

3-Year Offtake Agreement Signed

Highlights

- **3-year Offtake Agreement signed for up to 10,000 tonnes per annum (tpa)**
- **30,000 tonne agreement represents 5% of the Stage 1 total output per annum from the Wickepin Kaolin Project**
- **WA Kaolin has now secured Offtake and LOI Agreements covering 88% of its Stage 1 200,000tpa production rate, expected to come on line in Q2**

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (ASX:WAK) is pleased to advise it has signed an Offtake Agreement with a distributor servicing the rubber and ceramics markets in China for a period of 3 years, representing 5% of the total output from the Company’s Stage 1 ramp up of the Wickepin Kaolin Project, targeted to commence production in Q2 this year.

The Offtake Agreement is for the period 1 July 2022 through to 30 June 2025. Any renewal of the Agreement will be negotiated prior to 31 March 2025.

Under the terms of the Offtake Agreement, WA Kaolin is to supply at targeted 10,000 tonnes per annum (minimum 3,000tpa) for three years. Pricing for the Agreement will be competitive to the world kaolin market delivered on a cost and freight (CFR) basis. Pricing for this customer has been set with contracts in place for the first 266 tonnes of orders for February/March 2022 at USD233 per tonne CFR Shanghai and will be negotiated on a quarterly basis through mutual negotiation and agreement.

Commenting on the Offtake Agreement CEO Andrew Sorensen said, “*This is a fantastic result for WA Kaolin to sign such an agreement as we are nearing our commencement of production for Stage 1 at the Wickepin Kaolin Project. This Agreement alone represents 5% of the Stage 1 Output per annum of 200,000tpa. Coupling this with our existing agreements in place, means prior to commencing our production, we now have in place contracts covering 88% of our expected output for Stage 1.*

“Having recently announced (ASX Announcement 9th February 2022) that we have secured funding to accelerate our Stage 2 development to increase production to 400,000tpa, it is truly a very exciting time for WA Kaolin and its shareholders as we transition into a major Kaolin producer.”

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

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About WA Kaolin and the Wickepin Project

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

WA Kaolin's Wickepin Kaolin Project, 220km south-east of Perth, contains a Mineral Resource (JORC 2012) of 644.5 million tonnes^{1,2} of high-grade premium kaolinised granite. This world-class resource at Wickepin is one of the largest known remaining premium primary resources of kaolin globally. It is characterised by its purity, quality and brightness, producing kaolin products that typically attract higher prices from a growing collection of top tier customers.

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

- A **Probable Ore Reserve of 30.5 million tonnes** (on Mining Lease M70/1143) and a Mineral Resource (reported in 2019) of 109.1 million tonnes in the mining lease which is part of and included in;
- An **Inferred Mineral Resource (reported in 2017) of 644.5 million tonnes** of high-grade premium kaolinised granite across all tenements.

With more than \$42 million invested in the project to date, WA Kaolin has developed a proprietary dry processing method, known as K99, to turn raw material into market suitable feedstock for global customers, and constructed a small-scale commercial processing plant on 3ha of portside industrial land at Kwinana, WA.

The Company is focused on increasing production from Wickepin to 400,000 tonnes per annum by 2023 with further modular increases to capacity to be implemented in tune with market demand and funding capability.

The Mineral Resources, Ore Reserves and production targets referred to in this announcement were previously reported in the Prospectus dated 11 October 2020 and released to the ASX on 24 November 2020 and the Definitive Feasibility Study announcements released on 24 and 25 November 2020.

WA Kaolin confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement and that all material assumptions and technical parameters underpinning the estimates, production target or forecast financial information derived from a production target continue to apply and have not materially changed.

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

² CSA Global Mineral Resource Estimate R280.2017