

ASX ANNOUNCEMENT

25 MAY 2022

SUVO SIGNS COOPERATION AGREEMENT WITH C&D LOGISTICS GROUP CO LTD

HIGHLIGHTS

- Suvo signs non-binding cooperation agreement to negotiate the supply of kaolin, commencing once test results have confirmed the suitability of kaolin material for use in C&D's processes and products
- C&D Logistics Group Co Ltd is the minerals division of Xiamen C&D – a Global Fortune 500 company with annual revenue circa US\$100 billion and almost 30,000 employees
- Suvo and C&D will negotiate an offtake agreement, following the completion of further test work to be completed by C&D group. The quantity of the products to be purchased during the first year of supply includes a minimum target offtake of 80,000tpa of hydrous calcined kaolin
- Agreement is conditional on sample trials matching technical data sheets supplied from product extracted from the Company's Pittong mine
- Agreement helps underpin processing capacity expansion works underway at Pittong and the future development of its WA based Gabbin project

Suvo Strategic Minerals Limited (ASX: SUV) ("Suvo" or "the Company") is pleased to announce it has entered into a non-binding Cooperation Agreement ("the Agreement") with C&D Logistics Group Co Ltd (C&D), a subsidiary of Xiamen C&D.

C&D focuses on resources and minerals providing a one stop shop supply chain service to both upstream and downstream users of the industrial supply chain.

The Agreement was signed after Suvo sent technical data sheets (TDS) to C&D from its 100%-owned Pittong hydrous kaolin operation in Victoria for further evaluation.

Following evaluation, the companies entered into the Agreement, which will see Suvo and C&D work together to develop and grow specific kaolin product markets, with a view to developing long-term relationships with downstream customers in a range of industries, products and locations.

Under the Agreement, Suvo and C&D will seek to negotiate a Sales and Purchase (Offtake) Agreement in good faith, with a target minimum offtake of 80,000tpa of hydrous calcined kaolin.

SUVO STRATEGIC MINERALS LTD.
ABN: 97 140 316 463

Level 11, 40 The Esplanade
Perth, Western Australia 6000

+61 (8) 9389 4495
info@suvo.com.au

Henk Ludik
NON-EXECUTIVE CHAIRMAN

Oliver Barnes
NON-EXECUTIVE DIRECTOR

Dr Ian Wilson
NON-EXECUTIVE DIRECTOR

Aaron Banks
EXECUTIVE DIRECTOR

The products delivered under any offtake agreement could be produced from the Company's existing Pittong operation and/or other kaolin projects.

Under the Agreement, C&D has also requested Suvo to provide 12 additional product samples of hydrous clay from its Pittong operations for further evaluation.

Pending the outcome of this evaluation, Suvo and C&D could negotiate further offtake agreements for other kaolin related products that meet the buyer's specifications.

Suvo and C&D will continue to negotiate in good faith to enter any further contracts.

This Agreement marks another milestone in the Company's ongoing work to scale up Pittong operations, where an expansion project is underway to more than double its current plant capacity to ~60,000tpa through the installation of new press decks and automated equipment.

Suvo is progressing work at its Gabbin kaolin deposit, located 215km north-east of Perth, Western Australia, where the Company recently produced a bulk sample of High Reactivity Metakaolin.

The right to negotiate under the Agreement expires on 1 May 2023, however, the Agreement can be renewed by mutual agreement.

Suvo Non-Executive Chairman Henk Ludik commented:

"This Cooperation Agreement with C&D marks a significant milestone in supporting Suvo's strategic growth plan.

The Agreement helps underpin the expansion works currently taking place at our Pittong operation, with the potential to lead to a minimum offtake of 80,000tpa of hydrous calcined kaolin.

The investment we are making in our Pittong expansion reflects the surging demand being seen globally for high quality kaolin products.

The agreement also comes after the recent successful bulk sample production of High Reactivity Metakaolin from our Gabbin deposit, which allows us to carry out meaningful discussions with potential global partners, such as C&D.

