of 1.9.

Criteria	JORC Code explanation	Commentary
		Current Mineral Resources have been determined using more stringent controls on the lateral extent of mineralisation based on available drilling data, with thickness of the deposit determined by wireframing and not through estimation. Historic figures are not directly comparable to the currently reported Mineral Resource.
	The assumptions made regarding recovery of by-products.	No by products will be recovered, and none have been considered.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	No potentially deleterious elements have been considered.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A parent cell size of 100 m(E) x 100 m(N) x 2 m(RL) was adopted with standard sub-celling to 25 m(E) x 25 m(N) x 1 m(RL) to maintain the resolution of the mineralised lenses. The block size is considered to be small given the dominant drillhole spacing, but necessary in order to preserve the resolution of the thin high-grade domains within the model.
	Any assumptions behind modelling of selective mining units.	No assumptions were made regarding selective mining units.
	Any assumptions about correlation between variables.	No assumptions were made about the correlation between variables.
	Description of how the geological interpretation was used to control the resource estimates.	Kaolin mineralisation is considered to have formed as a weathering product within the regolith horizon, and mineralised envelopes as modelled are constrained by this lithological horizon. The wireframe objects were used as hard boundaries for grade interpolation.
	Discussion of basis for using or not using grade cutting or capping.	Statistical analysis was completed using GeoAccess and Supervisor. Following statistical analysis, it was determined that no high-grade cuts were warranted.
	The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	Validation checks included statistical comparison between drill sample grades and ordinary kriging block estimate results for each domain. Visual validation of grade trends for each element along the drill sections was also completed in addition to swath plots comparing drill sample grades and model grades for northings, eastings and elevation. These checks show reasonable correlation between estimated block grades and drill sample grades. No reconciliation data is available.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages have been estimated on a dry in situ basis. No moisture values were reviewed.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	The Mineral Resource has not been reported above a cut-off grade, as the nature of the Industrial Mineral that is being targeted is such that selective mining is not likely to take place.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous.* *Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	No mining assumptions were incorporated into the current MRE, other than the assumption that the deposit will be mined via open pit methods.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous.* *Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Metallurgical testwork is not necessary, due to the industrial mineral nature of the modelled mineralisation.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation.* *While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported.* *Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	No assumptions regarding possible waste and process residue disposal options have been made. Current mining activities being undertaken by WAK over the Mineral Resource sufficiently indicate that there are no significant environmental concerns with exploitation of the deposit.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Density was assigned on the basis of lithological logging, based on testwork undertaken by previous owners CRA Exploration. Densities are presented on a dry basis. No further information is available regarding the volume of density testwork undertaken to derive the assigned values.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	Bulk density value of 1.9 was determined by CRA Exploration for kaolinized granite. A value of 1.9 is typical of many kaolinized granite deposits in the world.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Given the intended purpose of the MRE, bulk densities for the waste material have not been determined, and so the only material to have densities applied (for the purposes of kaolin content and tonnages) was the mineralised domain material – whose density values were assigned based on historical testwork.

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	The Mineral Resource was classified and Measured, Indicated and Inferred, taking into account the level of geological understanding of the deposit, quality of samples, density data, drillhole spacing and sampling and assaying processes.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The classification reflects the level of data available for the estimate including input drillhole data spacing, the high level of geological continuity of the particular style of deposit and the currently successful mining of the deposit by WAK.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The MRE appropriately reflects the view of the Competent Person.
Audits or reviews	*The results of any audits or reviews of MREs.*	Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters and results of the estimate.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the MRE using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The Mineral Resource accuracy is communicated through the classification assigned to the deposit. The MRE has been classified in accordance with the JORC Code (2012 Edition) using a qualitative approach. All factors that have been considered have been adequately communicated in Section 1 and Section 3 of this table.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. *Documentation should include assumptions made and the procedures used.*	The Mineral Resource statement relates to a global estimate of in-situ tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The currently reported Mineral Resource is being campaign mined on a small scale on a campaign basis, however no production data are available for comparison.

Section 4: Estimation and Reporting of Ore Reserves (applies to the 2020 Ore Reserve estimate)

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	*Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve.* *Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.*	The MREs for the WA Kaolin Project have been prepared by CSA Global Resource Geologist, Matthew Cobb, and has been reported as of 31 July 2019. The information that relates to Sampling Techniques, Data Collection and Exploration Results has been compiled by Dr Ian Wilson, who is an independent consultant to WAK. Dr Wilson has over 40 years' experience in kaolin deposit exploration, definition and development. The Mineral Resources reported are inclusive of the Ore Reserves.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken, indicate why this is the case.*	Mr Anoop Antu Kachappilly a full-time employee of CSA Global visited the Wickepin site on 4 July 2019. He inspected the locations of the open pit mines, waste dumps, transport corridors, mining lease areas and future process plant location. Current mining practises and infrastructure facilities were inspected as part of the visit.
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.* *The Code requires that a study to at least Prefeasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves.* *Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.*	Ore Reserves are based on a life of mine plan carried out on indicated and measured ore. A brightness cut-off of 75% is used as it is the minimum requirement of the saleable product. The work undertaken to date has addressed all material Modifying Factors required for the conversion of Mineral Resources to Ore Reserves and has shown that the mine plan is technically achievable and economically viable. The Ore Reserves have been based on parameters provided by WAK, from relevant technical studies and current operating parameters from mining and processing.
Cut-off parameters	*The basis of the cut-off grade(s) or quality parameters applied.*	A product brightness cut-off of 75% is applied as it is minimum required of final product. The cut-off between ore and waste also has been determined by net value per block. Total block costs are estimated for all operating costs to the point of sale including processing, product haulage, crusher feed, general and administration, ore differential, sustaining capital, selling costs, and grade control costs. The total block revenue minus the total block costs estimate the net value per block. Any block returning a positive net value has been defined as "ore" for the purposes of pit design and production scheduling. Any material that has been defined as Mineral Resource that has a negative net value has been defined as "waste".
Mining factors or assumptions	*The method and assumptions used as reported in the Prefeasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).* *The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.*	Input parameters for pit optimisation have been based on supplied revenue parameters, mining costs based on operating data and mineral processing and selling costs from site. The WAK price was advised as A$244.63/dt.

Criteria	JORC Code explanation	Commentary
		These input parameters were reviewed by CSA Global and considered appropriate. Resource Block models were generated by CSA Global and were converted to Mining Block Models by CSA Global. Pit shells were produced from within Whittle software using agreed parameters. The pit designs completed from the Mining Block Models considered as suitable for Ore Reserve estimation.
	The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc), grade control and pre-production drilling. *The major assumptions made, and Mineral Resource model used for pit and stope optimisation (if appropriate).* *The mining dilution factors used.* *The mining recovery factors used.* *Any minimum mining widths used.* *The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.* *The infrastructure requirements of the selected mining methods.*	The Wickepin deposits utilise a conventional open cut excavator and truck mining fleet. This mining fleet is considered suitable for this type of surface mining operation. Articulated trucks were selected to run on the expected running surface conditions. This deposit is going to be mined out as multiple small pits. The maximum pit depth is around 40 m. No drilling, blasting or crushing is required. The mine site will be progressively rehabilitated to use for agricultural purposes. Entire pit material is oxide and expecting to be free dig. A batter angle of 45° and 2 m berm every 4 m vertical advance has been applied. Existing pit walls proven over last 13 years to be stable, as there are no signs of cracking, slumping or collapse. Exploration drilling local to the pits indicates there are no standing water tables or perched aquifers in the resource area. Allowances have been made for the inclusion of haul roads, berm widths and batter angles. The pit slopes are considered likely to be stable for the current pit designs. The Mineral Resource models have been wholly provided and reviewed by CSA Global staff. The Mineral Resource Block Models were used for optimisation and mine planning after inclusion of additional attributes to become a Mining Model. The mining dilution has been set to 0% for this deposit. This has been based on reconciliation data from site and based on the site inspection and validation of the orebody. The orebody is very visible, thick and flat lying. The mining flitch is just 2 m with appropriate dig fleet. Therefore 0% mining dilution is applied. The Ore Reserve is reported based on this. An ore loss factor of 2% (or 0.98) has been applied for this deposit. It is assumed, to avoid the mining dilution, ore may be left behind at the ore and waste contact. This has been based on site observations. A minimum mining width of 20 m has been applied in the pit designs. Inferred Mineral Resources have not been included in the pit optimisations. It is reported as waste in the mining schedule. There is limited current infrastructure available. However, the Company is planning to construct all the infrastructure required to meet the selected mining method and schedule.

Criteria	JORC Code explanation	Commentary
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.* *Whether the metallurgical process is well-tested technology or novel in nature. The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied.* *Any assumptions or allowances made for deleterious elements.* *The existence of any bulk sample or pilot scale testwork and the degree to which such samples are considered representative of the orebody as a whole.* *For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?*	The metallurgical process developed by WAK for the exploitation of the Ore Reserve has been rigorously tested during a commercial pilot operation located in Kwinana, Western Australia. The process has been independently audited in terms of its demonstrable efficacy by Mr Darryl Butcher, a Principal of BDB Process Pty Ltd. Mr Butcher is an expert in metallurgical process operation and design and has sufficient, suitable relevant experience to assess the WA Kaolin process as a Competent Person. The conclusions of Mr Butcher's audit were, among others, that during the final five months of the commercial piloting of the process, the operation: • Demonstrated the metallurgical process is fit for purpose • Demonstrated stable commercial operation on representative bulk samples of the Wickepin Mineral Resource • Produced product that was acceptable to the anticipated market and was sold to that market on commercial terms • Demonstrated metallurgical recoveries consistent with those used for the Ore Reserve estimate • Demonstrated operating costs consistent with those used for the Ore Reserve estimate, when suitably factored or adjusted for the Wickepin project location • Established sale price benchmarks suitable for use in the Ore Reserve determination. The metallurgical process developed by WAK for the project is novel in nature but based on known metallurgical processes. The process has been operated in a commercial pilot operation for over 18 months (not continuous) and processed 4,462 dry tonnes of bulk sample material during that period. The bulk of metallurgical testwork undertaken has been completed in the bulk commercial pilot operation. This testwork may be reasonably described as a process of continuous innovation and optimisation that has resulted in the metallurgical process now used and intended for use in the future by the Company. Two distinct metallurgical domains have been identified: a relatively coarse and competent domain that upgrades to a more granular product suitable for particular markets; and a relatively finer, less competent domain that upgrades to a finer product, also suited to particular market segments. Representative samples of both domains were processed in the Kwinana treatment facility and the resulting products sold to suitable end-users. No allowances have been made for deleterious elements or contaminants, beyond those that were intrinsically represented in the products that resulted from the pilot operation.

Criteria	JORC Code explanation	Commentary
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	The future metallurgical processing facility planned for the Resource will be located near to the Mineral Resource. There are adequate and suitable areas available for disposal of waste material generated in both the mining and metallurgical processing operations. The Project was granted a Works Approval by Department of Environment Regulation on 20 February 2014 (WAN: W5443/2013/1), subsequently amended 15 February 2019 to extend the expiry date to 22 February 2022 and increase the scale of intended operations to 1.25 Mt/a. "Existing Environmental" report issued for the Project by Dames and Moore 9 October 1995. (Subject to current review and revision as required as part of the current Feasibility Study program). This report covered the biophysical and social environment. A Mining Proposal (Dr A. Tingay, Mining Proposal – Revised Version #1, 5 January 2015) for the Project was issued to the Western Australian Department of Mines and Petroleum (DMP) (DMP Registration ID 50959). This document also addressed environmental aspects. A Mining Approval was granted to WA Kaolin Holdings Pty Ltd by DMP on 21 January 2015, subject to certain conditions. The mine site has been used for many years for cereal cropping and sheep grazing which is the main land use in the region. There are also small areas of disturbed woodland on the mine-site. There also is a pine plantation and an area of planted tree lucerne immediately to the south of the existing costean. Some of the pines and all the tree lucerne will be removed during mining operations. The mining void will be progressively rehabilitated to use for agricultural purposes. There will be no permanent waste rock dumps as all waste material will be returned to the mined-out pit as part of the rehabilitation works. There is no risk of acid mine drainage due to water shed from stockpiles or from other runoff, as x-ray fluorescence assays of the ore and overburden have shown that SO_3 levels are typically less than 0.08 ppm with many samples half this level. Kaolin is formed by high levels of weathering and leaching of the host rock which results in inert kaolin and quartz sand. As a result, there are no soluble or reactive elements in the mined ore or overburden. No assumptions regarding possible waste and process residue disposal options have been made. Current mining activities being undertaken by WAK over the Mineral Resource sufficiently indicate that there are no significant environmental concerns with exploitation of the deposit. There is no surface water flow in the area of the mine and de-gritting plant as the surficial sands are highly permeable. Perimeter drains will be used to contain all flows if any from the mine and plant areas and this water will be recovered for use in the process plants. Groundwater has not been detected by exploration drilling and excavation at the mine site. Therefore, groundwater will not be intercepted by mining and there is little potential for groundwater contamination.

Criteria	JORC Code explanation	Commentary
		There are no places or objects of significance within the meaning of the *Aboriginal Heritage Act 1972* or the *Heritage Act of Western Australia 1990* on the locations involved in this project. The project sites are within the buffer zones of the Toolibin Reserves TEC. Provisions for managing and recovering water on the project sites and the low potential for runoff will ensure that there are no impacts on water entering the wetlands and reserves.
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided or accessed.*	All infrastructure requirements including power, water supply, mine, processing and administration, workshops, fuel storage and distribution, roads, communications, transport and kaolin processing are scheduled to build on site. Very minimum infrastructure is available now as the mining happens intermittently to meet the processing requirements of Kwinana plant. Power to the mine site will be provided by connection to the existing Western Power network. The location of the connection has not yet been determined. Thermal energy for drying will be from LPG, trucked in and stored in on-ground storage tanks. The project has the DWER Works approval (W5443/2013/1), Shire of Wickepin Planning approval and Mining Proposal Registration (ID:50959) with list of conditions attached. The company is progressing further with other required approvals to meet the latest production schedule.
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study. The methodology used to estimate operating costs.* *Allowances made for the content of deleterious elements.* *The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.* *The source of exchange rates used in the study.* *Derivation of transportation charges.* *The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.* *The allowances made for royalties payable, both Government and private*	The operating costs have been derived from a mixture of the WAK 2019 Operating Budget, desk top studies and expert opinions. All operating costs reflect the current costs on site. No allowances have been made for any deleterious elements. The kaolin price for WAK of A$244.63/t has been used for the first 20 years of production. Market predictions and trend analysis has been provided by an external independent agency (Grand View Research) organised by WAK. All operating cost estimates have been based on A$. Exchange rates have been supplied by WAK based on specialist advice. Transportation charges are based on current operating costs supplied by WAK. Processing cost have been calculated from current plant data and assumptions based on proposed plant at mine site. The input from BDB Process Pty Ltd is used in the ore reserve estimate. Operating costs and capital costs have been reviewed by CSA Global and are considered reasonable for the intended application. Selling costs, including royalties and refining costs have been applied. Selling cost of A$104.28 and Western Australian Government royalties (5% and 50% sales EXW) and the royalty to WAMCO Industries Group were also applied.

Criteria	JORC Code explanation	Commentary
Revenue factors	*The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.*	See comments above. The life of mine plan that is used to derive the Ore Reserve estimate has been truncated to the first 20 years of production to reflect a limit to the reliability of extrapolated kaolin price estimates.
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	A product brightness cut-off of 75% is applied as it is minimum required of final product.
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.* *A customer and competitor analysis along with the identification of likely market windows for the product.* *Price and volume forecasts and the basis for these forecasts.* *For industrial minerals, the customer specification, testing and acceptance requirements prior to a supply contract.*	Kaolin market and trend analysis has been conducted by Grand View Research as independent agency organised by WAK. The Company is already selling the products to the proposed specification and the achieved pricing shows a reasonable comparison with the market assumption.
Economic	*The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. NPV ranges and sensitivity to variations in the significant assumptions and inputs.*	Majority of the cost inputs have been derived from operating site data; however, some assumptions are made based on the studies conducted by WAK and other technical experts. A cash flow model has been produced that shows a positive NPV and sufficient cash flow margin. The discount rate applied is 10%. The cash flow model has been based on operating and capital costs, taxes, depreciation and head office expenses. The project remains positive for a price variance down by -15% and operating cost up by +18%. Metallurgical recovery and capital cost remain positive for the tested sensitivity between +20% and -20%. The NPV remains positive for the tested discount rate variance between 0% per annum and 20% per annum
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	The project has the DWER approval (W5443/2013/1), Shire of Wickepin Planning Approval and Mining Proposal Registration (ID 50959) with list of conditions attached. The Company is progressing further with other required approvals to meet the latest production schedule.
Other	*To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves:* • *Any identified material naturally occurring risks.* • *The status of material legal agreements and marketing arrangements.* • *The status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals.* *There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Prefeasibility or Feasibility study.*	No material naturally occurring risks have been identified. There are no apparent impediments to obtaining all government approvals required for the WA Kaolin Project.

Criteria	JORC Code explanation	Commentary
	Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	
Classification	*The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).*	The Mineral Resources have been based on an ISO brightness cut-off of 75%. The yield has been modified by the application of suitable modifying factors and have been classified as Probable, based on the Indicated and measured classification of the MRE. The level of work undertaken through pit optimisation studies and pit designing is considered sufficient for the classification of Probable Ore Reserves. Mr Karl Van Olden, the Competent Person for this Ore Reserve estimation, has reviewed the work undertaken to date and considers that it is sufficiently detailed and relevant to each of the deposits to allow those Ore Reserves derived from the Indicated Mineral Resources to be classified as Probable. All the Measured Mineral Resources are also placed into Probable Reserves.
Audits or reviews	*The results of any audits or reviews of Ore Reserve estimates.*	The Mineral Reserve estimate, mine design, scheduling, and mining cost model has been subject to internal peer review processes by CSA Global. No material flaws have been identified. Expert opinion has been obtained for current and proposed processing facility. No external audit has been conducted.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate.* *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation.* *Documentation should include assumptions made and the procedures used.* *Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage.* *It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	The Competent Person considers that the methodology applied to arrive at the Ore Reserve estimate for WA Kaolin's Wickepin deposit is appropriate. The overall accuracy of the cost estimate used in the estimation of these Ore Reserves is considered to be within ±25%. Most of the cost estimates have been derived from actual site operating data, so the global accuracy is considered very robust. Confidence in the application of the modifying factors is appropriate for the estimate. Ore will not be blended from other deposits before treatment in the processing plant.

Appendix B

JORC Table 1: 2017 Mineral Resource Estimate

Section 3: Estimation and Reporting of Mineral Resources

Criteria in this section apply to all succeeding sections

Criteria	JORC Code explanation	Commentary
Database integrity	*Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.*	The database used in the MRE was provided to CSA Global as a MS Access database, prepared for use in Surpac. Creation of a Surpac database for use in resource estimation (from these spreadsheets) requires basic data integrity such as logging depths not exceeding recorded depths of holes and no overlapping assay or logging values. The measures taken to ensure accurate data capture and ensure integrity of the data against transcription or keying errors are not currently known to CSA Global.
	Data validation procedures used.	Validation of the data by CSA Global included checks for overlapping intervals, missing survey data, missing assay data, missing lithological data and missing collars.
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	The Competent Person has visited site numerous times and has been directly involved in the development of the WA Kaolin Project since 2002. Earlier work was carried out by CRA Exploration since 1994.
	If no site visits have been undertaken, indicate why this is the case.	Not applicable.
Geological interpretation	*Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.*	Geological interpretation was completed by CSA Global geologists. The geological interpretations are suitable for the level of information available. Geological continuity of mineralisation appears to be very good, and in areas of dense drilling bay be assumed. In areas of lower density drilling extension of similar continuity may be implied by visual appraisal of grade continuity and also by the correlation between regional structure, lithology and the mineralisation. The geological interpretation provided a suitable foundation for the modelling of a kaolin deposit.
	Nature of the data used and of any assumptions made.	Detailed geological logging, and available assay data, were used in the interpretation of the currently reported Mineral Resource.
	The effect, if any, of alternative interpretations on Mineral Resource estimation.	Geological continuity is implied between drillholes and conforms well to the anticipated geological model based on the interpretation of regional geology, and its association with mineralisation. The data do not readily offer alternative interpretations.
	The use of geology in guiding and controlling Mineral Resource estimation.	Grade (Brightness) has been the primary influence in controlling the Mineral Resource estimation. Wireframes have been constructed for the main mineralised horizons as determined by the brightness assays.
	The factors affecting continuity both of grade and geology.	Continuity of geology and structures may be assumed and can be readily traced between drillholes by visual and physical property characteristics.

Criteria	JORC Code explanation	Commentary
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	The whole WA Kaolin Project deposit is expressed as a series of thin, tabular, sub-horizontal bodies within the regolith horizon extending along an easterly strike more than 17 km, and a northerly extent of greater than 12 km. Mineralisation depths are governed by the depth of weathering and generally do not exceed 50 m below the natural surface. The depth to the top of mineralisation is also governed by the depth of weathering, and is generally less than 12 m.
Estimation and modelling techniques	*The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.*	All modelling was undertaken using Surpac. The model constructed comprises multiple thin tabular bodies defined on the basis of >80% ISO brightness values. A block model of dimensions 100 m x 100 m x 2 m (XYZ) was generated and coded for belonging to one of the five grade domains (exclusive of the others). Statistical analysis was conducted wholly within Supervisor and GeoAccess on a per-domain basis, and then subsequently on an all-in basis. Variography was conducted on the complete dataset, with little statistical differentiation made between the brightness and yield values of each domain to justify individual modelling. Data were transformed via Gaussian Anamorphosis (through use of Hermite Expansions) to improve variography. Semi-variogram models were back-transformed into real space prior to use in estimation. Block grades were interpolated using ordinary kriging. Only those composites belonging to the current target domain were used to inform blocks of that domain. An orientated “ellipsoid” search was used to select data for interpolation. Search ellipsoid orientations were based on orientations derived from the variographical analysis. A single ellipsoid was generated and used for both brightness and yield estimation. Dimensions of the ellipsoid were based on the longest-range structure in variography for both brightness and yield in each of the three principal directions. A two-pass search was used to complete estimation for brightness and yield within the domain objects. Any block not estimated after these two passes were assigned the mean value of the domain composites.
	The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.	An historical estimate had been produced for the WA Kaolin Project; however, the methods used, differ fundamentally from those employed in the current MRE. Historical figures report resources in excess of 1 billion tonnes of kaolinized granite, but do not provide yield or brightness values for the estimate. This tonnage figure was determined using contoured top and bottom of horizon values, based on subjective colour logging to define the “mineralised horizon”. Thicknesses greater than 8 m were then constrained and a tonnage determined using a density value of 1.9.

Criteria	JORC Code explanation	Commentary
		Current Mineral Resources have been determined using more stringent controls on the lateral extent of mineralisation based on available drilling data, with thickness of the deposit determined by wireframing and not through estimation. Historical figures are not directly comparable to the currently reported Mineral Resource.
	The assumptions made regarding recovery of by-products.	No by products will be recovered, and none have been considered.
	Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).	No potentially deleterious elements have been considered.
	In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.	A parent cell size of 100 m(E) x 100 m(N) x 2 m(RL) was adopted with standard sub-celling to 25 m(E) x 25 m(N) x 1 m(RL) to maintain the resolution of the mineralised lenses. The block size is considered to be small given the dominant drillhole spacing, but necessary in order to preserve the resolution of the thin high-grade domains within the model.
	Any assumptions behind modelling of selective mining units.	No assumptions were made regarding selective mining units.
	Any assumptions about correlation between variables.	No assumptions were made about the correlation between variables.
	Description of how the geological interpretation was used to control the resource estimates.	Kaolin mineralisation is considered to have formed as a weathering product within the regolith horizon, and mineralised envelopes as modelled are constrained by this lithological horizon. The wireframe objects were used as hard boundaries for grade interpolation.
	Discussion of basis for using or not using grade cutting or capping.	Statistical analysis was completed using GeoAccess and Supervisor. Following statistical analysis, it was determined that no high-grade cuts were warranted.
	The process of validation, the checking process used, the comparison of model data to drillhole data, and use of reconciliation data if available.	Validation checks included statistical comparison between drill sample grades and ordinary kriging block estimate results for each domain. Visual validation of grade trends for each element along the drill sections was also completed in addition to swath plots comparing drill sample grades and model grades for northings, eastings and elevation. These checks show reasonable correlation between estimated block grades and drill sample grades. No reconciliation data is available.
Moisture	*Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	Tonnages have been estimated on a dry in situ basis. No moisture values were reviewed.
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	The Mineral Resource has not been reported above a cut-off grade, as the nature of the Industrial Mineral that is being targeted is such that selective mining is not likely to take place.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	*Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous.* *Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	No mining assumptions were incorporated into the current MRE, other than the assumption that the deposit will be mined via open pit methods.
Metallurgical factors or assumptions	*The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous.* *Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	Metallurgical testwork is not necessary, due to the industrial mineral nature of the modelled mineralisation.
Environmental factors or assumptions	*Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation.* *While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported.* *Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	No assumptions regarding possible waste and process residue disposal options have been made. Current mining activities being undertaken by WAK over the Mineral Resource sufficiently indicate that there are no significant environmental concerns with exploitation of the deposit.
Bulk density	*Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.*	Density was assigned on the basis of lithological logging, based on testwork undertaken by previous owners CRA Exploration. Densities are presented on a dry basis. No further information is available regarding the volume of density testwork undertaken to derive the assigned values.
	The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.	Bulk density value of 1.9 was determined by CRA Exploration for kaolinized granite. A value of 1.9 is typical of many kaolinized granite deposits in the world.
	Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Given the intended purpose of the MRE, bulk densities for the waste material have not been determined, and so the only material to have densities applied (for the purposes of kaolin content and tonnages) was the mineralised domain material – whose density values were assigned based on historical testwork.

Criteria	JORC Code explanation	Commentary
Classification	*The basis for the classification of the Mineral Resources into varying confidence categories.*	The Mineral Resource was classified and Measured, Indicated and Inferred, taking into account the level of geological understanding of the deposit, quality of samples, density data, drillhole spacing and sampling and assaying processes.
	Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).	The classification reflects the level of data available for the estimate including input drillhole data spacing, the high level of geological continuity of the particular style of deposit and the currently successful mining of the deposit by WAK.
	Whether the result appropriately reflects the Competent Person's view of the deposit.	The MRE appropriately reflects the view of the Competent Person.
Audits or reviews	*The results of any audits or reviews of MREs.*	Internal audits were completed by CSA Global which verified the technical inputs, methodology, parameters and results of the estimate.
Discussion of relative accuracy/ confidence	*Where appropriate a statement of the relative accuracy and confidence level in the MRE using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.*	The Mineral Resource accuracy is communicated through the classification assigned to the deposit. The MRE has been classified in accordance with the JORC Code (2012 Edition) using a qualitative approach. All factors that have been considered have been adequately communicated in Section 1 and Section 3 of this table.
	The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. *Documentation should include assumptions made and the procedures used.*	The Mineral Resource statement relates to a global estimate of in-situ tonnes and grade.
	These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	The currently reported Mineral Resource is being campaign mined on a small scale on a campaign basis, however no production data are available for comparison.

10 Solicitor's Report on Tenements

Partner Michael Blakiston

Our ref 1038972

8 October 2020

The Directors
WA Kaolin Limited
First Floor, 11 Marlo Place
Hallam, VIC 3803

Dear Sirs

Solicitors' Report on Title

This report is prepared for inclusion in a prospectus to be dated on or about 9 October 2020 to be issued by WA Kaolin Limited (**Company**) for the issue of 110,000,000 shares at A$0.20 cents each to raise $22,000,000 together with 1 free attaching option for every 2 shares issued.

This report relates to the mining tenements and freehold land in Western Australia listed in in Annexure 1 (**Schedule**), being the freehold land owned by the Company and the mining tenements in which the Company holds an interest (**Tenements**). Unless stated otherwise, a reference to a Tenement in this report is a reference to a Tenement held by the Company as further detailed in the Schedule.

1 Searches

We have arranged for the following searches to be conducted for the purpose of this report:

(a) searches of the Tenements in the register maintained by the Department of Mines, Industry Regulation and Safety (**DMIRS**) pursuant to the *Mining Act 1978* of Western Australia (**WA Mining Act**) on 30 September 2020;

(b) quick appraisal searches of the Tenements obtained online from DMIRS on 30 September 2020;

(c) searches of the land titles register maintained by Western Australia's land information authority (**Landgate**) on 30 September 2020;

(d) searches of the native title application summaries maintained by the National Native Title Tribunal (**NNTT**) on 30 September 2020 in relation to those registered native title claims which affect the Tenements;

(e) searches of Indigenous Land Use Agreements (**ILUAs**) maintained by the NNTT on 30 September 2020 in relation to those registered ILUAs which affect the Tenements; and

(f) searches of the register of Aboriginal heritage sites obtained online from the database maintained by the Department of Planning, Lands and Heritage on 30 September 2020.

On the basis of the searches we consider that this report provides an accurate statement as to the status of the Tenements as at 30 September 2020.

2 Ward Road Property

The Company is the registered proprietor in freehold of Lot 3 on Deposited Plan 42679, Certificate of Title Volume 2595, Folio 745 located at Ward Road, Rockingham Western Australia 6968 (**Ward Road Property**).

The Company's processing plant is currently located on the Ward Road Property.

The Ward Road Property is the subject of a mortgage held by Boneyard Investments Pty Ltd.

3 Mining Tenements generally

3.1 Company Tenements

The Tenements comprise of retention licences, a mining lease, miscellaneous licence and general purpose lease granted under the WA Mining Act.

(a) Retention licence

A retention licence remains in force for a period of five years and may, at the discretion of the Minister, be renewed for successive periods of up to five years. An application for a retention licence must be accompanied by a statutory declaration to the effect that there is an identified mineral resource within the proposed licence area and mining of that resource is, for the time being, impracticable for either economic or political reasons or because it is required to sustain the future operations of an existing or proposed mining operation. No legal interest in a retention licence can be transferred or mortgaged without the prior written consent of the Minister for Mines and Petroleum (**Minister**).

The retention licences held by the Company (**Retention Licences**) provide the Company with a right to apply for, and be granted, a mining lease over the area the subject of the retention licence. The usual process for the application of a mining lease applies. As such, all of the requirements of an application for mining lease will need to be satisfied by the Company if the Retention Licences are to be converted to mining leases in order to mine any mineral resource located within the Retention Licences.

(b) Mining lease

A mining lease may only be applied for in instances where the Director Geological Survey is satisfied that significant mineralisation exists or where a mining proposal has been prepared. "Significant mineralisation" is defined in the WA Mining Act as a deposit of minerals where there is a reasonable prospect of those minerals being obtained by mining operations. A mining proposal is a document which sets out in detail the mining operations proposed to be carried out on the area of the application.

A mining lease remains in force for a period of 21 years and may be renewed for successive periods of 21 years with the tenement holder entitled to the first renewal as of right. No legal interest in a mining lease can be transferred or mortgaged without the prior written consent of the Minister.

(c) Miscellaneous licence

Miscellaneous licences are granted for infrastructure or access purposes, such as a road, pipeline or water, as prescribed in the regulations to the WA Mining Act. Miscellaneous licences applied for on or after 10 February 2006 are granted for a term of 21 years. Upon application the Minister shall renew such a miscellaneous licence for a further 21 year period and thereafter the Minister may renew the

miscellaneous licence for successive periods of 21 years. No legal interest in a miscellaneous licence can be transferred or mortgaged without the prior written consent of the Minister.

(d) General purpose lease

A general purpose lease is granted for one or more purposes ancillary to mining purposes (such as for location of treatment plants, tailings dams or any other specified purpose directly connected with mining operations). A general purpose lease does not entitle the holder to carry out any exploration or mining. General purpose leases are granted for a term that coincides with the associated mining lease upon which mining operations are occurring or a date that is 21 years from the date upon which the general purpose lease commenced. A general purpose lease may be renewed for successive periods of 21 years, with the tenement holder entitled to the first renewal as of right. No legal interest in a general purpose lease can be transferred or mortgaged without the prior written consent of the Minister.

3.2 Tenement Conditions and Forfeiture

Mining tenements in Western Australia are granted subject to various standard conditions prescribed by the WA Mining Act, including payment of annual rent, minimum expenditure requirements (other than for miscellaneous licences and general purposes leases), reporting requirements and standard environmental conditions, as well as any conditions that may be imposed by the Minister in respect of a particular mining tenement (such as restrictions on mining or access to certain reserves).

If a tenement holder fails to comply with the terms and conditions of a tenement, the Warden or the Minister, as applicable, may impose a fine or order that the tenement be forfeited. In most cases an order for forfeiture can only be made where the breach is of sufficient gravity to justify forfeiture of the tenement. In certain cases, a third party can institute administrative proceedings under the WA Mining Act before the Warden seeking forfeiture of the tenement.

In the case of failure to comply with the annual minimum expenditure requirement, the tenement holder can apply to DMIRS for an exemption from that expenditure requirement. In addition, a third party can object to an application for exemption for expenditure. If an exemption application is refused, then it is open to the Warden or Minister (as applicable) to impose a fine or make an order for forfeiture.

Before declaring that a mining lease is forfeited, the Minister may provide a written notice of the intended forfeiture to the mining lease holder at its last known place of business. The written notice will specify a date on or before which the holder of the mining lease may pay any outstanding rents or royalties or make any written submissions that the holder wishes the Minister to consider.

Mining tenements in Western Australia are also subject to statutory requirements of certain other Acts including the *Aboriginal Heritage Act 1972* (**WA Heritage Act**), *Environmental Protection Act 1986*, *Rights in Water and Irrigation Act 1914* and *Conservation and Land Management Act 1984*, the full details of which are beyond the scope of this report.

4 Private land and minerals-to-owner land

As noted in the notes to the Schedule, all of the Tenements encroach upon land which is classified as "private land" for the purposes of the WA Mining Act (**Private Land**) to a significant extent as set out in the Schedule. In all cases, this encroachment is not less than 67.69% of a Tenement.

Under section 29(2) of the WA Mining Act, a tenement may only be granted over areas that are within 30 metres from the natural surface of certain specified areas of Private Land with the consent of the

owner and the occupier of that land. That is, in respect of those specified areas, only sub-surface rights can be granted without the consent of the owner and the occupier of that land.

The specified areas of Private Land set out in section 29(2) of the WA Mining Act comprise land:

(a) which is in bona fide and regular use as a yard, stockyard, garden, orchard, vineyard, plant nursery or plantation or is land under cultivation;

(b) which is the site of a cemetery or burial ground;

(c) which is the site of a dam, bore, well or spring;

(d) on which there is erected a substantial improvement;

(e) which is situated within 100m of any private land referred to in paragraphs (a) – (d) above; or

(f) which is a separate parcel of land and has an area of 2,000m^2 or less.

Further, section 35 of the WA Mining Act provides that no mining activities may be commenced on or within 30 metres of the natural surface of any Private Land unless the tenement holder has made an agreement with the owner and occupier of the Private Land as to the compensation payable.

Where the consent of the owner or occupier of Private Land is given for the purpose of section 29(2) of the WA Mining Act, it is commonly given under the terms of an access agreement under which the tenement holder also agrees to pay compensation to the owner and/or occupier for losses including loss of use of the land, damage or disturbance caused to the surface of the land, damage to improvements or loss of earnings.

We have relied on the searches of the Tenements in identifying whether the grant of a Tenement did not include any Private Land referred to in section 29(2) of the WA Mining Act. Where a search of the Tenement does not indicate any Private Land referred to in section 29(2) of the WA Mining Act was excluded from the grant of the Tenement, we have assumed all required owner and occupier consents for the purpose of section 29(2) of the WA Mining Act were obtained as part of the grant of the Tenement. It is not possible to determine from the searches the extent to which the Private Land encroached upon by the Tenements falls within the specified areas of Private Land referred to in section 29(2) of the WA Mining Act.

The searches we obtained show that the grant of Miscellaneous Licence 70/156, General Purpose Lease 70/251 and the Retention Licences do not include all Private Land referred to in section 29(2) of the WA Mining Act except below 30 metres from the natural surface of the land. This means the Company has no access to the natural surface and up to a depth of 30 metres from the natural surface of the area of the Private Land. As mentioned above, under section 29(2) of the WA Mining Act, the consent of owners and occupiers must be obtained before the Company may access or conduct mining in respect of such areas.

The Company has not entered into the compensation agreements required under section 35 of the WA Mining Act in respect of the Tenements with:

(a) all of the occupiers of the Private Land the subject of Mining Lease 70/1143;

(b) all of the owners and occupiers of the Private Land the subject of Miscellaneous Licence 70/156 and General Purpose Lease 70/251; or

(c) any of the owners and occupiers of the Private Land the subject of the Retention Licences.

We understand the Company has entered into the compensation agreements required under section 35 of the WA Mining Act in respect of the owners and occupiers of Private Land which currently is or is proposed to be the subject of mining by the Company (that is, Private Land which is the subject of Mining Lease 70/1143).

Under the WA Mining Act, owners and occupiers of Private Land where mining may otherwise take place are entitled to compensation for all loss and damage suffered or likely to by suffered by them resulting or arising from mining by the Company. In the absence of a compensation agreement being entered into, there is a risk that a relevant owner or occupier of Private Land will make a compensation claim against the Company and the amount of compensation that the Company will be liable to pay to a relevant owner or occupier is not fixed and may be determined by the warden's court in formal proceedings failing any agreement being reached between the owner or occupier and the Company.

In the case of Miscellaneous Licence 70/156, our Tenement searches confirm that consents by some Private Land owners and occupiers have been obtained in respect of certain lots to enable the grant of Miscellaneous Licence 70/156 over the lots to which the consents relate, as only seven lots have been excluded in the area the subject of Miscellaneous Licence 70/156 (where there are 19 parcels of freehold land granted pursuant to *Land Act 1933* (WA) (now the *Land Administration Act 1997* (WA)) and six parcels of freehold land granted pursuant to the *Transfer of Land Act 1893* (WA)).

It is possible for a holder of a tenement to subsequently obtain the consent of the owners and the occupiers of the relevant Private Land and then apply to the Minister for that tenement to be amended by granting it in respect of those surface areas that were not originally included.

Most grants of freehold which were made prior to 1899 in Western Australia included the grant of minerals other than gold, silver and precious metals, which were reserved to the Crown. This land is commonly referred to as "minerals to owner" land, as the landowner owns all other minerals and has the right to deal with those minerals as it sees fit. Our searches have confirmed that none of the Private Land that Mining Lease 70/1143 encroaches upon is "minerals to owner" land. We have not undertaken the detailed land searches to determine whether any of the Private Land that the Tenements other than Mining Lease 70/1143 encroach upon is "minerals to owner" land on the basis that the Company is not carrying out any mining of a resource that may be located on Tenements other than Mining Lease 70/1143.

5 Anglo American Exploration (Australia) Limited exploration licence applications

Anglo American Exploration (Australia) Limited (**Anglo**) applied for exploration licences which overlap with the Tenements as follows (with further details of the extent of the encroachments described in the Schedule):

(a) Exploration licence application 70/5487 which overlaps all Tenements except for General Purpose Lease G70/251;

(b) Exploration licence application 70/5489 which overlaps with Retention Licence 70/40; and

(c) Exploration licence application 70/5472 which overlaps with Miscellaneous Licence 70/156 and General Purpose Lease 70/251.

Under the WA Mining Act, an exploration licence cannot be granted in respect of land covered by existing tenements, unless the existing tenement is a miscellaneous licence. The Anglo exploration licence applications will therefore not be granted in respect of the land covered by the Mining Lease 70/1143 and the Retention Licences.

The Company has lodged two objections as the holder of the Miscellaneous Licence 70/156 in respect of the grant of the exploration licence application 70/5487 and exploration licence application 70/472. No objection was lodged by the Company in respect of exploration licence application 70/5489.

If granted, Anglo's exploration activities under the exploration licences have the potential to interfere with or limit the Company's operations on the area subject to the Miscellaneous Licence 70/156 and the General Purpose Lease 70/251.