In addition to enhancing production, Suvo also remains focused on achieving better ESG outcomes, which will be realised through more energy efficient operations, rehabilitation practices and producing metakaolin products to help decarbonise the cement and concrete industries."

The Agreement

The Agreement allows Suvo and C&D to negotiate the supply of kaolin material for use in C&D's processes and products.

To facilitate the negotiations, Suvo and C&D have mutually agreed to share relevant information, data and materials, including but not limited to:

- Reasonable quantities of samples obtained from test work, which reasonably represent the qualities of kaolin from operations and samples of kaolin produced.
- Other information which Suvo and C&D determine necessary to evaluate and investigate specialised kaolin markets.

The parties have agreed to negotiate an Offtake agreement in good faith, on the following terms:

- The product is suitable and accepted for use by C&D customers or by C&D.
- C&D will provide an indicative list or preferred specification/s of kaolin products and locations where the products are required.
- Price to be negotiated each year based on market prices.
- A floor price and cap price are to be agreed for the first year of supply.
- The quantity of the products to be purchased during the first year of supply, with a target minimum offtake of 80,000tpa, indicatively consisting of the following products.
 - Calcined kaolin**
 - C. 80,000 t.pa of a hydrous calcined product to meet the buyer's specification, sourced from Suvo's existing operation, or one of its other kaolin projects, or both.
 - An indicative price for the product is US\$500 – US\$600 CIF (cost, insurance and freight), which will be negotiated between the parties during contract negotiations.
 - Other kaolin related products**
 - C&D has requested Suvo to provide 12 additional product samples of hydrous clay from its Pittong operations for further evaluation.
 - Pending the outcome of this evaluation, Suvo endeavours to supply C&D with the required volumes from the company's existing operation, or one of its other kaolin projects, or both.
 - Pricing and volumes to be agreed between parties, based on prevailing market terms, during negotiation of detailed off-take contracts.
- The agreement will not be legally binding on either party.
- Any other terms and conditions which either party may deem to be necessary or desirable.
- An indicative five-year annual supply by Suvo.

Suvo and C&D have also agreed to negotiate in good faith to enter into further or more detailed contracts, there is no obligation or commitment for either party to enter into such contracts.

The right to negotiate under this Agreement expires on 1 May 2023, however, it can be renewed by mutual agreement of both parties and the confidentiality obligations will remain in force for a period of two years after signing.

The Agreement shall be governed by and construed in accordance with the laws of Western Australia.

The release of this announcement has been approved by the Board of Directors of Suvo Strategic Minerals Limited.

-ENDS-

For further information please contact

Investor enquiries

Henk Ludik
Non-Executive Chairman
M. +61 458 284 730
E: henk.ludik@suvo.com.au

Media enquiries

Josh Nyman
Spoke Corporate
M. +61 413 243 440
E: josh@spokecorporate.com

Company Profile

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

Pittong Operations

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

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

Gabbin Kaolin Project

The 100% owned Gabbin Kaolin Project (White Cloud) is located 215km northeast of Perth, Western Australia. The project area comprises four granted exploration licences (E70/5039, E70/5332, E70/5333, E70/5517) for 413km², centred around the town and rail siding of Gabbin. The generally flat area is primarily cleared farming land devoid of native bushland and is currently used for broad-acre cereal cropping. A mining access agreement is in place over the current resource area with the landowner and occupier.

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

Eneabba Silica Sands Project

The 100% owned Eneabba Silica Sands Project is located 300km north of Perth, Western Australia. The project comprises four granted exploration licences (E70/5001, E70/5322, E70/5323, E70/5324) for 169km². The project is located on the Eneabba Plain whose sandy cover is very flat to gently undulating. Outcrop is rare due to the accumulations of windblown and alluvial sand at surface. Below this is a thin hard silcrete or lateritic claypan which overlies deep white and yellow sands. Preliminary exploration has included 54 drillholes for 1,620 metres to depths of up to 30m. This program is anticipated to deliver an initial resource for the project and a process route.