To minimise any potential interference, the Company and Anglo could enter into an access agreement to govern the parties' respective rights in relation to the overlapping tenements following any grant of exploration licence application 70/5487 and exploration licence application E70/472 to Anglo. Except in limited circumstances, the Company will need to agree to withdraw its objections to the applications for exploration licence 70/5487 and exploration licence E70/472 made by Anglo in order for those tenements to be able to be granted.

Access agreements are common in the mining industry in Western Australia to resolve overlapping tenure issues and objections made to tenement applications. Generally, such agreements contain standard provisions relating to the management of coexisting rights of two separate parties in respect of the same area of land, where each party is exercising certain rights under its own statutory licence. It is common for access agreements to be drafted so as to provide preference and advantage to the party that first secured rights to the relevant area, which in this case, is the Company.

6 Reserves

A reserve is Crown land that has been set aside or dedicated for a particular purpose in the public interest. Reserve tenure is usually applied to land, which, because of its intrinsic community value, should be preserved and maintained for the benefit of present and future generations. This is primarily because of its recreation, historical, social, natural resources, environmental, or cultural significance, or because it has special value for present or future generations. Reserve tenure is categorised into classes and restrictions on activities in reserves vary between classes.

As described in the Schedule, Miscellaneous Licence 70/156 encroaches on a "C Class" reserve that has been set aside for water purposes and is managed by the Water Corporation (**Water Reserve**). The size of the encroachment is 0.02% of the area of Miscellaneous Licence 70/156 along a boundary of this Tenement.

Under the WA Mining Act, the consent of the Minister is required before any mining can be carried out on the Water Reserve. The Minister may refuse his consent or give his consent subject to any terms and conditions as the Minister specifies in the consent. Before giving consent, the Minister must first consult with the Minister for Water and the Water Corporation and obtain their recommendations in relation to the giving or refusing of the consent.

Our searches show that the Company has not obtained the consent of the Minister to allow mining to be carried out on the area of Miscellaneous Licence 70/156 that encroaches on the Water Reserve.

7 Road Reserves

All of the Tenements encroach on road reserves. Mining Lease 70/1143 and General Purpose Lease 70/251 contain a restriction that mining on road reserve is confined to a depth of 15 metres below the natural surface.

8 Rail Corridor Land

Miscellaneous Licence 70/156 and General Purpose Lease 70/251 encroach on "Rail Corridor Land" to the extent described in the Schedule (being, 0.21% and 4.71% of the Tenement areas respectively). The "Rail Corridor Land" is designated by the Minister for Transport under the *Rail Freight System Act* 2000 and is managed by the Public Transport Authority.

Conditions have been imposed on these Tenements that prevent or restrict the mining activities that may be undertaken by the Company in the vicinity of the Rail Corridor Land to ensure that the railway is not interfered with and to ensure access is available to the staff of the Public Transport Authority.

9 Muja to Kalgoorlie 220 kV transmission line

Retention Licence R70/42 encroaches on the "Muja to Kalgoorlie 220 kV transmission line south west portion" to the extent described in the Schedule (0.16% of the Tenement area).

A condition has been imposed on this Tenement that restricts the activities that may be undertaken by the Company in the vicinity of the transmission line to ensure that it is not interfered with and to ensure access is available to the owners of the transmission line.

10 Avon River Management Area and water pipeline

Retention Licences 70/40, 70/42, 70/43 and 70/44 encroach on the "Avon River Management Area" to the extent described in the Schedule. Conditions have been imposed on these Tenements that restrict ground breaking activities and the disturbance of wetlands and vegetation within the waterway and to ensure access is available to the officers of the Department of Water for inspection and investigation purposes.

Conditions have been imposed on Retention Licence 70/43 that restrict the activities that may be undertaken by the Company in the vicinity of the water pipeline and to ensure access is available to the owners of the pipeline.

11 Threatened Ecological Communities

The Retention Licences, Miscellaneous Licence 70/156 and Mining Lease 70/1143 may affect an area where there are threatened ecological communities. An endorsement is attached to these Tenements noting that the Company must contact the Department of Parks and Wildlife's Threatened Species and Communities Unit for detailed information on the management plans for such communities.

The Company stated in its mining proposal dated 5 January 2015 that the Wickepin mine site and the Wedin site are within the buffer zones of the Toolibin Reserves Threatened Ecologic Community. As such, the Company must ensure that the operations on Miscellaneous Licence 70/156 and Mining Lease 70/1143 have provisions for managing and recovering water, and to ensure that there are no impacts on water entering the wetlands and reserves in accordance with the mining proposal.

We understand that there are no current operations on the Retention Licences. If and when the Retention Licences convert to mining leases to accommodate future expansion of operations, it is likely that operations would be subject to similar provisions.

12 Aboriginal heritage

There may be sites of Aboriginal heritage or significance located on the land the subject of the Tenements. The WA Heritage Act applies to the Tenements and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent. There is no requirement or need for a site to be registered in any public manner or, indeed, be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.

The *Aboriginal and Torres Strait Islander Heritage Act 1984* (Cth) (**Commonwealth Heritage Act**) also applies to the Tenements and is aimed at the preservation and protection of significant Aboriginal areas and significant Aboriginal objects. This Act only applies if, and to the extent, a declaration has been made by the Commonwealth Minister for Aboriginal Affairs. There are no declarations under the Commonwealth Heritage Act in Western Australia.

Our searches indicate that there are registered surveys of Aboriginal heritage or significance located on:

(a) the Ward Road Property;

(b) Retention Licence 70/42; and

(c) Retention Licence 70/43.

The register of Aboriginal heritage sites is not conclusive, however given that five heritage surveys were conducted over the Ward Road Property and one survey was conducted over Retention Licences 70/42 and 70/43 and our searches did not show any Aboriginal heritage sites registered on the register, the inference is reasonably open that there were no sites identified on the land the subject of those areas.

There may be other sites of Aboriginal heritage or significance located on the land the subject of the Ward Road Property and the Tenements that may not have been registered, as under these Acts there is no obligation, to register sites, objects or relics. In any event, their exact location is not always ascertainable from such searches. We consider that there are unlikely any significant residual Aboriginal heritage sites on the basis that the Ward Road Property is disturbed, freehold land and all of the Tenements are either wholly within or largely encroach on private land and road reserves. It is not possible to verify this without Aboriginal heritage surveys being conducted over the Ward Road Property and the Tenements.

To ensure that that it does not contravene these Acts while carrying out mining operations on the Tenements, the Company would need to conduct heritage surveys to determine if any Aboriginal sites exist within the area of the Tenements. If so, the Company would also need to ensure that any interference with such Aboriginal sites is in strict conformity with the provisions of the above WA Heritage Act and the Commonwealth Heritage Act. As part of the Settlement (see section 15.2 below), the Noongar Standard Heritage Agreement (**NSHA**) came into effect. Land users are required to enter into and follow the NSHA if an Aboriginal heritage survey is required and a pre-existing heritage agreement was not in place as at 8 June 2015. There is no need to enter negotiations with the Ballardong People or the Gnaala Karla Booja People, as the NSHAs are standard form agreements

and the Ballardong People and Gnaala Karla Booja People are obliged to enter the NSHAs if the Company seeks to enter into the NSHAs. That being said, there is no legal requirement for the Company to enter into the NSHAs.

13 Native title – generally

On 3 June 1992, the High Court of Australia held in *Mabo v Queensland* that the common law of Australia recognises a form of native title. In order to maintain a native title claim, the persons making such claim must show that they enjoyed certain customary rights and privileges in respect of a particular area of land and that they have maintained their traditional connection with that land. Such a claim will not be recognised if native title has been extinguished or otherwise lost, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown. Native title rights and interests can be “extinguished” by the grant of inconsistent rights. The grant of freehold land is wholly inconsistent with native title rights and interests. The granting of a non-exclusive interest will not extinguish native title unless it is wholly inconsistent with native title and native title rights will co-exist with that interest to the extent that they are not inconsistent with that interest.

The Commonwealth Parliament responded to the Mabo decision by passing the *Native Title Act 1993* (Cth) (**NTA**). Among other things, the NTA:

(a) regulates the recognition and protection of native title;

(b) confirms the validity of titles granted by the Federal Government prior to the commencement of that Act on 1 January 1994;

(c) specifies the procedures to be complied with for certain future acts which affect native title; and

(d) specifies the procedures by which Aboriginal people can claim native title and by which people determined to hold native title can claim compensation.

The NTA was extensively amended in 1998 by the *Native Title Amendment Act 1998*. These amendments include the validation of any titles that may have been invalidly granted over pastoral leases and certain other leasehold interests during the period 1 January 1994 to 23 December 1996. Other significant amendments include a revised threshold test for the acceptance of native title claims, confirmation of extinguishment of native title by the grant of "exclusive possession" pastoral leases and certain other leasehold interests and provisions intended to deal with overlapping claims.

The Western Australian Parliament has enacted the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* which adopts the NTA in Western Australia.

The majority of the High Court concluded in the Ward decision (8 August 2002) that, among other things:

(a) native title is wholly extinguished in respect of land the subject of freehold, public works or other previous "exclusive possession" acts, and in respect of minerals and petroleum which are vested in the Crown, as well as various other grants and vestings; and

(b) native title is partially extinguished as a result of the grant of "non-exclusive possession" pastoral leases and mining leases, and also as a result of the creation of certain reserves.

While we note that significant portions of the land the subject of the Tenements are comprised of Private Land which may have extinguished native title, we have not researched the historic underlying

land tenure in respect of the Tenements in order to assess the extent of extinguishment (if any) for the purposes of this report. Please refer to our further comments in section 16 below.

14 Native title – native title claims

Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will be referred to the NNTT for the purposes of registration of the claim.

If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims maintained by the NNTT (**NT Register**). Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate" discussed further below.

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received maintained by the NNTT. Such claims may be entered on the NT Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. Claims which are not registered do not get the right to negotiate and claims. Claims that are deregistered lose the right to negotiate from the date of deregistration but will still remain on foot in the Federal Court until such time as they are determined by the Court.

The quick appraisal searches provided by DMIRS only include information in relation to claims on the NT Register. We have undertaken the additional searches of the NT Register to determine the impact of native title claims on the Tenements. There are two registered native title claims over the Tenements, being the Ballardong People Claim (Federal Court number WAD 6181 of 1998) and Gnaala Karla Booja Claim (Federal Court number WAD 6274 of 1998). Further, each of the Tenements are also wholly covered by the Single Noongar Claim (Area 1) (Federal Court Number WAD6006/2003) and the compensation claim Single Noongar Claim Group Compensation Claim (Federal Court Number 580 of 2019). The Tenements affected by these claims are identified in Annexure 2 of this report.

The Single Noongar Claim (Area 1) has not been accepted for registration by the NNTT, which means that this claim group does not hold any procedural rights and there is no obligation to negotiate with this claim group. The Single Noongar Compensation Claim is separate to a native title claim. Previously, a group of Noongar people claimed native title over a large area of the South West of Western Australia. This claim was rejected by the Federal Court, which determined that there was no native title in this area. The Single Noongar Compensation Claimants are now seeking compensation from the State of Western Australia. The Single Noongar Compensation Claim is resolved by the Settlement (see section 15.2 below) and as such, does not pose any risk to the Tenements or the Company.

The fact that a claim has been lodged (but not yet determined) does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be established in due course as the undetermined claims are determined by the Federal Court. We have not undertaken, nor are we qualified to undertake, the considerable historical, anthropological and ethnographic work that would be required to determine the possibility of any further claims in respect of the area of the Tenements being made in the future. In some cases, more than one claim applies to the Tenements. The consequence of the registered claims listed is that each of the registered native title claimants identified above have been found to hold a bundle of rights in the land which can co-exist alongside other non-Indigenous property rights.

15 Native title – validity of titles

15.1 Granted Tenements

The grant of a mining tenement is an act that is capable of affecting, and which may affect, native title. The future act processes of the NTA provide a mechanism for achieving the valid grant of a mining tenement in terms of native title. The validity of a mining tenement granted in Western Australia is dependent on its date of grant.

(a) Tenements granted prior to 1 January 1994

Under the *Titles (Validation) and Native Title (Effect of Past Acts) Act 1995* (WA), the grant of mining tenements granted in Western Australia prior to 1 January 1994 has been validated to the extent that the grant may have been invalid as a result of the existence of native title. None of the Tenements were granted during this period.

(b) Tenements granted between 1 January 1994 and 23 December 1996

The Western Australian Parliament passed the *Titles Validation Amendment Act 1999* (WA) which confirmed the validity of certain acts made by the State of Western Australia between 1 January 1994 and 23 December 1996, provided such acts had met various conditions set out in the NTA, primarily that there was some form of underlying non-exclusivity at the time of grant. None of the Tenements were granted during this period.

(c) Tenements granted after 23 December 1996

Mining tenements granted since 23 December 1996 which are affected by native title rights and interests will be valid provided the applicable processes prescribed by the NTA were complied with. We understand that it has been the practice of the Western Australian Government to comply with these processes but we have not undertaken any independent enquiries to confirm that this is the case. All of the Tenements were granted during this period.

15.2 Future Tenement Grants

As stated above, the valid grant of any of the Tenements which may affect native title requires full compliance with the “future act” provisions of the NTA, in addition to compliance with the usual procedures under the State's mining legislation. The primary future act procedure prescribed under the NTA applicable to mining tenements is the "right to negotiate" process.

The right to negotiate process involves the publishing of a notice of the proposed grant of a tenement followed by negotiation in good faith between the relevant State Government, the tenement applicant and the relevant registered native title claimant or holder. If agreement to enable the grant to occur is not reached within six months of the relevant notification, the matter may be referred to arbitration before the NNTT, which has a further six months to make a determination. A party to a determination of the NNTT may appeal that determination to the Federal Court on a question of law.

The NTA provides that, in relation to the grant of mining tenements in certain areas, a State law can operate in lieu of the right to negotiate process of the NTA. These areas are principally areas covered by pastoral leases. The Western Australian State Government has not yet introduced such a law.

The right to negotiate process does not have to be pursued in cases where an ILUA is negotiated with the relevant Aboriginal people and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures

will vary depending on the terms of the relevant ILUA. Similarly, if any other type of agreement is reached between a mining company or other proponent and a native title group which allows the grant of future tenements, the right to negotiate process may not have to be followed with that native title group but the parties will be required to enter into a State Deed pursuant to section 31 of the NTA which refers to the existence of that other ancillary agreement and confirms that the tenement can be granted. A State Deed is a standard form document prepared by the State Government and available from DMIRS.

The right to negotiate process also doesn't apply for grants of tenure for the sole purpose of infrastructure (as defined under the NTA). Depending on the purpose for which they are sought, this applies to most miscellaneous licences and general purpose leases. For that tenure an alternate consultative process applies. If, after consultation, the native title claimants or holders object to the grant, the matter can be referred to an "independent person" (as defined under the NTA) for assessment. Regardless of the independent person's assessment the State Minister still has the power to undertake the act.

On 8 June 2015, the Western Australian Government executed six ILUAs known as the South West Native Title Settlement Agreements (**Settlement**), two of which are with the Ballardong People and Gnaala Karla Booja. The Ballardong People ILUA and Gnaala Karla Booja ILUA are noted to be on the NT Register as at 17 October 2018. The Company is not a party to any of the registered ILUAs that affect the area of the Tenements.

15.3 Renewals

As with the grant of mining tenements, renewals of mining tenements granted prior to 1 January 1994, to the extent the renewals were invalid due to native title, have been validated by legislation. Renewals granted between 1 January 1994 and 23 December 1996 have been similarly validated provided certain statutory criteria have been met.

Renewals made after 23 December 1996 of tenements validly granted before that date, whether they be first renewals or subsequent renewals, will not be subject to the right to negotiate process provided:

(a) the area to which the earlier right is made is not extended;

(b) the term of the new right is not longer than the term of the earlier right; and

(c) the rights to be created are not greater than the rights conferred by the earlier grant.

Other than as stated above, renewals of mining tenements are subject to the same right to negotiate (or, pending legislation, alternative State) process as is described above.

16 Risk Factors – native title and Aboriginal heritage

Native title rights and interests can be extinguished by the grant of inconsistent rights. The grant of freehold and existence of reserves are wholly inconsistent with native title rights and interests. All of the Tenements:

(a) are wholly within or largely encroach on Private Land as described above in section 4;

(b) encroach on road reserves; and/or

(c) expressly exclude from the grant other Crown land, reserves or Private Lands.

As such, it is likely that native title rights and interests have been extinguished over all of the Tenements and the lands that may be subject to native title have been expressly excluded from the grant. The risk of any adverse impact on the Company's activities due to existence of native title and/or native title claims in relation to the land the subject of the Tenements is relatively low.

It is impossible at this stage to quantify the impact that these matters may have, but the main risks would include:

(a) delays in obtaining the grant of renewals or conversions of the Tenements, or further applications, as a result of the future act processes which continues to apply as the Federal Court determines the judicial review applications relating to the validity of the registration of the ILUAs. Future act processes can typically take in excess of 18 months unless there is an agreement already in place. Further, in the case of the right to negotiate process, if the parties cannot reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or can only be granted on conditions unacceptable to the Company. Similarly, in the process for infrastructure titles, the independent person may make an assessment that, if accepted by the State Minister means, the application cannot be granted or can only granted on conditions unacceptable to the Company;

(b) compensation may be payable by the Company as a result of agreements made pursuant to the right to negotiate or alternative process or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist. The amount of such compensation is not quantifiable at this stage;

(c) failure by the State Government to fully comply with the applicable future act processes will result in a tenement that is granted being invalid to the extent it is inconsistent with native title rights and interests, it will be difficult to assess what practical affect that will have other than on a case by case basis; and

(d) the risk that Aboriginal sites and objects exist on the land the subject of the Tenements, the existence of which sites and objects may preclude or limit mining activities in certain areas of the Tenements. Further, the disturbance of such sites and objects is likely to be an offence under the applicable legislation, exposing the Company to fines and other penalties, unless authorisation is obtained under the relevant legislation.

17 Qualifications

While the status of the Tenements is dealt with in detail in the Schedule and the Notes, we point out by way of summary, that:

(a) we have assumed the results of the searches which we have made or caused to be made referred to in section 1 of this report are accurate, complete and up-to-date;

(b) we have relied on the accuracy of the Registers and databases maintained by the governmental bodies referred to in section 1 of this report;

(c) we have not obtained any further searches other than those referred to in section 1 of this report; and

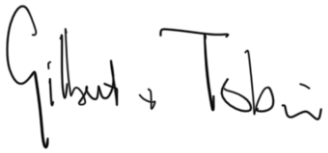
(d) the holding of the Tenements is subject to compliance with their terms and conditions and the provisions of the WA Mining Act and the information available from the searches we conducted only includes information in relation to compliance with some such terms, conditions and provisions.

Further, as it is beyond the scope of this report, we have not undertaken searches of:

(a) the register of contaminated sites maintained by the Department of Water and Environmental Regulation; and

(b) searches of deregistered and unregistered native claims with NNTT.

Yours faithfully



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ANNEXURE 1 – SCHEDULE OF LAND INTERESTS

1 Freehold land

Lot	Certificate of Title	Registered Proprietor	Mortgage	Easements
Lot 3, Deposited Plan 42679,	Certificate of Title Volume 2595, Folio 745	WA Kaolin	O322779 Mortgage to Boneyard Investments Pty Ltd of care of Parmelia Partners, Level 2 12-14 Thelma Street West Perth WA 6005 - Registered 14/1/2020.	I 747459E: Easement granted by State of WA to Millennium Performance Chemicals (Advanced Ceramics) Pty Ltd for Public Utility for pipes to transport effluent I 747460E: Easement granted by State of WA to Millennium Performance Chemicals (Advanced Ceramics) Pty Ltd for Public Utility for pipes to transport effluent I 747461E: Easement granted by State of WA to Millennium Performance Chemicals (Advanced Ceramics) Pty Ltd for Public Utility for pipes to transport effluent I 747462E: Easement granted by State of WA to Millennium Performance Chemicals (Advanced Ceramics) Pty Ltd for Public Utility for pipes to transport effluent J371254E: Easement granted by Millennium Performance Chemicals (Advanced Ceramics) Pty Ltd to Doral Specialty Chemicals Pty Ltd for pipeline F971027E: Transfer of easement granted by Western Australian Land Authority to Hanwha

				Advanced Ceramics Australia Pty Ltd (registered proprietor Industrial Lands Development Authority) for pipeline

2 Mining Tenements

Tenement No and Type	Holder / Applicant	Grant Date	Expiry Date	Registered Dealing	Registered Native Title Claims	Encroachments and any applicable conditions
M70/1143	WA Kaolin	21/05/03	20/05/24	N/A	89.35% - Ballardong 10.65% - Gnaala Karla Booja	Road reserves (percentage not identified on the searches we obtained) Freehold Land Act – Regional WA – 99.05% Waterways Management Areas – 63.65% Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 8.69%
R70/40	WA Kaolin	10/5/07	09/05/22	N/A	100% - Ballardong	Road reserves (percentage not identified on the searches we obtained) – including Baker Road, Brown Road and Harrismith Road North Freehold: Land Act – Regional WA – 82.15% Freehold: Transfer Land Act – Regional WA – 16.04% Waterways Management Areas – 1.57% - 4(x) Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 2.03% Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5489 (29/05/2020) – 30.86%

R70/42	WA Kaolin	10/05/07	09/05/22	N/A	100% - Gnaala Karla Booja	Road reserves (percentage not identified on the searches we obtained) – including Dorakin Road, Jago Road and McLean Road Freehold: Land Act – Regional WA – 98.68% DAA Heritage Survey Areas – 0.64% FNA 1882 Muja to Kalgoorlie 220 kV transmission line south west portion – 0.16% - 4(y) Waterways Management Areas – 25.92% - 4(x) Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 11%
R70/43	WA Kaolin	10/05/07	09/05/22	N/A	4.58% - Ballardong 95.42% - Gnaala Karla Booja	Road reserves (percentage not identified on the searches we obtained) – including Fleay Road, Hughes Road, Jago Road, Sparks Road and Williams Kondinin Road Freehold: Land Act – Regional Western Australia – 98.33% DAA Heritage Survey Areas – 4.36% Waterways Management Areas – 73.35% - 4(x) Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 23.87%
R70/44	WA Kaolin	10/05/07	09/05/22	N/A	92.11% - Ballardong 7.89% - Gnaala Karla Booja	L 70/156 – 0.19% Road reserves (percentage not identified on the searches we obtained) – including Helm Road, No. 5737, No. 9445, Tincurrin Road North and Wogolin Road South Freehold: Land Act – Regional WA – 97.19% Freehold: Transfer Land Act – Regional WA – 1.01% Unallocated Crown land – 0.05%

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						Waterways Management Areas – 43.7% - 4(x) Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 11.94%
L70/156	WA Kaolin	17/10/13	16/10/34	N/A	100% - Ballardong	G 70/251 – 0.13% R 70/44 – 8.84% Abandoned Railway - 0.31% "C" Class Reserve (R19839) – 0.02% Road reserves (percentage not identified on the searches we obtained) – including Brown Road, No. 5737, No. 5873, Wedin Road North, Wickepin Harrismith Road and Wogolin Road South Freehold: Land Act – Regional WA – 53.38% Freehold: Transfer Land Act – Regional WA – 14.31% Rail corridor land Yilliminning to Tincurrin – 0.21% - 4(bb) Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5487 (29/05/2020) – 88.78% Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5472 (29/05/2020) – 1.68%
G70/251	WA Kaolin	08/10/13	07/10/34	N/A	N/A	L 70/156 – 0.06% - 4(b) Abandoned Railway – 2.83% Road reserves (percentage not identified on the searches we obtained) – including Fox Road and Old Line Road Freehold: Land Act – Regional WA – 26.8% Freehold: Transfer Land Act – Regional WA - 67.42% Rail corridor land Yilliminning to Tincurrin – 4.71% - 4(bb)

						Anglo American Exploration (Australia) Limited pending Exploration Licence application E 70/5472 (29/05/2020) – 100%

Key to Abbreviations used in this Annexure

G = General Purpose Lease
L = Miscellaneous Licence
M = Mining Lease
R = Retention Licence

ANNEXURE 2 – SCHEDULE OF NATIVE TITLE CLAIMS, ILUAs AND ABORIGINAL HERITAGE SITES

NNTT Number	Federal Court number	Native title claimant	Application Name	Registered	Affected Tenements
WC2000/2007	WAD6181/1998	Ballardong People	Alan Jones & Ors v State of Western Australia & Ors (Ballardong People)	Registered from 3 July 2008	M70/1143, R70/40, R70/43, R70/44, L70/156, G70/251
WC1998/058	WAD6274/1998	Gnaala Karla Booja	Lorraine Belotti & ors and State of Western Australia & Ors (Gnaala Karla Booja)	Registered from 17 September 1998	M70/1143, R70/42, R70/43, R70/44
Single Noongar Claim (Area 1)	WC2003/006	WAD6006/2003	Application	Not accepted for registration	G 70/251, L 70/156, M 70/1143, R 70/40, R 70/42, R 70/43, R 70/44
Single Noongar Claim Group Compensation Claim	WP2019/001	WAD580/2019	Compensation	Pre-notification	G 70/251, L 70/156, M70/1143,70/1143, R 70/40, R 70/42, R 70/43, R 70/44

11 Material Contracts

The material contracts of the Company are set out below.

A brief overview of where to find the material contracts in this Section 11 is set out below:

Section	Contract name
11.1	Lead Manager Mandate
11.2	Corporate Advisory Mandate
11.3	Consultancy Agreement – Alfred Baker
11.4	Executive Services Agreement – Andrew Sorensen
11.5	Director Appointment Letters
11.6	Consultancy Agreement – Michael Kenyon
11.7	Loan Agreements
11.8	Deferred Payment Agreements
11.9	DTT Distribution Agreement
11.10	Offtake Agreement
11.11	Royalty Deed
11.12	Royalty Tonnage Deed

11.1 Lead Manager Mandate

The Company has entered into a mandate dated 30 April 2020 under which it appointed Canaccord to act as the lead manager and bookrunner to the Pre-IPO Raising and Offer under this Prospectus. The key terms of the Lead Manager Mandate are set out in the table below:

Parties	WA Kaolin Canaccord
Brief description	WA Kaolin appointed Canaccord on as Lead Manager for the Pre-IPO Raising and IPO.
Pre-IPO Raising Fees	The Company agreed to pay on the settlement date for the Pre-IPO Raising the following fees (excluding GST) to Canaccord: (a) a Pre-IPO Lead Manager Fee – being, $25,000; (b) a Pre-IPO Capital Raising Fee – equating to 2% of the gross proceeds of the Pre-IPO Raising from investors on the Chairman's list (being A$40,000); and (c) a Pre-IPO Capital Raising Fee – equating to 6% of the remaining gross proceeds of the Pre-IPO Raising (being, A$274,440). These fees were paid when due in accordance with the terms of the Lead Manager Mandate.

	No fee was paid in relation to the Convertible Notes issued to Boneyard Investments Pty Ltd.
IPO Raising Fees	The Company has agreed to pay on the settlement date for the IPO the following fees (excluding GST) to the Lead Manager: (a) a Lead Manager Fee – being, $75,000; (b) a Capital Raising Fee – equating to 2% of the gross proceeds of the IPO from investors on the Chairman's list; and (c) a Capital Raising Fee – equating to 6% of the remaining gross proceeds of the IPO.
Lead Manager Options	The Company has also agreed to issue to Canaccord the following Options: (a) 5,000,000 Options at an exercise price of $0.25 (equating to a 25% premium to the IPO Offer Price and expiring 3 years from the date of issue); and (b) 5,000,000 Options at an exercise price of $0.30 (equating to a 50% premium to the IPO Offer Price and expiring 4 years from the date of issue). The Lead Manager Options will be issued prior to Listing. See Schedule 2 for the Lead Manager Option terms.
Term and termination	Either party may terminate the Lead Manager Mandate at any time with or without cause upon seven days' written notice to the other party.
Other key terms	If the Company terminates the Lead Manager Mandate after the Prospectus is lodged with ASIC, the Company must pay to the Lead Manager within 14 days a Withdrawal Fee equal to the full amount of the Lead Manager Fee and Capital Raising Fee that would have been payable to the Lead Manager by the Company had the IPO contemplated by this Prospectus completed.

The Lead Manager has appointed JP Equity Holdings Pty Ltd as Co-Manager for the Offer.

The Lead Manager will pay the Co-Manager fees comprising:

(a) a capital raising fee of 4.5% (excluding GST) of the gross proceeds of the Offer introduced by the Co-Manager;

(b) 1 Lead Manager Option (with an exercise price of $0.25 and expiring 3 years from the date of issue) for every $4 introduced into the Offer by the Co-Manager; and

(c) 1 Lead Manager Option (with an exercise price of $0.30 and expiring 4 years from the date of issue) for every $4 introduced into the Offer by the Co-Manager.

11.2 Corporate Advisory Mandate

The Company entered into a corporate advisory mandate on 30 September 2017 with x10 Partners, the terms of which were last varied on 5 August 2020 to update for the change in nature of the engagement.

Parties	WA Kaolin x10 Partners

Brief description	WA Kaolin appointed x10 Partners to provide on an exclusive basis certain corporate advisory services including, among others, services in connection with a future initial public offering.
Fees	Under the variation dated 5 August 2020, the parties acknowledge that since December 2019 x10 Partners ceased to provide any services in connection with the Company's proposed IPO as documented in this Prospectus and therefore ceased to be entitled to the monthly fee for those services. Pursuant to a share deed dated 23 August 2019, the Company issued to related entities of x10 Partners 3,964,203 Shares (16,099,356 after share split and consolidation) in full satisfaction of the success fee which would otherwise have been payable on the IPO. If Listing does not occur by 30 November 2020 or such later date as may be agreed, these Shares must be bought back by the Company for $39,642.03. If Listing occurs by the relevant date, x10 Partners is to provide to the Company post-Listing corporate advisory services at $7,500 (excluding GST) per month for a period of 24 months.
Termination	The Corporate Advisory Mandate terminates 24 months from Listing.
Other key terms	Other provisions are customary for a mandate of this type.

11.3 Consultancy Agreement – Alfred Baker

Parties	WA Kaolin WAMCO Industries Pty Ltd (**Consultant**) Alfred Baker (**Executive**)
Position	Executive
Commencement date	17 July 2020
Remuneration	$15,000 per month from Listing (excluding GST)
Discretionary benefits	Subject to the receipt of any necessary regulatory and Shareholder approvals, the Executive (or his nominee) may be entitled to participate in WA Kaolin's Equity Incentive Plan (see Section 12.5). Prior to Listing, the Company intends to issue to interests associated with the Executive 13,200,000 Incentive Options and also 13,200,000 Performance Rights. See Sections 12.8 and 12.9 and Schedule 4 and Schedule 5 for more information on these Securities.
Expenses	The Company will reimburse all certain allowable expenses (for example, travel costs) and expenses properly and reasonably incurred at the request of the Company or with the approval of the Chairperson of the Board in accordance with the Company's expenses policy.
Termination	Either the Company or the Consultant may terminate the Consultancy Agreement without cause by giving six months' written notice. Either the Company or the Consultant may immediately terminate the Consultancy Agreement for cause by giving written notice. Circumstances warranting cause include gross misconduct or committal of a material breach of the engagement terms which has not been remedied to the reasonable satisfaction of the non-defaulting party within seven days.

	The Consultant may terminate the Consultancy Agreement by providing two weeks' written notice within two months of a material diminution in the Executive's authority (with such termination to be treated as termination by the Company). Upon termination, the Company may elect to pay the Consultant in lieu of notice (subject to any required shareholder approvals). If the Executive is a Director at the time of termination, he must immediately resign as a Director unless otherwise agreed by the Company.
Restrictions	Non-compete restrictions during the term of the Consultancy Agreement and restrictions in relation to the use of confidential information apply.
Other key terms	Other provisions are customary for an agreement of this type, including a requirement for the Consultant to maintain all insurances required by law and the Consultancy Agreement.

11.4 Executive Services Agreement – Andrew Sorensen

Parties	WA Kaolin Andrew Sorensen
Position	Chief Executive Officer
Commencement date	1 October 2019
Remuneration	$240,000 per annum from Listing (plus 10% superannuation)
Discretionary benefits	Andrew Sorensen will be entitled to participate in WA Kaolin's Equity Incentive Plan (see Section 12.5). Prior to Listing, the Company intends to issue to interests associated with Andrew Sorensen 2,100,000 Incentive Options and also 1,100,000 Performance Rights. See Sections 12.8 and 12.9 and Schedule 4 and Schedule 5 for more information on these Securities.
Termination	Either party may terminate the Executive Services Agreement without cause by giving three months' written notice. Where the Company terminates, it may elect to pay Andrew Sorenson remuneration in lieu of notice. The Company may immediately terminate the Executive Services Agreement for cause by giving written notice. Circumstances warranting cause include where Andrew Sorensen commits an act that may detrimentally affect the Company or fails to comply with a material provision of the Company's policies or procedures.
Post-employment restraints	Post-employment restraints apply in respect of any competing business with the Company or its related entities at the time of termination for a period of 36 months. Non-solicitation restraints apply for a period of 6 months.
Other key terms	Other provisions are customary for an agreement of this type, including a requirement on the Company to maintain directors' and officers' insurance and a professional indemnity policy with a reputable insurer for the benefit of Andrew Sorensen.

11.5 Director Appointment Letters

The Company has appointed each of John White, Linton Putland and Cathy Moises as Non-Executive Directors of the Company and Alfred Baker as Executive Director (see

Section 12.11 for annual remuneration details). The Company will reimburse each of them for all reasonable expenses incurred in performing their duties.

11.6 Consultancy Agreement – Michael Kenyon

Parties	WA Kaolin Mikyba Investments Pty Ltd T/F the Kenyon Trust Michael Kenyon
Position	Chief Financial Officer and Company Secretary
Commencement date	4 June 2019
Remuneration	$1,300 per day (exclusive of GST)
Termination	The Company may terminate the agreement without cause by giving eight weeks' written notice. The Company may elect to pay the consultancy fees in lieu of notice. The Company may immediately terminate the Consultancy Agreement by giving written notice. Circumstances warranting cause include where Michael Kenyon commits a material breach of the engagement terms or puts himself in a position of conflict with the Company.
Other key terms	Other provisions are customary for an agreement of this type, including a requirement for the Consultant to maintain all insurances required by law and the Consultancy Agreement.

11.7 Loan agreements

The Company has in place the following loan agreements in respect of approximately $27.2 million (as at 30 June 2020 and excluding interest).

Parties

WA Kaolin

The following parties:

Entity	Related party to the Company?	Amount drawn down at 30 June 2020 (including interest)
Pacific Polymers Pty Ltd as trustee for Pacific Polymers Unit Trust	Yes – Alfred Baker, a Director of the Company, is a director of Pacific Polymers Pty Ltd.	$2,002,300
Boneyard Investments Pty Ltd	No	$1,007,557
Nathan Allbut	No	$50,000
Scientific Management Associates (Operations) Pty Ltd	Yes – Keith Snell (deceased), was a Director of the Company in the last 6 months, was a director of Scientific Management Associates (Operations) Pty Ltd in the last 6 months.	$8,437,590
WAMCO Industries Group Pty Ltd as trustee for the	Yes – Alfred Baker, a Director of the Company, is a director of WAMCO Industries Group Pty Ltd. Keith Snell (deceased), was a Director of the	$894,960

	WAMCO Industries Unit Trust	Company in the last 6 months, was a director of WAMCO Industries Group Pty Ltd in the last 6 months.	
	WAMCO Industries Pty Ltd	Yes – Alfred Baker, a Director of the Company, is a director of WAMCO Industries Pty Ltd.	$1,511,800
	Scientific Management Associates (Victoria) Pty Ltd	Yes – Keith Snell (deceased), was a Director of the Company in the last 6 months, was a director of Scientific Management Associates (Victoria) Pty Ltd in the last 6 months. Margaret Snell, wife of Keith Snell, is currently a director of Scientific Management Associates (Victoria) Pty Ltd.	$13,282,300

The loan agreements entered with related parties, outlined in the table above, are on similar, or more advantageous, terms to the loan agreement with Nathan Allbut (who is not a related party of the Company). As such, the Directors consider that the terms of the loan agreements are more advantageous to the Company than otherwise available from third party lenders lending money on arm's length terms. The loans are unsecured, either interest free or subject to interest at 6% and are repayable in the tranches and at the times referred to below, subject to the Company's cash flow

Subsequent to 30 June 2020, the loan owed to Boneyard Investments Pty Ltd was used to subscribe for 1,000,000 Convertible Notes, the particulars of which are referred to in Section 2.4. The Company's obligations and liabilities under the loan from Boneyard Investments Pty Ltd have been discharged, and therefore the loan is not summarised below.

Brief description

The lenders each granted the Company a term loan facility in an aggregate amount not exceeding the principal sum outlined in the respective loan agreement. The Company may drawdown additional amounts under the loans unless specifically prohibited by the agreement (in which case the lender's agreement must be sought) or where the principal sum has been drawn down.

Key terms

Interest: The following interest is payable on the loans:

(a) Pacific Polymers Pty Ltd as trustee for Pacific Polymers Unit Trust - the interest rate charged by the financier from which Pacific Polymers Pty Ltd borrowed funds, which is currently 0% per annum;

(b) Nathan Allbut – 6% per annum;

(c) Scientific Management Associates (Operations) Pty Ltd – 6% per annum;

(d) WAMCO Industries Group Pty Ltd as trustee for the WAMCO Industries Unit Trust – the interest rate charged by the financier from which WAMCO Industries Group Pty Ltd borrowed funds, which is currently 0% per annum;

(e) WAMCO Industries Pty Ltd – the interest rate charged by the financier from which WAMCO Industries Pty Ltd borrowed funds, which is currently 0% per annum; and

(f) Scientific Management Associates (Victoria) Pty Ltd – 0%.

Interest is calculated daily and payable monthly. Default interest accrues on any overdue payment.

Unsecured: The Company's obligations under the loans are unsecured.

Expiry date: The loans have the following expiry dates:

	(a) Pacific Polymers Pty Ltd as trustee for Pacific Polymers Unit Trust – 30 June 2027; (b) Nathan Allbut – the later of 10 Business Days after Listing or 31 December 2020; (c) Scientific Management Associates (Operations) Pty Ltd – 30 June 2027; (d) WAMCO Industries Group Pty Ltd as trustee for the WAMCO Industries Unit Trust – 30 June 2027; (e) WAMCO Industries Pty Ltd – 30 June 2027; and (f) Scientific Management Associates (Victoria) Pty Ltd – 30 June 2028. **Repayment:** The loans are to be repaid in the following instalments on the following dates: (a) Pacific Polymers Pty Ltd as trustee for Pacific Polymers Unit Trust – 1) 10 Business days after Listing - $1,076,000; 2) Second anniversary of the date of the loan agreement - $250,000; 3) Third anniversary of the date of the loan agreement - $61,000; and 4) Fourth anniversary of the date of the loan agreement - $689,000; (b) Nathan Allbut – 10 Business Days after Listing - $51,000; (c) Scientific Management Associates (Operations) Pty Ltd – 1) 10 Business days after Listing - $300,000; and 2) Fourth anniversary of the date of the loan agreement - $8,000,000; (d) WAMCO Industries Group Pty Ltd as trustee for the WAMCO Industries Unit Trust – 1) 10 Business days after Listing - $100,000; and 2) Fourth anniversary of the date of the loan agreement - $500,000; (e) WAMCO Industries Pty Ltd – 1) 10 Business days after Listing - $150,000; 2) Second anniversary of the date of the loan agreement - $250,000; 3) Third anniversary of the date of the loan agreement - $61,000; and 4) Fourth anniversary of the date of the agreement - $839,000; and (f) Scientific Management Associates (Victoria) Pty Ltd – 1) 10 Business days after Listing - $1,242,000; 2) Fourth anniversary of the date of the loan agreement - $4,635,000; and 3) Fifth anniversary of the date of the loan agreement - $7,405,000, or otherwise by the relevant expiry date. Repayment of the relevant instalment will only occur if the relevant instalment can be repaid out of free cash flow (determined by the Directors acting reasonably, having regard to the Company's business plan, the anticipated free cash flow for subsequent quarters and a prudent view of the Company's cash requirements). However, if a relevant instalment is not repaid on this basis, the Company must repay the instalment as soon as reasonably practicable out of free cash flow but in any event by the expiry date of each respective loan. **Events of default:** The lender may require immediate repayment of all principal and interest upon the occurrence of an event of default (which events of default are customary for agreements of this type). For the avoidance of doubt, the Directors determining not to repay a relevant instalment due to the lack of free cash flow, as outlined above, is not an event of default.

11.8 Deferred payment agreements

The Company entered into deferred payment agreements with certain creditors in respect of approximately $2.16 million owed to those creditors, in aggregate, for the supply of goods and services.

Parties	WA Kaolin The following parties:

	<table><tr><th>Entity</th><th>Related party to the Company?</th><th>Debt as at 30 June 2020</th></tr><tr><td>Alfred Baker</td><td>Yes – Alfred Baker is a Director of the Company.</td><td>$339,000</td></tr><tr><td>Andrew Sorensen</td><td>No</td><td>$234,000</td></tr><tr><td>Keith Snell (deceased)</td><td>Yes – Keith Snell (deceased) was a Director of the Company in the last 6 months.</td><td>$411,000</td></tr><tr><td>WAMCO Industries Pty Ltd</td><td>Yes – Alfred Baker, a Director of the Company, is a director of WAMCO Industries Pty Ltd.</td><td>$904,888</td></tr><tr><td>WAMCO Industries Pty Ltd</td><td>Yes – Alfred Baker, a Director of the Company, is a director of WAMCO Industries Pty Ltd.</td><td>$200,000</td></tr></table> The deferred payment agreements entered with related parties, outlined in the table above, are on similar terms to the deferred payment agreement with Andrew Sorensen (who is not a related party of the Company). The Directors consider the terms of the deferred payment agreements to be more advantageous to the Company than otherwise available from third party lenders lending money on arm's length terms.
Brief description	The Company has entered into deferred payment agreements with certain creditors in respect of payments which were due at 30 June 2019. Pursuant to the deferred payment agreements, the Company and each respective creditor agreed to a payment schedule for each respective debt.
Key terms	**Interest:** No interest is payable on the amounts owed under the deferred payment agreements. **Expiry date**: The deferred payment agreements have the following expiry dates: (a) Alfred Baker – 26 August 2024; (b) Andrew Sorensen – 26 August 2024; (c) Keith Snell (deceased) – 26 August 2024; (d) WAMCO Industries Pty Ltd ($904,888) – 26 August 2022; and (e) WAMCO Industries Pty Ltd ($200,000) – 10 Business Days after Listing. **Repayment:** The loans are to be repaid in the following instalments on the following dates: (a) Alfred Baker – 1) Second anniversary of the date of the deferred payment agreement - $64,000; 2) Third anniversary of the date of the deferred payment agreement - $64,000; 3) Fourth anniversary of the date of the deferred payment agreement - $106,000; and 4) Fifth anniversary of the deferred payment agreement - $106,000 (or such other outstanding amount); (b) Andrew Sorensen – 1) Second anniversary of the date of the deferred payment agreement - $45,000; 2) Third anniversary of the date of the deferred payment agreement - $45,000; 3) Fourth anniversary of the date of the deferred payment agreement - $72,000; and 4) Fifth anniversary of the deferred payment agreement - $72,000 (or such other outstanding amount); (c) Keith Snell (deceased) – 1) Second anniversary of the date of the deferred payment agreement - $59,000; 2) Third anniversary of the date of the deferred payment agreement - $59,000; 3) Fourth anniversary of the date of the deferred payment agreement - $147,000; and 4) Fifth anniversary of

	the deferred payment agreement - $147,000 (or such other outstanding amount); (d) WAMCO Industries Pty Ltd ($904,888) – 1) 10 business days after Listing - $497,000; 2) Second anniversary of the date of the deferred payment agreement - $332,000; and 3) Third anniversary of the deferred payment agreement - $118,000 (or such other outstanding amount); and (e) WAMCO Industries Pty Ltd ($200,000) – 1) before Listing - $108,000; and 2) 10 Business Days after Listing – $200,000 (or such other outstanding amount). Other than in respect of the deferred payment agreement with WAMCO Industries Pty Ltd ($200,000), repayment of the relevant instalment will only occur if the relevant instalment can be repaid out of free cash flow (determined by the Directors acting reasonably, having regard to the Company's business plan, the anticipated free cash flow for subsequent quarters and a prudent view of the Company's cash requirements). However, if a relevant instalment is not repaid on this basis, the Company must repay the instalment as soon as reasonably practicable out of free cash flow.

11.9 DTT Distribution Agreement

On 4 May 2020, the Company entered into a distribution agreement with Dak Tai Trading Limited (**DTT**) and subsequently a letter agreement on 30 July 2020 to clarify certain terms (together, the **DTT Distribution Agreement**).

Parties	WA Kaolin DTT
Brief description	Under the DTT Distribution Agreement, the Company appointed DTT as: (a) the exclusive distributor for WA Kaolin's products for the fibreglass industry in: (i) China; (ii) Taiwan; (iii) South Korea; (iv) Vietnam; (v) Thailand; (vi) Indonesia; and the non-exclusive distributor of WA Kaolin's products for the fibreglass industry in: (vii) Japan; and (viii) Malaysia, each a **Territory**; and (b) the non-exclusive distributor for WA Kaolin products for use in every other country other than the fibre glass industry.
Commencement Date	4 May 2020.
Key terms	**Exclusivity and offtake volumes:** In general terms, DTT must meet at least 80% of the specified offtake volume in order to retain exclusivity. Volumes have been agreed for the first 6 years and thereafter, the parties

	are to negotiate the offtake volumes for subsequent years. If DTT fails in any year to achieve 80% of the specified volume then: (a) where the quantity is less than 80% of the specified volume in a given year, DTT can retain its exclusivity if over the next 6 months, DTT acquires one half of the stated quantity for that next period (otherwise WA Kaolin can terminate the exclusivity on 30 days' notice); and (b) where the quantity is greater than 80% but less than 100% in any given period, then the parties must negotiate in good faith an adjustment to the next period's quantity requirement. If DTT loses its exclusivity in the Territory, it remains a non-exclusive distributor for the Territory. **Price:** The pricing for the product to be sold into the fibre glass market is set for 2020 and 2021. Thereafter the price is negotiable subject to a floor of 90% of the previous year's price. If the parties cannot agree on a price, DTT may still submit purchase orders to WA Kaolin for it to either accept or reject. If WA Kaolin rejects DTT's purchase order, it is possible DTT may consider negotiations were not conducted in good faith and refer the issue to arbitration for determination. DTT is purchasing product ex-factory with WA Kaolin being obliged to meet the costs of inland transport. To maintain its non-exclusive distributorship for the sale of products into the non-fibre glass industry in the Territory, DTT needs to be active in the market at a level which demonstrates a genuine intent to achieve meaningful sales. **Payment:** DTT must make payments within 30 days of receiving an invoice. **Term:** 10 years from the commencement date (being, 4 May 2030), with provision for the parties to negotiate an extension up to a further five years. **Governing law:** Hong Kong Special Administration Region.

11.10 DTT Offtake Agreement

Parties	WA Kaolin DTT
Brief description	The DTT Offtake Agreement is contained at Appendix A to the DTT Distribution Agreement.
Commencement date	4 May 2020.
Key terms	The Offtake Agreement is not a take-or-pay agreement meaning there is no certainty of income from the arrangement. **Offtake volumes:** The specified offtake volumes are as follows: (a) 2020 – 3504 tonnes of K99F for a set price FCA Fremantle; (b) 2021 – 5520 tonnes of K99F for a set price FCA Fremantle which price is US$10 per tonne more than the previous period; (c) 2022 – 57,600 tonnes of K99F; (d) 2023 – 75,504 tonnes of K99F; (e) 2024 – 138,360 tonnes of K99F; and (f) 2025 – 57,600 tonnes of K99F.

	Beyond 2025, the offtake volumes are subject to WA Kaolin's production capacity, subject to a customer contract negotiation window. DDT is to endeavour to spread the offtake of product evenly across each 12-month period. **Price and payment terms:** Other than for the agreed pricing for 2020 and 2021, Section 11.8 above describes the pricing and payment terms. **Term:** The term appears to be for six years.

11.11 Royalty Deed

Parties	WA Kaolin Wamco Industries Group Pty Ltd (**WAMCO**)
Brief description	WA Kaolin has agreed to pay a royalty (described below) to WAMCO until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).
Commencement date	1 July 2019.
Key terms	**Royalty:** WA Kaolin owes to WAMCO a royalty for each quarter in which WA Kaolin either mines and sells kaolin ore ex-works, FCA or FOB or mines and processes kaolin ore to produce a kaolin product which is sold ex-works, FCA or FOB, which must be paid quarterly. The royalty is the greater of: (a) $1.50 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin; or (b) 1.5% of the price received for the sale of kaolin ore or product in a quarter. **Payment and interest:** Within 30 days after the end of each quarter, WA Kaolin must calculate the royalty payable for that quarter and give to WAMCO a statement in respect of that quarter (even if there is no royalty payable in that quarter) and if a royalty is payable, pay to WAMCO the royalty due by it for that relevant quarter in immediately available funds without demand, reduction or set off, by direct deposit. If payment is late, interest on the amount due is payable. **Assignment:** If WAMCO wishes to sell, transfer, grant, assign or otherwise dispose of (**Assign**) the whole of its interest in the royalty, it must first give notice to WA Kaolin. The notice must specify the price and the terms on which WAMCO is prepared to Assign the interest and give WA Kaolin a right to acquire the interest or to discharge its obligations under the agreement by paying the price to WAMCO. WA Kaolin may accept the notice in writing within 20 business days of receiving the notice. If WA Kaolin does not accept the offer, WAMCO may within 60 days enter into an agreement to Assign the interest, provided the assignment is on terms and conditions not less favourable to WAMCO than those offered to WA Kaolin. WA Kaolin may only Assign its interest in the Tenements (other than L70/156 and G70/251) or any rights in relation to the kaolin ore or kaolin products to a third party or related body corporate or related entity if it first delivers to

	WAMCO an assumption deed in favour of WAMCO, executed by WA Kaolin and the assignee. **Encumbrances:** WA Kaolin may grant an encumbrance over the Tenements, its rights under the Royalty Deed or any rights in relation to kaolin ore or products, without the prior written consent of WAMCO, provided that the Company gives WAMCO written notice of any such grant. WAMCO shall promptly do anything which WA Kaolin may reasonably request (including signing documents or supplying information) to ensure or enable any encumbrances to which it is a party is fully effective and enforceable. **Termination:** Unless otherwise agreed by the parties, the Royalty Deed terminates (with the exception of certain provisions, for example in relation to rehabilitation obligations) and has no further force or effect upon the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).

11.12 Tonnage Royalty Deed

Parties	WA Kaolin WAMCO
Brief description	WA Kaolin has agreed to pay a royalty (described below) to WAMCO until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).
Commencement date	1 July 2019.
Key terms	**Royalty:** WA Kaolin owes to WAMCO a royalty for each quarter in which WA Kaolin either mines and sells kaolin ore ex-works, FCA or FOB or mines and processes kaolin ore to produce a kaolin product which is sold ex-works, FCA or FOB, which must be paid quarterly. The royalty is $1.25 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin. **Payment and interest:** Within 30 days after the end of each quarter, WA Kaolin must calculate the royalty payable for that quarter and give to WAMCO a statement in respect of that quarter (even if there is no royalty payable in that quarter) and if a royalty is payable, pay to WAMCO the royalty due by it for that relevant quarter in immediately available funds without demand, reduction or set off, by direct deposit. If payment is late, interest on the amount due is payable. **Assignment:** If WAMCO wishes to sell, transfer, grant, assign or otherwise dispose of (**Assign**) the whole of its interest in the royalty, it must first give notice to WA Kaolin. The notice must specify the price and the terms on which WAMCO is prepared to Assign the interest and give WA Kaolin a right to acquire the interest or to discharge its obligations under the agreement by paying the price to WAMCO. WA Kaolin may accept the notice in writing within 20 business days of receiving the notice. If WA Kaolin does not accept the offer, WAMCO may within 60 days enter into an agreement to Assign

	the interest, provided the assignment is on terms and conditions not less favourable to WAMCO than those offered to WA Kaolin. WA Kaolin may only Assign its interest in the Tenements (other than L70/156 and G70/251) or any rights in relation to the kaolin ore or kaolin products to a third party or related body corporate or related entity if it first delivers to WAMCO an assumption deed in favour of WAMCO, executed by WA Kaolin and the assignee. **Encumbrances:** WA Kaolin may grant an encumbrance over the Tenements, its rights under the Royalty Deed or any rights in relation to kaolin ore or products, without the prior written consent of WAMCO, provided that the Company gives WAMCO written notice of any such grant. WAMCO shall promptly do anything which WA Kaolin may reasonably request (including signing documents or supplying information) to ensure or enable any encumbrances to which it is a party is fully effective and enforceable. **Termination:** Unless otherwise agreed by the parties, the Royalty Deed terminates (with the exception of certain provisions, for example in relation to rehabilitation obligations) and has no further force or effect upon the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).

12 Additional Information

12.1 Company tax status and financial year

The Company will be subject to tax at the Australian corporate tax rate.

The Company's financial year for taxation purposes ends on 30 June.

12.2 Shares

See Schedule 1 for the rights attaching to Shares.

12.3 IPO Options

See Section 2.5 for information on the IPO Options and Schedule 3 for the IPO Option terms.

12.4 Lead Manager Options

See Section 11.1 for information on the Lead Manager Options, Section 2.14 for information on applicable escrow restrictions and Schedule 2 for the Lead Manager Option terms.

12.5 Equity Incentive Plan

WA Kaolin has established an equity incentive plan (**Equity Incentive Plan**) to assist in the motivation, retention and reward of eligible employees, directors and contractors. The Equity Incentive Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in WA Kaolin.

The Equity Incentive Plan provides for both short term incentive and long term incentive arrangements including the grant of options, performance rights, and/or Shares as incentives, subject to the terms of individual offers.

The key terms and conditions of WA Kaolin's Equity Incentive Plan are set out below:

Awards	The Equity Incentive Plan provides for the grant of options, performance rights and/or Shares issued at a price, and subject to any grant or vesting conditions, determined by the Board in its sole and absolute discretion.
Eligible Persons	A full time or part time employee (including an executive director) or non-executive director of the Company or an associated body corporate, an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position, or an individual or company with whom there is a contract for the provision of services under which the individual or a director or their spouse performs work where the work is or might reasonably be expected to be the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position (or their nominee).
Limits	Where an offer is made under the Equity Incentive Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) (**Class Order**) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or the total number of Shares which would be issued if the securities were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Equity Incentive Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.
Entitlements	Notice of meeting, potentially dividends on unvested Shares (subject to Board determination), bonus and rights issue participation in respect of award Shares, capital reconstruction (subject to Board determination),

	bonus and pro rata issue adjustments and potentially early exercise in a voluntary winding up (subject to Board determination).
Dealing	Dealing restrictions exist other than: (a) for award Shares, if the dealing is compliant with the terms of the Share offer and any vesting conditions; and (b) for award options and performance rights, if the dealing has been approved by the Board or by force of law upon the death of the participant to his/her legal representative.
Vesting and Exercise	Awards only vest if the applicable vesting conditions are satisfied, waived by the Board or are deemed to have been satisfied under the Equity Incentive Plan. The vesting conditions are determined prior to the granting of such options, performance rights and/or Shares by the Company. Vested options and performance rights can only be exercised during the exercise period specified in the invitation to participate in the Equity Incentive Plan. The exercise price per Share in respect of an option or performance right granted pursuant to the Equity Incentive Plan will be determined by the Board.
Lapse	Subject to the Board's discretion, if a participant resigns (other than in circumstances of redundancy, mental illness, total and permanent disability, terminal illness or death), is dismissed from office for cause or poor performance, or in another circumstance determined by the Board, unvested Shares will be forfeited, unvested options and performance rights will lapse and vested options and performance rights that have not been exercised will lapse on the date of cessation of employment or office. Similar provisions apply to breach, fraud or misconduct. Forfeiture provisions also apply to unvested Shares.
Change of control	On the occurrence of a change of control event, the Board may in its sole and absolute discretion and subject to the ASX Listing Rules, determine how unvested Shares, options and performance rights will be treated, including but not limited to: (a) determining that all or a portion of unvested Shares, options and performance rights will vest regardless of whether or not the employment, engagement or office of the participant is terminated or ceases in connection with the change of control event; and/or (b) reducing or waiving vesting conditions.
Clawback	The Board may clawback vested Shares, options and performance rights if the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, which as a result means the vesting conditions were not or should not have been determined to have been satisfied.

12.6 Short term incentive arrangements

Executive directors, senior management and selected other employees of the Company are eligible to participate in WA Kaolin's Short-Term Incentive Plan (**STIP**).

Participants in the STIP have a target cash payment which is set as a percentage of their fixed remuneration (being a maximum of 50% for executive directors, 40% for senior management, and at the discretion of management for other employees). Actual short term incentive payments in any given year may be at, above or below target depending on the achievement of financial and non-financial criteria as set by the Board, in accordance with the terms of the STIP, which may be varied from time-to-time by the

Board. The weighting of the financial and non-financial components of the incentive varies depending on the person's level of seniority, with the incentive more heavily weighted to the financial component as seniority increases. The Board envisages looking to set the target KPIs for the STIP shortly after Listing on the ASX.

Non-financial measures are key performance indicators will be determined annually by Board, as recommended by the Remuneration and Nomination Committee in the case of the CEO. These measures are tested annually after the end of the relevant FY. All payments under the STIP are determined by the Remuneration and Nomination Committee and the Board, in their absolute discretion. In exercising their discretion, the Remuneration and Nomination Committee and the Board, may take into account such matters as they consider appropriate, including the financial and non-financial measures outlined in the STIP, the recommendations of the CEO for other employees and other factors relevant to the business. Payments under the STIP will be made immediately after the release of full FY results to ASX.

12.7 Long term incentive arrangements

WA Kaolin intends to put in place an appropriate long-term incentive plan (**LTIP**) in the context of the business within 24 months of Listing.

12.8 Incentive Options

Upon completion of the Offer, the Company intends to offer a total of 30,500,000 Incentive Options as set out below.

See Schedule 4 for the Incentive Option terms and Section 2.14 for applicable escrow restrictions.

(a) Issue of Incentive Options under the Equity Incentive Plan

A total of 15,500,000 Incentive Options will be issued to the Directors, members of Senior Management and certain employees of the Company (or their associates) under WA Kaolin's Equity Incentive Plan.

Of these, 14,500,000 Incentive Options will be issued to the Directors and members of Senior Management as follows[1]:

Recipient	Number of Incentive Options
John White	3,000,000
Alfred Baker	6,000,000
Linton Putland	1,500,000
Cathy Moises	1,500,000
Andrew Sorensen	1,500,000
Michael Kenyon	1,000,000

(b) Issue of Incentive Options to the owners

In recognition of financial support for the Project over many years, a total of 15,000,000 additional Incentive Options will be issued to the founding group of owners of WA Kaolin as follows:

[1] The remaining 1,000,000 Incentive Options will be issued to Nathan Allbut, an employee of the Company.

Recipient[1]	Number of Incentive Options
Alfred Baker	7,200,000
Andrew Sorensen	600,000
The estate of Keith Snell	7,200,000

1 *These additional Incentive Options to the owners will be issued to the following entities associated with, and as nominees for, the relevant recipient:*

Alfred Baker – 7,200,000 to be held by Silver Tropic Pty Ltd <A/C BAKER FAMILY TRUST> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).

Andrew Sorensen – 70,767 to be held by Andrew Sorensen Holdings Pty Ltd <A/C SORENSEN FAMILY SUPERANNUATION FUND> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Andrew Sorensen, CEO of the Company, is the sole shareholder and director) and 529,233 to be held by Andrew Sorensen <A/C WAMCO INDUSTRIES UNIT TRUST>.

The estate of Keith Snell – 7,050,000 to be held by Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the Company until his death in July 2020, was a director and remains a shareholder) and 150,000 to be held by Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.

12.9 Performance Rights

(a) Overview

Upon completion of the Offer, the Company intends to offer a total of 27,500,000 Performance Rights. Of these, a total of 14,300,000 Performance Rights will be issued as follows:

- 13,200,000 Performance Rights to Alfred Baker (co-founder and Executive Director); and
- 1,100,000 Performance Rights to Andrew Sorensen (Chief Executive Officer).

The remaining 13,200,000 Performance Rights will be issued to the estate of Keith Snell (founder of WA Kaolin and a former non-executive director of the Company until his death in July 2020).

See Sections 12.9(b) and 12.9(d) below for details regarding the proposed registered holders of the Performance Rights.

Vesting of the Performance Rights is subject to the achievement of four milestones (each a **Milestone**) as set out in the Performance Rights terms at paragraph 1.2(a) of Schedule 5. The number of Shares into which vested Performance Rights will convert upon achievement of the relevant Milestone will be on a 1 for 1 basis.

The Performance Rights will not be issued under the Equity Incentive Plan.

See Schedule 5 for the full terms of the Performance Rights terms and Section 2.14 for applicable escrow restrictions.

(b) Role of recipient in relation to Milestones

The below table sets out the role each recipient has or will play in meeting the respective Milestones:

Recipient[1]	Details of role played / to be played in meeting each Milestone
Alfred Baker	**Project Delivery – CAPEX**: As the investor and primary designer of the proprietary K99 Process and as the primary design authority and specifier for its to-be-constructed Wickepin processing plant which is the subject of most of the planned CapEx spend, Mr Baker is responsible for ensuring that the specifications and capacity of the production facility is achieved within the identified CapEx budget. This will require him to ensure that the design is optimised with regards to cost/performance trade-offs.

	Project Delivery – Production: In addition to the above, Mr Baker will oversee the technical aspects of the commissioning phase of the Project to ensure that production throughputs are achieved and sustained. **Revenue**: Mr Baker will mentor the management of WA Kaolin and ensure that the technical aspects of the production activities are sustained post commissioning. **EBITDA**: In addition to ensuring that the revenue targets are achieved as above, Mr Baker will mentor WA Kaolin management to implement activities for optimising both the cost inputs and overhead structures of WA Kaolin to ensure that EBITDA targets are achieved.
Andrew Sorensen	**Project Delivery – CAPEX**: As the key project manager and Chief Executive Officer of the Company, Mr Sorensen is responsible for all aspects of construction of the Company's to-be-constructed Wickepin processing plant within the identified CapEx budget. This will require him to tender, contract effectively, manage contractors, identify and remove roadblocks, and coordinate resources to make sure the build comes in on time and on budget. **Project Delivery – Production**: In addition to the above, Mr Sorensen will ensure that the Project is staffed with appropriately trained personnel and coordinate the commissioning phase of the Project to ensure that production throughputs are achieved and sustained. **Revenue**: Mr Sorensen will manage WA Kaolin's activities across mining, production and sales/marketing to ensure that the coordination of WA Kaolin's efforts achieve the revenue targets. **EBITDA**: In addition to ensuring that the revenue targets are achieved as above, Mr Sorensen will manage all aspects of WA Kaolin's mining management, production cost control, overhead and corporate cost control, logistics and price management to ensure that EBITDA targets are achieved.
The estate of Keith Snell	Prior to Keith Snell's death in July 2020, his annual fixed salary (excluding statutory superannuation) as a non-executive director of the Company was $36,000. Notwithstanding Keith Snell's death, it is considered appropriate to issue his estate with Performance Rights because, as a member of the founding group of owners who have invested in and supported the Project over many years, he is deserving of financial recognition for the commitments made where the Project achieves the Milestones that have been set for the four tranches of Performance Rights.

1 These Performance Rights will be issued to the following entities associated with, and as nominees for, the relevant recipient:

Alfred Baker – 13,200,000 to be held by Silver Tropic Pty Ltd <A/C BAKER FAMILY TRUST> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).

Andrew Sorensen – 129,739 to be held by Andrew Sorensen Holdings Pty Ltd <A/C SORENSEN FAMILY SUPERANNUATION FUND> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Andrew Sorensen, CEO of the Company, is the sole shareholder and director) 970,261 to be held by Andrew Sorensen.

The estate of Keith Snell – 12,925,000 to be held by Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the Company until his death in July 2020, was a director and remains a shareholder) and 275,000 to be held by Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.

(c) Remuneration details of recipients

For the full remuneration details of the recipients, see Sections 12.8 and 12.11.

(d) Information on Shares held by recipients of the Performance Rights and consideration paid

In addition to the Performance Rights, the below table sets out the Shares held by each recipient (or their associates) as at the Prospectus Date and the consideration paid for those Shares:

Recipient	Shares / consideration paid
Alfred Baker	11,511,594 - $0.30 per Share 30,697,584 - $0.05 per Share 7,674,396 - $0.10 per Share = **49,883,574 Shares**
Andrew Sorensen	2,030,592 - $0.01 per Share 959,299 - $0.30 per Share 2,558,132 - $0.05 per Share 639,533 - $0.10 per Share **= 6,187,556 Shares**
The estate of Keith Snell	30,697,584 - $0.05 per Share 7,674,396 - $0.10 per Share 11,511,594 - $0.30 per Share = **49,883,574 Shares**

(e) Reason for issue

The Performance Rights are being issued to remunerate or incentivise the recipients and are not in the ordinary course of business remuneration Securities. In light of all of the above, the Board considers it appropriate to further remunerate or incentivise Alfred Baker and Andrew Sorensen to achieve the Milestones because, as members of the founding group of owners who have invested in and supported the Project over many years, they are deserving of financial recognition for the commitments made where the Project achieves the Milestones that have been set for the four tranches of Performance Rights.

(f) Determination of the number of Performance Rights

The determination of the number of Performance Rights considered the quantum of the upfront valuation for the existing Shareholders against the amount of funds spent by the founding group of owners in de-risking the Project to the point where WA Kaolin has seen fit to invite other investors to participate in the Project's expansion.

(g) Dilutionary impact on the Company's capital structure

Each Performance Right will convert into one Share. The impact of such conversion on the Company's capital structure on an undiluted basis would be as follows:

Recipient[1]	Number of Performance Rights	% diluted capital[2]
Alfred Baker	13,200,000	4.67%
Andrew Sorensen	1,100,000	0.39%
The estate of Keith Snell	13,200,000	4.67%
Total:	**27,500,000**	**9.72%**

1 *These Performance Rights will be issued to the following entities associated with, and as nominees for, the relevant recipient:*

Alfred Baker – 13,200,000 to be held by Silver Tropic Pty Ltd <A/C BAKER FAMILY TRUST> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).

Andrew Sorensen – 129,739 to be held by Andrew Sorensen Holdings Pty Ltd <A/C SORENSEN FAMILY SUPERANNUATION FUND> <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Andrew Sorensen, CEO of the Company, is the sole shareholder and director) 970,261 to be held by Andrew Sorensen.

The estate of Keith Snell – 12,925,000 to be held by Scientific Management Associates (Victoria) Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Keith Snell, co-founder and a former non-executive director of the

Company until his death in July 2020, was a director and remains a shareholder) and 275,000 to be held by Keith Snell <A/C WAMCO INDUSTRIES UNIT TRUST>.

2 *The percentages in this table are based on the expected capital structure at Listing. See Section 2.3 above.*

12.10 Dividend Reinvestment Plan

The Board has adopted a dividend reinvestment plan (**DRP**), which will be activated if the Company becomes profitable and the Company elects to issue dividends in the future.

Alfred Baker (co-founder), the executor of the estate of Keith Snell (a co-founder of WA Kaolin and director of the Company until his death in July 2020) and Andrew Sorensen (CEO) have signed a deed of arrangement dated 9 October 2020 under which they have agreed to accept any future dividend payments in the form of Shares.

Eligible Members	Shareholders who may participate in the DRP comprise Shareholders: (a) whose address, as it appears in the Company's share register, is situated in Australia; or (b) any other Shareholder in respect of whom the Board is satisfied that it would be lawful and practicable for them to participate.
Application	Eligible members may elect to participate in the DRP in respect of all or part of their Shares, which will comprise that member's DRP Shares. The Directors may in their absolute discretion accept or refuse any application to participate.
Subscription Price	Shares allotted to participants will be allotted at a price per Share determined in accordance with the Corporations Act and the ASX Listing Rules equal to the volume weighted average market price of Shares sold on the ASX over a period to be determined by the Board, being not less than five trading days commencing on the third trading day after the dividend record date, less any discount determined by the Directors (at their discretion).
Reinvestment of Dividends	In respect of each cash dividend from time-to-time due and payable to a Shareholder in respect of the member's DRP Shares, the Directors will, on behalf of and in the name of the Shareholder, subscribe for Shares being the maximum number of Shares which could be acquired by subscription by the application of that participant's entitlement to dividends in respect of the DRP Shares to the subscription for Shares at the subscription price.
Ranking of Shares	All Shares allotted and issued under the DRP will rank equally in all respects with existing Shares.
ASX Listing	The Company will make an application promptly after each allotment of Shares for quotation of such Shares on the Official List.
Variation or Termination of Participation	A participant may apply to increase or decrease the number of DRP Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the DRP by notice in writing to the Company.

12.11 Disclosure of interests and remuneration

Details of the relevant interests in the Securities of the Company held by the Directors and Senior Management at the Prospectus Date are set out in the table below.

Person	Shares	% of Shares
Alfred Baker[1]	49,883,574	39.91%
Andrew Sorensen[2]	6,187,556	4.95%

Total:	**56,071,130**	**44.86%**

1 *Registered holder of 49,883,574 Shares is Silver Tropic Pty Ltd <A/C WAMCO INDUSTRIES UNIT TRUST> (of which Alfred Baker, Executive Director and co-founder of the Company, is a director and shareholder).*

2 *Registered holder of 2,030,592 Shares is Andrew Sorensen Holdings Pty Ltd <A/C SORENSEN FAMILY SUPERANNUATION FUND> (of which Andrew Sorensen, CEO of the Company, is the sole shareholder and director) and registered holder of 4,156,964 is Andrew Sorensen <A/C WAMCO INDUSTRIES UNIT TRUST>.*

From Listing, the details of the relevant interests in the Securities of the Company held by the Directors and Senior Management are set out in the table below.

Person	Shares	% of Shares[1]	IPO Options[2]	Incentive Options[3]	Performance Rights[4]
John White	Nil	Nil	Nil	3,000,000	Nil
Alfred Baker	49,883,574	17.64%	Nil	13,200,000	13,200,000
Linton Putland	Nil	Nil	Nil	1,500,000	Nil
Cathy Moises[5]	1,250,000	0.44%	1,875,000	1,500,000	Nil
Andrew Sorensen	6,187,556	2.19%	Nil	2,100,000	1,100,000
Michael Kenyon[5]	140,625	0.05%	210,938	1,000,000	Nil
Total:	**57,461,755**	**20.32%**	**2,085,938**	**22,300,000**	**14,300,000**

1 *Shareholding percentages are post the Note Conversion (see Section 2.4).*

2 *See Section 2.5 and Schedule 3 for the terms of the IPO Options.*

3 *See Section 12.8 and Schedule 4 for the terms of the Incentive Options.*

4 *See Section 12.9 and Schedule 5 for the terms of the Performance Rights.*

5 *Shares and IPO Options resulting from the Note Conversion (see Sections 2.4 and 2.5).*

The Company has entered into an executive services agreement with Andrew Sorensen (as Chief Executive Officer) to govern his employment with the Company (see Section 11.4) and consultancy agreements with each of Alfred Baker and Michael Kenyon and their respective companies (see Sections 11.3 and 11.6).

Under the Company's Constitution, the ordinary remuneration of the Directors shall (unless the ordinary resolution otherwise provides) be divisible among the Directors as they may agree. Under the ASX Listing Rules, the total amount of fees paid to all Non-Executive Directors in any financial year must not exceed the aggregate amount of Non-Executive Directors' fees approved by Shareholders at the Company's general meeting. This amount has been fixed by the Company at $252,000 per annum.

The total remuneration of the Directors and Senior Management for the period from 11 October 2018 to the Prospectus Date is set out below.

Person	Remuneration (A$)
John White	$27,616[1]
Alfred Baker	$350,000[2]

Linton Putland	$18,411[1]
Cathy Moises	$18,411[1]
Andrew Sorensen	$276,333[3]
Michael Kenyon	$74,696[4]

1 *Remuneration represents annual fixed salary excluding statutory superannuation.*

2 *Remuneration based on: (i) pre-Listing consultancy fee of $12,000 per month (exclusive of GST) under the Consultancy Agreement (see Section 11.3 for a summary of the Consultancy Agreement with Alfred Baker's company); and (ii) $24,000 per annum (exclusive of statutory superannuation) for director's fees.*

3 *Remuneration represents annual fixed salary excluding 10% superannuation. See Section 11.4 for a summary of the Executive Services Agreement with Andrew Sorensen.*

4 *Remuneration based on consultancy fee of $1,300 per day (exclusive of GST). See Section 11.6 for a summary of the Consultancy Agreement with Michael Kenyon's company.*

From Listing, the total annual remuneration of the Directors and Senior Management is as set out below. The Board considers these arrangements to constitute reasonable remuneration.

Person	Remuneration (A$)
John White	$72,000[1]
Alfred Baker	$204,000[2]
Linton Putland	$48,000[1]
Cathy Moises	$48,000[1]
Andrew Sorensen	$240,000[3]
Michael Kenyon	$124,800[4]

1 *Remuneration represents annual fixed salary excluding statutory superannuation. From and after the day immediately following the end of the quarter in which the Company achieves its first operational cash flow positive quarter, the Company has agreed to increase John White's annual fee to $96,000 (exclusive of superannuation) per annum and Linton Putland's and Cathy Moises's annual fee to $66,000 (exclusive of superannuation).*

2 *Remuneration based on: (i) post-Listing consultancy fee of $15,000 per month (see Section 11.3 for a summary of the Consultancy Agreement with Alfred Baker's company); and (ii) $24,000 per annum (exclusive of statutory superannuation) for director's fees. The Company has agreed to increase Alfred Baker's annual director's fee to $33,000 per annum (exclusive of superannuation) from and after the day immediately following the end of the quarter in which the Company achieves its first operational cash flow positive quarter.*

3 *Remuneration represents annual fixed salary excluding 10% superannuation. See Section 11.4 for a summary of the Executive Services Agreement with Andrew Sorensen.*

4 *Remuneration based on consultancy fee of $1,300 per day (exclusive of GST) and two days per week working for 48 weeks of the year. See Section 11.6 for a summary of the Consultancy Agreement with Michael Kenyon's company.*

12.12 Related party transactions

(a) Overview

As at the Prospectus Date, the Company is a party to the following related party arrangements:

- letters of appointment with each of its Directors on standard terms (see Section 11.5);
- consultancy agreement with WAMCO Industries Pty Ltd as Consultant and Alfred Baker as Executive (see Section 11.3);

- deeds of access, indemnity and insurance with each of its Directors on standard terms (see Section 12.12(b));
- loan agreements with certain related parties (see Section 11.7); and
- deferred payment agreements with certain related parties (see Section 11.8).

(b) Indemnity Deeds

Parties	The Company has entered into deeds of access, indemnity and insurance (**Indemnity Deed**) with each of the Directors and Senior Management (each an **Officeholder**).
Indemnity	Under the Indemnity Deeds, the Company agrees to indemnify each Officeholder to the extent permitted by law against any liability arising as a result of the Officeholder acting as a director or officer of the Company and all legal expenses incurred by the Officeholder as a director or officer of the Company, to the extent and in the amount that the Officeholder is not covered by other indemnities (including but not limited to any insurance policy).
Insurance	The Company will use its best endeavours to procure insurance which insures each Officeholder on terms, conditions, exclusions and additional cover commonly included in a policy of this nature, so far as such insurance is reasonably available at reasonable cost to the Company. The policy must be maintained during the period that the Officeholder is a director or officer of the Company to the date that is 7 years after the Officeholder ceases to be a director or officer of the Company or, if run-off insurance cannot be procured at reasonable premiums for the full period, the last date on which run-off insurance can be procured.
Access to Company records	During the period that the Officeholder is a director or officer of the Company to the date that is 7 years after the Director ceases to be a director or officer of the Company, the Officeholder is entitled to have access, during office hours, to and to make copies of company records relevant to the Officeholder's holding of office as a director or officer, or any claim against the Officeholder arising from, or in connection with, their position as a director or officer of the Company.

Related party transactions may be proposed from time to time. Any such transactions occur in the normal course of business, and the terms and conditions of the transactions are no more favourable than those available, or which might reasonably be expected to be available, for similar transactions with unrelated entities on an arms' length basis.

12.13 Interests of Directors

Other than as set out elsewhere in this Prospectus, no Director holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any Director to induce them to become, or qualify as, a Director of the Company.

12.14 Ancillary Offer

This Prospectus also contains a number of ancillary offers as noted below.

(a) the offer of 10 Shares at the Offer Price;

(b) the offer 126,732,813 IPO Options to the Noteholders;

(c) the offer of 10,000,000 Lead Manager Options to the Lead Manager and Co-Manager;

(d) the offer of 30,500,000 Incentive Options to the persons noted in Section 12.8; and

(e) the offer of 27,500,000 Performance Rights to the persons noted in Section 12.9,

together, the **Ancillary Offers**.

The Ancillary Offers will open on the Opening Date and remain open until Listing (unless closed earlier by the Directors, in their sole discretion).

Each Ancillary Offer is a separate offer. The Ancillary Offers noted in Sections 12.14(b) to 12.14(e) above may only be accepted by the persons noted in Sections 12.14(b) to 12.14(e) above (or their nominees, where applicable). Personalised Application Forms will be issued for the Ancillary Offers noted in 12.14(b) to 12.14(e) above.

The Ancillary Offers are being made to:

- remove any secondary sale restrictions and facilitate further secondary trading of Shares to be issued by the Company after the close of the Offer but prior to Listing, in accordance with section 708A(11)(b) of the Corporations Act. This includes the Shares to be issued on conversion of the Convertible Notes, which will be issued to sophisticated and professional investors upon receipt of conditional approval to be admitted to the Official List; and

- ensure the on-sale of the Options and Performance Rights, as well as the on-sale of Shares issued on exercise of the Options or vesting of Performance Rights, can be made within 12 months of the date of issue without a disclosure document or in reliance on an exemption under section 708 or 708A of under the Corporations Act.

12.15 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or in the past two years has held, any interest in:

(a) the formation or promotion of the Company;

(b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion; or

(c) the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the formation or promotion of the Company or the Offer.

During the 24 months before lodgement of this Prospectus with ASIC, the Company or its wholly owned subsidiaries have paid the following fees to experts and advisers named in this Prospectus:

	Approximate fees (including disbursements) paid for other services provided (including GST) AU$	**Estimated fees of the Offer (excluding GST) AU$**
Gilbert + Tobin	214,724	360,000

	Approximate fees (including disbursements) paid for other services provided (including GST) AU$	Estimated fees of the Offer (excluding GST) AU$
Canaccord[1]	339,740	1,395,000
Grand View Research, Inc.	0	3,300
BDO Corporate Finance (WA) Pty Ltd	34,327	52,000
BDO Audit (WA) Pty Ltd (**BDO Audit**)	59,370	33,500
Snowden Mining Industry Consultants Pty Ltd	0	17,375
BDO Corporate Tax (WA) Pty Ltd	31,800	12,500

1 *In addition to the fees, Canaccord is entitled to the Lead Manager Options. Canaccord will pay to JP Equity Holdings Pty Ltd, as Co-Manager, the fees and proportion of Lead Manager Options set out in Section 11.1.*

12.16 Consents

Each of the parties referred to in this Section 12.16:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section;

(c) has given and has not, before the date of lodgement of this Prospectus with ASIC, withdrawn its written consent:

(i) to be named in this Prospectus in the form and context which it is named; and

(ii) to the inclusion in this Prospectus of the statement(s) and / or report(s) (if any) by that person in the form and context in which they appears in this Prospectus.

Name	Role	Statement / Report
Gilbert + Tobin	Australian Lawyers	Solicitor's Report on Tenements in Section 10 and any other references to its contents in this Prospectus
Canaccord	Lead Manager	Any references to Canaccord or the Lead Manager in this Prospectus
JP Equity Holdings Pty Ltd	Co-Manager	Any references to JP Equity Holdings Pty Ltd or the Co-Manager in this Prospectus

Name	Role	Statement / Report
Grand View Research, Inc.	Market Expert	Market Expert Report in Section 4 and any other references to its contents in this Prospectus
BDO Corporate Finance (WA) Pty Ltd	Investigating Accountant	Independent Limited Assurance Report in Section 8 and any other references to its contents in this Prospectus
BDO Audit	Auditor	Any references to BDO Audit in this Prospectus
Snowden Mining Industry Consultants Pty Ltd	Independent Geologist	Independent Technical Assessment Report in Section 9 and any other references to its content in this Prospectus
CSA Global Pty Ltd	Consultant Geologists	Mineral Resources / Ore Reserves and any reference to works undertaken by CSA Global in this Prospectus
BDB Process Pty Ltd	Technical Consultant	Any references to works undertaken by BDB Process Pty Ltd in this Prospectus, including in relation to the DFS

None of the consenting parties has authorised or caused the issue of this Prospectus and does not make any offer of Shares.

12.17 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately $2,093,043 comprising the following major categories:

Item of expenditure	AU$ estimate
ASIC fees	3,206
ASX fees	146,112
Lead Manager fees	1,395,000
Australian legal fees	360,000
Tax adviser fees	12,500
Market Expert's fees	3,300
Investigating Accountant's fees	52,000
Independent Geologist's fees	96,675
Share registry fee	4,250
Printing and distribution	20,000
Total	**2,093,043**

12.18 Litigation and claims

The Company may, from time to time, be party to litigation and other claims and disputes incidental to the conduct of its business, including employment disputes, contractual disputes, indemnity claims and occupational and personal claims. Such litigation, claims and disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Company's business, operating and financial performance.

So far as the Directors are aware, however, there is no current or threatened civil litigation, arbitration, proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned or which is likely to have a material adverse impact on the business or financial position of the Company.

12.19 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of the Company:

(a) this Prospectus;

(b) the Constitution; and

(c) the consents referred to in Section 12.16.

12.20 Continuous disclosure obligations

The Company will be a "disclosing entity" after Listing (as defined in section 111AC of the Corporation Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities, subject to certain exceptions.

Price sensitive information will be publicly released through ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

12.21 Ownership restrictions

The sale and purchase of Shares in Australia are regulated by a number of laws that restrict the level of ownership or control by any one person (either alone or in combination with others). This Section 12.21 contains a general description of these laws.

(a) Corporations Act

The takeover provisions in Chapter 6 of the Corporations Act restrict acquisitions of shares in listed companies, and unlisted companies with more than 50 members, if the acquirer's (or another party's) voting power would increase to above 20%, or would increase from a starting point that is above 20% and below 90%, unless certain exceptions apply. The Corporations Act also imposes notification requirements on persons having voting power of 5% or more in the Company either themselves or through an associate.

(b) FATA and federal government foreign investment policy

Generally, the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**FATA**) applies to acquisition of shares and voting power in a company of 20% or more by a single foreign person and its associates (**Substantial Interest**), or 40% or more by two or more unassociated foreign persons and their associates (**Aggregate Substantial Interest**), where the acquisition meets a threshold value (which varies by investor type and industry). Where a foreign person holds a Substantial Interest in WA Kaolin or foreign persons hold an Aggregate Substantial Interest in WA Kaolin, WA Kaolin will be a "foreign person" for the purposes of FATA.

In addition, FATA applies to acquisitions of a direct interest in an Australian company by foreign governments and their related entities irrespective of the acquisition value. A "direct interest" is an interest of 10% in the entity but may also include an interest of less than 10% where the investor has entered into business arrangements with the entity or the investor in in a position to influence or participate in the management and control or policy of the entity. There are exemptions which can apply to certain acquisitions.

Where FATA applies to the acquisition, the acquisition may not occur unless notice of it has been given to the Federal Treasurer and the Federal Treasurer has either notified that there is no objection to the proposed acquisition (with or without conditions) or a statutory period has expired without the Federal Treasurer objecting.

An acquisition to which the FATA applies may be the subject of a divestment order by the Federal Treasurer unless the process of notification, and either a non-objection notification or expiry of a statutory period without objection, has occurred. Criminal offences and civil penalties can apply to failing to give notification of certain acquisitions, undertaking certain acquisitions without no objection notification or contravening a condition in a no objection notification.

12.22 ASX waiver for Performance Rights

On 2 September 2020, the Company received from ASX in-principle approval for a waiver from ASX Listing Rule 1.1 Condition 12 to permit WA Kaolin to have on issue, at the time of Listing, Performance Rights with an exercise price of less than $0.20 each.

12.23 Privacy Act

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that the Company or the Share Registry holds about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.

13 Directors' Consent

This Prospectus is issued by WA Kaolin and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC.

Dr John White

Chairman

FOR AND ON BEHALF OF WA Kaolin Limited

14 Glossary

Term	Meaning
Ancillary Offer	has the meaning given in Section 12.14.
Applicant	an investor that applies for Securities using an Application Form pursuant to this Prospectus.
Application	an application for Securities under the Offer using an Application Form.
Application Form	the application form attached to this Prospectus, or where the context requires, the personalised application form(s) in relation to the Ancillary Offers.
Application Monies	the amount accompanying an Application Form submitted by an Applicant.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.
ASX Code	the individual code used to identify a company trading on the ASX.
ASX Listing Rules	the listing rules of ASX.
ASX Recommendations	the Corporate Governance Principles and Recommendations (4th Edition) for Australian listed entities as published by the ASX Corporate Governance Council.
ASX Settlement	ASX Settlement Pty Ltd (ABN 49 008 504 532).
ASX Settlement Operating Rules	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.
A$, AU$ or **$**	Australian dollars unless otherwise stated.
Australian Accounting Standards	accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.
AWST	Australian Western Standard Time.
BDB Process	BDB Process Pty Ltd.
Board	the board of Directors.
Canaccord	Canaccord Genuity (Australia) Limited (ACN 075 071 466).
CHESS	the ASX Clearing House Electronic Sub-register System.
Closing Date	the closing date for receipt of Application Forms under this Prospectus being 16 November 2020 (unless extended or closed early by the Company in its absolute discretion).
Co-Manager	JP Equity Holdings Pty Ltd (ACN 626 933 364).

Term	Meaning
Convertible Notes	the convertible notes issued pursuant to the Pre-IPO Raising.
Company or **WA Kaolin**	WA Kaolin Limited (ACN 083 187 017).
Constitution	the Company's Constitution as at the Prospectus Date.
Corporations Act	the *Corporations Act 2001* (Cth).
DFS	the definitive feasibility study summarised in section 3.2(g).
Directors	the directors of the Company.
Dividend Reinvestment Plan or **DRP**	WA Kaolin's dividend reinvestment plan, as summarised in Section 12.10.
EFT	electronic funds transfer.
Equity Incentive Plan	WA Kaolin's equity incentive plan, as summarised in Section 12.5.
Escrowed Shares	the Shares subject to mandatory or voluntary escrow.
Executive	the executives of the Company.
Exhibitions Plus	Exhibitions Plus Pty Ltd.
Expiry Date	the date that is 13 months after the Prospectus Date.
Exploration Results	has the meaning provided by the JORC Code.
Exposure Period	the period of 7 days from the Prospectus Date, subject to possible extension by ASIC for a further period of up to 7 days.
Incentive Options	the Options to be issued to the recipients noted in Section 12.8 on the terms set out in Schedule 4.
Independent Geologist	Snowden Mining Industry Consultants Pty Ltd.
Independent Technical Assessment Report	the report prepared by the Independent Geologist in Section 9.
Independent Limited Assurance Report	the report in Section 8.
JORC Code	the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.
K99 Process	WA Kaolin's dry processing method for kaolin, as more particularly described in Section 3.2(f).
IPO or **Offer**	the offer under this Prospectus of 110,000,000 Shares at the Offer Price to raise A$22,000,000 (before costs and expenses) together with 1 free attaching Option for every 2 Shares issued.

Term	Meaning
IPO Options	the free attaching Options to be issued to the Noteholders or the free attaching Options to be issued to Applicants under this Prospectus, as the context requires, and on the terms set out in Schedule 3.
Lead Manager	Canaccord Genuity (Australia) Limited (ACN 075 071 466).
Lead Manager Options	the Options to be issued pursuant to the Lead Manager Mandate (summarised in Section 11.1) on the terms set out in Schedule 2.
Listing	the commencement of trading in Shares on the Official List of the ASX.
Listing Rules	the listing rules of ASX.
Mineral Assets	has the meaning provided by the VALMIN Code.
Mineral Reserve	has the meaning provided by the JORC Code.
Mineral Resources	has the meaning provided by the JORC Code.
Minimum Subscription	the raising of A$22,000,000 (before costs and expenses) under the Offer.
Mining Act	the *Mining Act 1978* (WA).
Minister	the Minister of Mines, Western Australia.
Note Conversion	the conversion of Convertible Notes to Shares.
Noteholders	the holders of Convertible Notes.
Offer	the offer under this Prospectus of 110,000,000 Shares at the Offer Price to raise A$22 million, details of which are outlined in Section 2.1.
Offer Price	A$0.20 per Share.
Official List	the official list of ASX.
Official Quotation	quotation on the official list of ASX.
Opening Date	the opening date for receipt of Application Forms under this Prospectus being 19 October 2020.
Option	an option to acquire a Share, and includes the IPO Options, Incentive Options and the Lead Manager Options where the context requires.
Ore Reserve	has the meaning provided by the JORC Code.
Performance Right	a performance right in the Company issued to the recipients noted in Section 12.9 on the terms set out in Schedule 5.
Pre-IPO Raising	has the meaning given in Section 2.4.
Privacy Act	*Privacy Act 1988* (Cth).
Probable	has the meaning provided by the JORC Code.

Term	Meaning
Project or **Wickepin Kaolin Project**	the Company's kaolin project located in Wickepin, Western Australia.
Prospectus	this prospectus.
Prospectus Date	the date on which this Prospectus was lodged with ASIC, being 11 October 2020.
Proved	has the meaning provided by the JORC Code.
Restricted Securities	the Securities expected to be subject to mandatory escrow under Appendix 9 of the ASX Listing Rules or otherwise subject to voluntary escrow.
Securities	Shares, Options or Performance Rights, as the context requires.
Securityholder	the holder of Securities.
Senior Management or **Senior Manager**	the persons set out in Section 5.2.
Share	a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer.
Shareholders	the holders of Shares.
Solicitor's Report on Tenements	the report contained in Section 10.
Tenements	M70/1143, G70/251, L70/156, R70/40, R70/42, R70/43 and R70/44.
Works Approval	the works approval granted to the Company for a project involving both wet and dry processing facilities, as summarised in section 3.2(g).
VALMIN Code	Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets.
x10 Partners	x10 Partners Pty Ltd (ACN 612 062 674).

Schedule 1 Rights attaching to Shares

The following summary reflects the rights attaching to Shares.

(a) General

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law. A copy of the Company's constitution may be inspected during normal business hours at the registered office of the Company.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares upon Listing on ASX. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

(b) Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

A poll may be demanded before a vote for a show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

(c) Dividends

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may pay interim, special or final dividends as, in their judgment, the financial position of the Company justifies.

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

(d) Issue of shares

Subject to the Constitution, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors think fit.

(e) Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

(i) with the written consent of the holders of 75% of the shares of the class; or

(ii) by a special resolution passed at a separate meeting of the holders of shares of the class.

(f) Transfer of shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in

accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may ask ASX Settlement to apply a holding lock, or decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules or the ASX Settlement Operating Rules. If the Directors request a holding lock or, decline to register a transfer, the Company must give the holder of the shares (in circumstances of a holding lock request), or the party lodging the transfer (in circumstances of a refusal to register), written notice of the refusal and the reason for refusal. The Directors decision to decline to register the transfer or to apply for a holding lock is not invalidated if that notice is not given.

(g) Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than $500.

(h) Restricted Securities

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Securities in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

(i) General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act. Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

(j) Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

(k) Directors – appointment and removal

The minimum number of Directors is three and the maximum is twelve or such lower number as the Directors are authorised to determine. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that one third of the Directors and any Director who has held office for three or more years or three or more annual general meetings (excluding the managing director or, if there is more than one managing director, the first of them to be appointed) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the existing Directors who will then hold office until the next annual general meeting of the Company.

(l) Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chair has a second or casting vote. Where only two directors are present or qualified to vote at a meeting of directors and there is a tied vote, the Chair does not have a second or casting vote.

(m) Directors' remuneration

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, but the remuneration of non-executive Directors may not exceed in any year the amount fixed in general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. The total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors) shall initially be no more than $300,000 and may be varied by the Company in a general meeting.

(n) Reduction of share capital

Subject to the ASX Listing Rules, the Constitution and the Corporations Act, the Company may reduce its share capital including by way of an in-specie distribution of the assets of the Company.

(o) Preference shares

The Company may issue preference shares including preference shares which have certain redemption and conversion rights. The rights attaching to preference shares are those set out in the Constitution.

(p) Variation of the Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members present and entitled to vote at a general meeting of the Company. From Listing, the Company must give at least 28 days' written notice of its intention to propose the special resolution.

(q) Share buy-backs

The Company may buy back shares in accordance with the provisions of the Corporations Act.

(r) Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company)

(s) ASX Listing Rules

The Constitution provides that notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

Schedule 2 Terms and conditions of Lead Managers Options

The terms and conditions of the Lead Manager Options are:

(a) The Lead Manager Options are issued for nil consideration.

(b) Each Lead Manager Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in WA Kaolin Limited (**Company**) upon the payment of the Lead Manager Option Exercise Price.[1]

(c) The Lead Manager Options will lapse at 5.00pm (AWST) on the Lead Manager Option Expiry Date.[2]

(d) The Lead Manager Options will not be quoted and are not transferable and will be subject to any restriction or escrow arrangements imposed by ASX.

(e) There are no participating rights or entitlements inherent in the Lead Manager Options and the Lead Manager Optionholders will not be entitled to participate in new issues of capital offered to holders of Shares in the Company (**Shareholders**) during the currency of the Lead Manager Options. Thereby, the holder has no rights to a change in the exercise price of the Lead Manager Options or a change to the number of underlying securities over which the Lead Manager Options can be exercised, except in the event of a Bonus Issue (defined below). The Company will ensure, for the purposes of determining entitlements to any issue, that the Lead Manager Optionholder is notified of a proposed issue after it is announced. This will give the Lead Manager Optionholder the opportunity to exercise their Lead Manager Options prior to the date for determining entitlements to participate in such issues.

(f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Lead Manager Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(g) The Lead Manager Options shall be exercisable at any time before the Lead Manager Option Expiry Date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the Lead Manager Optionholder to exercise all or a specified number of Lead Manager Options held by them accompanied by a Lead Manager Option certificate and a cheque or electronic funds transfer for the subscription monies for the Shares. The Notice and subscription monies must be received by the Company during the Exercise Period. An exercise of only some Lead Manager Options shall not affect the rights of the Lead Manager Optionholder to the balance of the Lead Manager Options held by the Lead Manager Optionholder.

(h) The Company shall issue the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Lead Manager Options.

(i) The Shares issued shall rank, from the date of issue, equally with the existing ordinary Shares of the Company in all respects.

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[1] The "**Lead Manager Option Exercise Price**" is:

- in the case of the Lead Manager Options issued upon completion of the Pre-IPO Raising, $0.25; and
- in the case of the Lead Manager Options issued upon completion of the IPO, $0.30.

[2] The "**Lead Manager Option Expiry Date**" is:

- in the case of the Lead Manager Options issued upon completion of the Pre-IPO Raising, three years from the date of Listing; and
- in the case of the Lead Manager Options issued upon completion of the IPO, four years from the date of Listing.

(j) If on or prior to the expiry date the Company makes a bonus issue of securities to Shareholders (**Bonus Issue**), the number of Shares over which a Lead Manager Option is exercisable will be increased in accordance with the ASX Listing Rules.

(k) If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Lead Manager Options, the Lead Manager Option Exercise Price of a Lead Manager Option will be reduced according to the formula provided for in the ASX Listing Rules (whether or not the Company is listed on the ASX at the time).

(l) The Lead Manager Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Lead Manager Options.

Schedule 3 Terms and conditions of IPO Options

The terms of the IPO Options are:

(a) **issue price**: the IPO Options will be issued for no consideration;

(b) **issue of IPO Options**: the number of IPO Options to be issued will be:

(i) *for the Noteholders*: equal to 1.5 times the number of fully paid ordinary shares (each a **Share**) in WA Kaolin Limited (**Company**) held by the Noteholder at the date of the IPO; and

(ii) *for the IPO Applicants:* equal to the number of Shares issued to the IPO Applicant under the Prospectus divided by two.

(c) **transferability:** the IPO Options will not be quoted and are not transferable;

(d) **entitlement**: each IPO Option entitles the holder to subscribe for one Share in the Company upon exercise of each IPO Option;

(e) **exercise price**: the IPO Options have an exercise price of $0.25 each;

(f) **vesting**: the IPO Options will vest on, and will not be capable of being exercised until, the date that is 12 months after the date of issue;

(g) **expiry date:** the IPO Options will expire 3 years from the date of issue. The IPO Options may be exercised at any time after issue and prior to the expiry date. An IPO Option not exercised before the expiry date will automatically lapse on the expiry date;

(h) **exercise:** the IPO Options may be exercised by providing notice in writing to the Company before the expiry date specifying:

(i) the number of IPO Options being exercised; and

(ii) a cheque or electronic funds transfer for the exercise price for the number of IPO Options being exercised,

and the notice is only effective when the Company has received the full amount of the exercise price in cleared funds;

(i) **ranking of Shares: a**ll Shares issued upon the exercise of the IPO Options will rank equally in all respects with the Company's then issued Shares. The Company will apply to the ASX for quotation of all Shares issued upon exercise of the IPO Options;

(j) **participation rights:** there are no participation rights or entitlements inherent in the IPO Options and holders will not be entitled to participate in new issues or pro-rata issues of capital offered to holders of Shares in the Company (**Shareholders**) during the term of the IPO Options. Thereby, the holder has no rights to a change in the exercise price of the IPO Options or a change to the number of underlying securities over which the IPO Options can be exercised, except in the event of a Bonus Issue (defined below). The Company will ensure, for the purposes of determining entitlements to any issue, that the holder is notified of a proposed issue after it is announced. This will give the holder the opportunity to exercise their IPO Options prior to the date for determining entitlements to participate in such issues;

(k) **bonus issue:** if on or prior to the expiry date the Company makes a bonus issue of securities to Shareholders (**Bonus Issue**), then upon exercise of his or her IPO Options a holder will be entitled to have issued to him or her (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise) the number of securities which would have been issued to him or her under that Bonus Issue if the IPO Options had been exercised before the record date for the Bonus Issue; and

(l) **reconstruction of Share capital:** in the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital

of the Company, all rights of the holder shall be reconstructed (as appropriate) in accordance with the ASX Listing Rules.

Schedule 4 Terms and conditions of Incentive Options

The terms and conditions of the Incentive Options are:

(a) The Incentive Options are issued for nil consideration.

(b) Each Incentive Option entitles the holder to subscribe for one fully paid ordinary share (**Share**) in WA Kaolin Limited (**Company**) upon the payment of the exercise price.

(c) The exercise price of the Incentive Options is $0.35 each.

(d) The Incentive Options will expire at 5.00pm (AWST) 5 years from the date of issue.

(e) The Incentive Options will not be quoted and are not transferable.

(f) There are no participating rights or entitlements inherent in the Incentive Options and the optionholders will not be entitled to participate in new issues of capital offered to holders of Shares in the Company (**Shareholders**) during the currency of the Incentive Options. Thereby, the holder has no rights to a change in the exercise price of the Incentive Options or a change to the number of underlying securities over which the Incentive Options can be exercised, except in the event of a Bonus Issue (defined below). The Company will ensure, for the purposes of determining entitlements to any issue, that the optionholder is notified of a proposed issue after it is announced. This will give the optionholder the opportunity to exercise the Incentive Options prior to the date for determining entitlements to participate in any such issue.

(g) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Incentive Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.

(h) The Incentive Options shall be exercisable at any time before the expiry date (**Exercise Period**) by the delivery to the registered office of the Company of a notice in writing (**Notice**) stating the intention of the optionholder to exercise all or a specified number of Incentive Options held by them accompanied by an Incentive Option certificate and a cheque or electronic funds transfer for the subscription monies for the Shares. The Notice and subscription monies must be received by the Company during the Exercise Period. An exercise of only some Incentive Options shall not affect the rights of the optionholder to the balance of the Incentive Options held by the optionholder.

(i) The Company shall issue the resultant Shares and deliver a statement of shareholdings with a holders' identification number within 5 business days of exercise of the Incentive Options.

(j) The Shares issued shall rank, from the date of issue, equally with the existing ordinary Shares of the Company in all respects.

(k) If on or prior to the expiry date the Company makes a bonus issue of securities to Shareholders (**Bonus Issue**), the number of Shares over which an Incentive Option is exercisable will be increased in accordance with the ASX Listing Rules.

(l) If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Incentive Options, the exercise price of an Incentive Option will be reduced according to the formula provided for in the ASX Listing Rules (whether or not the Company is listed on the ASX at the time).

(m) The Incentive Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Incentive Options.

Schedule 5 Terms and conditions of Performance Rights

1.1 Rights attaching to Performance Rights

(a) (**Performance Rights**) Each Performance Right represents a contractual right to acquire one fully paid ordinary share (**Share**) in the capital of WA Kaolin Limited (ABN 56 083 187 017) (**Company**).

(b) (**General meetings**) The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(c) (**No voting rights**) The Performance Rights do not entitle the holder to vote on any resolutions proposed at a general meeting of the shareholders of the Company except:

(i) where the resolution is to amend the rights attaching to the Performance Rights; or

(ii) as otherwise required by law.

(d) (**No dividend rights**) The Performance Rights do not entitle the holder to any dividends.

(e) (**No rights to return of capital**) The Performance Rights do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(f) (**No rights on winding up**) The Performance Rights do not entitle the holder to participate in the surplus profits or assets of the Company upon the winding up of the Company.

(g) (**Not transferable**) Except on the death of a holder under paragraph 1.2(g), the Performance Rights may not be transferred, assigned or novated except with the approval of the Board.

(h) (**Reorganisation of capital**) If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of reorganisation.

(i) (**Application to ASX**) The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of vesting of the Performance Rights, the Company must apply for quotation on ASX of the Shares issued to the holder upon vesting on ASX.

(j) (**Participation in entitlements and bonus issues**) The Performance Rights do not entitle a holder (in their capacity as a holder of Performance Rights) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) (**No other rights**) The Performance Rights give the holders 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.

1.2 Vesting of Performance Rights

(a) (**Vesting on satisfaction of Milestones**) Subject to paragraphs 1.2(b) and (c), Performance Rights will vest if and when the following milestones (each a **Milestone**) are achieved in the periods specified in the table below:

Milestone		30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
Project Delivery – CAPEX: Wickepin production facility has been constructed and commissioned at or below 112.5% of budget ($18 million)		**5,500,000**	-	-	-
Project Delivery – Production: Wickepin production achieves an average production rate equal to or exceeding 20t/hour of processed kaolin during a completion test, to be conducted over a 5-day period of scheduled plant operation hours		**5,500,000**	-	-	-
Revenue: Deliver operating revenue from the Wickepin plant of the amount specified or greater, as set out in the audited accounts for the period ending 30 June of the relevant Milestone.	Revenue Target		**$31.7m**	**$44.8m**	**$80.7m**
	Rights		**2,750,000**	**2,750,000**	**2,750,000**
EBITDA: Deliver EBITDA of the amount specified or greater, as set out in the audited accounts for the period ending 30 June of the relevant Milestone.	EBITDA Target		**$5.7m**	**$10.3m**	**$21.4m**
	Rights		**2,750,000**	**2,750,000**	**2,750,000**
Total number of Performance Rights to vest across all holders (of a total on issue of 27,500,000):		**11,000,000**	**5,500,000**	**5,500,000**	**5,500,000**
Percentage of a holder's Performance Rights to vest:		**40%**	**20%**	**20%**	**20%**

(b) (**Vesting on change of control**) Subject to paragraph 1.2(c) and notwithstanding the relevant Milestone has not been satisfied, upon the occurrence of:

(i) an offer being made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or

(ii) the Court sanctioning under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

(iii) any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation; or

(iv) the Company or its subsidiaries (each a **Group Company**) entering into agreements to sell in aggregate a majority in value of the businesses or assets (whether or not in the form of shares in a Group Company) of the

Group Companies to a person, or a number of persons, none of which are Group Companies,

(each event in (i)-(iv), a **Change in Control Event**), the Performance Rights will vest, provided that the total number of Performance Rights then on issue that will so vest is capped at 10% of the Shares on issue immediately following vesting under this paragraph. In the event that the 10% cap is applicable, the vesting will be completed on a pro rata basis across each of Performance Rights then on issue as well as on a pro rata basis for each holder. Performance Rights that do not vest under this paragraph will continue to be held by the holders on the same terms and conditions.

(c) (**Vesting procedure**)

(i) As soon as reasonably practicable after the end of the relevant period for achieving a Milestone (**Relevant Date**), the Board shall determine in respect of each holder as at that Relevant Date:

(A) whether, and to what extent, the relevant Milestone has been satisfied;

(B) the number of Performance Rights (if any) that will vest; and

(C) the number of Performance Rights (if any) that will lapse as a result of non-satisfaction of the relevant Milestone as at the Relevant Date,

and shall provide written notification to each holder as to that determination.

(ii) Subject to compliance with all applicable laws, the Company will, within 15 business days of delivery to the Company of the holder's signed notice of exercise and the certificate(s) applicable to the Performance Rights (if any), issue to the holder, for nil consideration, the relevant number of Shares and, if applicable, deliver to the holder a replacement certificate reflecting the number of those Performance Rights which remain unexercised.

(d) (**Lapsing of Performance Rights**) A Performance Right lapses, to the extent it has not vested, on the day on which the relevant Milestone has not been achieved.

(e) (**Restrictions on dealing**) Holders of Performance Rights must not sell, transfer, encumber, hedge or otherwise deal with the Performance Rights unless the Board permits the dealing or the dealing is required by law. Holders of Performance Rights will be free to deal with the Shares allocated on conversion of the Performance Rights, subject to the requirements of the Company's Securities Trading Policy.

(f) (**Fraudulent or dishonest acts**) If in the opinion of the Board, a holder acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company, then the Board may in its absolute discretion determine that all the holder's Performance Rights will lapse and the Board's decision will be final and binding.

(g) (**Deceased holders**) If at any time prior to vesting or exercise of the Performance Rights a holder of Performance Rights dies, the deceased holder's legal personal representative may:

(i) elect to be registered as the new holder of the deceased holder's Performance Rights; and

(ii) whether or not the deceased holder's legal personal representative becomes so registered, exercise those Performance Rights in accordance with and subject to these terms and conditions as if they were the holder of such Performance Rights.

Schedule 6 Corporate Directory

DIRECTORS	Dr John White – Non-Executive Chairman Alfred Baker – Executive Director Linton Putland – Non-Executive Director Cathy Moises – Non-Executive Director
CHIEF EXECUTIVE OFFICER	Andrew Sorensen
COMPANY SECRETARY & CHIEF FINANCIAL OFFICER	Michael Kenyon
REGISTERED OFFICE	First Floor, 11 Marlo Place Hallam Victoria 3803
PRINCIPAL OFFICE	Lot 3 Ward Road Rockingham Western Australia 6168
PROPOSED ASX CODE	WAK
SHARE REGISTRY*	Automic Registry Services Level 2, 267 St George's Terrace Perth WA 6000
AUDITOR	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco Perth WA 6008
AUSTRALIAN LEGAL ADVISERS	Gilbert + Tobin Level 16, Brookfield Place Tower 2 123 St Georges Terrace Perth WA 6000
MARKET EXPERT	Grand View Research, Inc. 201 Spear Street 1100, San Francisco, CA 94105, United States
INVESTIGATING ACCOUNTANT	BDO Corporate Finance (WA) Pty Ltd 38 Station Street Subiaco Perth WA 6008
INDEPENDENT GEOLOGIST	Snowden Mining Industry Consultants Pty Ltd. Level 6, 130 Stirling Street Perth WA 6000
LEAD MANAGER	Canaccord Genuity (Australia) Limited Exchange Tower, Level 23 2 The Esplanade Perth WA 6000
CO-MANAGER	JP Equity Holdings Pty Ltd 5/29 The Avenue Nedlands WA 6009

** This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus.*

APPLICATION FORM

WA Kaolin Limited (ACN 083 187 017)

Broker Code	Adviser Code

Applicants who received this Offer from their broker must return their Application Form and Application Monies back to their Broker

For an offer of 110,000,000 Shares at a price of A$0.20 per Share to raise A$22,000,000 (before costs and expenses) together with 1 free attaching Option for every 2 Shares issued (Offer). Applicants must apply for a minimum of 10,000 Shares representing a minimum investment of A$2,000. Applicants applying for additional Shares must apply for Shares in multiples of 2,500 (representing an additional investment of A$500).

Application Options:

Option A: Apply Online and Pay Electronically **(Recommended)**

Apply online at: https://investor.automic.com.au/#/ipo/wakaolin

- ✓ **Pay electronically:** Applying online allows you to pay electronically, for Australian residents through BPAY®. Overseas applicants in permitted jurisdictions can also pay electronically through an electronic funds transfer.
- ✓ **Get in first, it's fast and simple:** Applying online is very easy to do, it eliminates any postal delays and removes the risk of it being potentially lost in transit.
- ✓ **It's secure and confirmed:** Applying online provides you with greater privacy over your instructions and is the only method which provides you with confirmation that your application has been successfully processed.

To apply online, simply scan the barcode to the right with your tablet or mobile device or you can enter the URL above into your browser.

Option B: Standard Application and Pay by Cheque

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the form.

1. Number of Shares applied for
(together with 1 free attaching Option for every 2 Shares issued)

, ,

Application payment (multiply box 1 by $0.20 per Share)

A$, , .

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

Post Code:

3. Contact details

Telephone Number ( )

Contact Name (PLEASE PRINT)

Email Address – By providing your email you will be kept informed on key updates relating to the Company

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

X

Note: if the name and address details in section 2 does not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1 | Applicant #2 | Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

AUTOMIC GROUP

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for fully paid ordinary shares (**Shares**), together with 1 free attaching Option for every 2 Shares issued in WA Kaolin Limited (ACN 083 187 017) (ACN 108 042 593) (the **Company**) made under the terms set out in the prospectus dated 11 October 2020 (**Prospectus**).

Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares and Options. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

1. **Shares Applied For & Payment Amount** - Enter the number of Shares you wish to apply for and the amount of the Application Monies payable. Your Application must be for a minimum of 10,000 Shares representing a minimum investment of A$2,000. Applications for additional Shares must be for Shares in multiples of 2,500 (representing an additional investment of A$500).
2. **Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares and Options. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in CHESS.
3. **Contact Details** - Please provide your contact details, including name, phone number and email address, for us to contact you between 9:00am and 5:00pm (AWST) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/ - /home
4. **CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares and Options allotted to you under this Application Form on CHESS, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
5. **TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your application.
6. **Payment** -

   Payments for applications made through this Application Form can only be made by cheque. Payment can be made by both BPAY and EFT but only by making an online application, which can be accessed by following the web address provided on the front of the Application Form. Details on how to pay by BPAY and EFT is available at the web address provided on the front of the Application Form. Do not forward cash with this Application Form as it will not be accepted.

   Your cheque must be made payable to "WA Kaolin Limited" and drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable". Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid. Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full, including any supplementary Prospectus;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares & Options that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus)
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares and Options to be allocated;
- Am/are over 18 years of ages;
- Agree to be bound by the constitution of the Company; and
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares or Options, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Public Offer opens on 19 October 2020. The Public Offer is expected to close on 16 November 2020. The Directors reserve the right to close the offer at any time once sufficient funds are received. Applicants are therefore encouraged to submit their Applications as early as possible. Completed Application Forms and cheques must be submitted:

By Post:
WA Kaolin Limited
C/- Automic Pty Ltd
GPO Box 5193
SYDNEY NSW 2001

By Hand Delivery:
WA Kaolin Limited
C/- Automic Pty Ltd
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Your Application Form must be received by no later than:
5:00pm (AWST) on 16 November 2020 (unless extended or closed earlier)

ASSISTANCE

Need help with your application, no problem. Please contact Automic on:

PHONE:
1300 288 664 within Australia
+61 (2) 9698 5414 from outside Australia

LIVE WEBCHAT:
Go to www.automicgroup.com.au

EMAIL:
corporate.actions@automic.com.au

ANCILLARY SHARE OFFER APPLICATION FORM

WA Kaolin Limited (ACN 083 187 017)

For an offer of 10 Shares at the Offer Price of A$0.20 per Share.

Application

Option B: Standard Application and Pay by Electronic Funds Transfer

Enter your details below (clearly in capital letters using pen), attach cheque and return in accordance with the instructions on page 2 of the form.

1. Number of Shares applied for
(together with 1 free attaching Option for every 2 Shares issued)

, ,

Application payment (multiply box 1 by $0.20 per Share)

A$, , .

2. Applicant name(s) and postal address (Refer to Naming Standards overleaf)

Post Code:

3. Contact details

Telephone Number

( )

Contact Name (PLEASE PRINT)

Email Address – By providing your email you will be kept informed on key updates relating to the Company

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

4. CHESS Holders Only – Holder Identification Number (HIN)

X

Note: if the name and address details in section 2 does not match exactly with your registration details held at CHESS, any Shares issued as a result of your Application will be held on the Issuer Sponsored subregister.

5. TFN/ABN/Exemption Code

Applicant #1

Applicant #2

Applicant #3

If NOT an individual TFN/ABN, please note the type in the box
C = Company; P = Partnership; T = Trust; S = Super Fund

YOUR PRIVACY

Automic Pty Ltd (ACN 152 260 814) trading as Automic Group advises that Chapter 2C of the Corporation Act 2001 requires information about you as a securityholder (including your name, address and details of the Shares you hold) to be included in the public register of the entity in which you hold Shares. Primarily, your personal information is used in order to provide a service to you. We may also disclose the information that is related to the primary purpose and it is reasonable for you to expect the information to be disclosed. You have a right to access your personal information, subject to certain exceptions allowed by law and we ask that you provide your request for access in writing (for security reasons). Our privacy policy is available on our website – www.automic.com.au

AUTOMIC GROUP

CORRECT FORMS OF REGISTRABLE TITLE

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual	Mr John Richard Sample	J R Sample
Joint Holdings	Mr John Richard Sample & Mrs Anne Sample	John Richard & Anne Sample
Company	ABC Pty Ltd	ABC P/L or ABC Co
Trusts	Mr John Richard Sample <Sample Family A/C>	John Sample Family Company
Superannuation Funds	Mr John Sample & Mrs Anne Sample <Sample Family Super A/C>	John & Anne Superannuation Fund
Partnerships	Mr John Sample & Mr Richard Sample <Sample & Son A/C>	John Sample & Son
Clubs/Unincorporated Bodies	Mr John Sample <Health Club A/C>	Health Club
Deceased Estates	Mr John Sample <Estate Late Anne Sample A/C>	Anne Sample (Deceased)

INSTRUCTIONS FOR COMPLETING THE FORM

YOU SHOULD READ THE PROSPECTUS CAREFULLY BEFORE COMPLETING THIS APPLICATION FORM.

This is an Application Form for fully paid ordinary shares (**Shares**), together with 1 free attaching Option for every 2 Shares issued in WA Kaolin Limited (ACN 083 187 017) (ACN 108 042 593) (the **Company**) made under the terms set out in the prospectus dated 11 October 2020 (**Prospectus**).
Capitalised terms not otherwise defined in this document has the meaning given to them in the Prospectus. The Prospectus contains important information relevant to your decision to invest and you should read the entire Prospectus before applying for Shares and Options. If you are in doubt as to how to deal with this Application Form, please contact your accountant, lawyer, stockbroker or other professional adviser. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus and any supplementary Prospectus (if applicable). While the Prospectus is current, the Company will send paper copies of the Prospectus, and any supplementary Prospectus (if applicable) and an Application Form, on request and without charge.

1. **Shares Applied For & Payment Amount** - Enter the number of Shares you wish to apply for and the amount of the Application Monies payable.
2. **Applicant Name(s) and Postal Address** - ONLY legal entities can hold Shares and Options. The application must be in the name of a natural person(s), companies or other legal entities acceptable by the Company. At least one full given name and surname is required for each natural person. Refer to the table above for the correct forms of registrable title(s). Applicants using the wrong form of names may be rejected. Next, enter your postal address for the registration of your holding and all correspondence. Only one address can be recorded against a holding. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in CHESS.
3. **Contact Details** - Please provide your contact details, including name, phone number and email address, for us to contact you between 9:00am and 5:00pm (AWST) should we need to speak to you about your application. In providing your email address you elect to receive electronic communications. You can change your communication preferences at any time by logging in to the Investor Portal accessible at https://investor.automic.com.au/ - /home
4. **CHESS Holders** - If you are sponsored by a stockbroker or other participant and you wish to hold Shares and Options allotted to you under this Application Form on CHESS, enter your CHESS HIN. Otherwise leave the section blank and on allotment you will be sponsored by the Company and a "Securityholder Reference Number" (SRN) will be allocated to you.
5. **TFN/ABN/Exemption** - If you wish to have your Tax File Number, ABN or Exemption registered against your holding, please enter the details. Collection of TFN's is authorised by taxation laws but quotation is not compulsory and it will not affect your application.
6. **Payment** -
Payments for applications made through this Application Form can be made by Electronic Funds Transfer "EFT" and quoting your name as payment reference

ACCOUNT NAME: Automic Pty Ltd
BSB: 036011
ACCOUNT NUMBER: 607953

DECLARATIONS

BY SUBMITTING THIS APPLICATION FORM WITH THE APPLICATION MONIES, I/WE DECLARE THAT I/WE:

- Have received a copy of the Prospectus, either in printed or electronic form and have read the Prospectus in full, including any supplementary Prospectus;
- Have completed this Application Form in accordance with the instructions on the form and in the Prospectus;
- Declare that the Application Form and all details and statements made by me/us are complete and accurate;
- I/we agree to provide further information or personal details, including information related to tax-related requirements, and acknowledge that processing of my application may be delayed, or my application may be rejected if such required information has not been provided;
- Agree and consent to the Company collecting, holding, using and disclosing my/our personal information in accordance with the Prospectus;
- Where I/we have been provided information about another individual, warrant that I/we have obtained that individual's consent to the transfer of their information to the Company;
- Acknowledge that once the Company accepts my/our Application Form, I/we may not withdraw it;
- Apply for the number of Shares & Options that I/we apply for (or a lower number allocated in a manner allowed under the Prospectus)
- Acknowledge that my/our Application may be rejected by the Company in its absolute discretion;
- Authorise the Company and their agents to do anything on my/our behalf necessary (including the completion and execution of documents) to enable the Shares and Options to be allocated;
- Am/are over 18 years of ages;
- Agree to be bound by the constitution of the Company; and
- Acknowledge that neither the Company nor any person or entity guarantees any particular rate of return of the Shares or Options, nor do they guarantee the repayment of capital.

LODGEMENT INSTRUCTIONS

The Ancillary Offer will open on the Opening Date and remain open until Listing (unless closed earlier by the Directors, in their sole discretion). Completed Application Forms and payment receipit must be submitted:

By Post:
WA Kaolin Limited
C/- Automic Pty Ltd
GPO Box 5193
SYDNEY NSW 2001

By Hand Delivery:
WA Kaolin Limited
C/- Automic Pty Ltd
Level 5, 126 Phillip Street
SYDNEY NSW 2000

Your Application Form must be received by no later than:
5:00pm (AWST) on 16 November 2020
(unless extended or closed earlier)

ASSISTANCE

Need help with your application, no problem. Please contact Automic on:

PHONE:
1300 288 664 within Australia
+61 (2) 9698 5414 from outside Australia

LIVE WEBCHAT:
Go to www.automicgroup.com.au

EMAIL:
placements@automicgroup.com.au