STRATEGIC MINERALS

Suvo Strategic Minerals Limited

ABN: 97 140 316 463

Corporate Details:

ASX Code: SUV

Directors:

Robert Martin
Executive Chairman

Aaron Banks
Executive Director

Len Troncone
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ASX Announcement | 23 November 2020

Suvo to Acquire Imerys' Australian Kaolin Mining Operations

- Suvo to acquire Australia's only significant kaolin mining, wet processing and manufacturing operations from French multinational, Imerys S.A. for A$2.0 million
- The assets consist of three mining leases and a processing plant, is located some 40km west of Ballarat in Victoria and have been producing and selling kaolin products since 1972
- Calendar 2019 sales totalled A$13.0 million for 25kt of kaolin products sold and generated EBITDA of A$2.1 million
- Excellent reputation as a credible and reliable domestic and international manufacturer and supplier with an experienced operational team
- Synergies from experienced management, mining, process technicians, laboratory, sales and marketing personnel will help to build a robust team to assist in the development of Suvo's flagship White Knight Kaolin project in WA
- Firm commitments received to raise A$6.0 million (before costs) via a conditional placement with strong institutional support

West Australian kaolin and silica sand resource company, **Suvo Strategic Minerals Limited** (**Suvo** or the **Company**), is pleased to announce it has entered into a binding share purchase agreement to acquire Imerys' Australian kaolin operations located near Ballarat in Victoria. Suvo will acquire the holding company of the Australian operations, Mircal Australia Pty Ltd (**Mircal Australia**), and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant) (**Target Group**) (**Proposed Acquistion**).

The Target Group (excluding Australian Vermiculite Industries Pty Ltd, a dormant company) was placed for sale following Imerys' decision to divest its Kaolin operations located in Pittong, Victoria in Australia because of limited synergies with other Imerys' businesses. Imerys is a French multinational company and the world's leading supplier of specialty industrial minerals.

The transaction is subject to shareholder approval that will be sought at an extraordinary general meeting (**EGM**) scheduled for mid to late December 2020. A notice of meeting and accompanying detailed explanatory memorandum will be released shortly.

The Company will pay A$2.0 million cash to the vendor on completion which is expected to occur on or around 31 December 2020. The purchase price will be subject to adjustment pending the audit of the Target Group's consolidated financial statements for the year ended 31 December 2020, being the effective completion date. The Company will also replace A$1.85 million in environmental rehabilitation bonds that are currently supported by the Imerys Group.

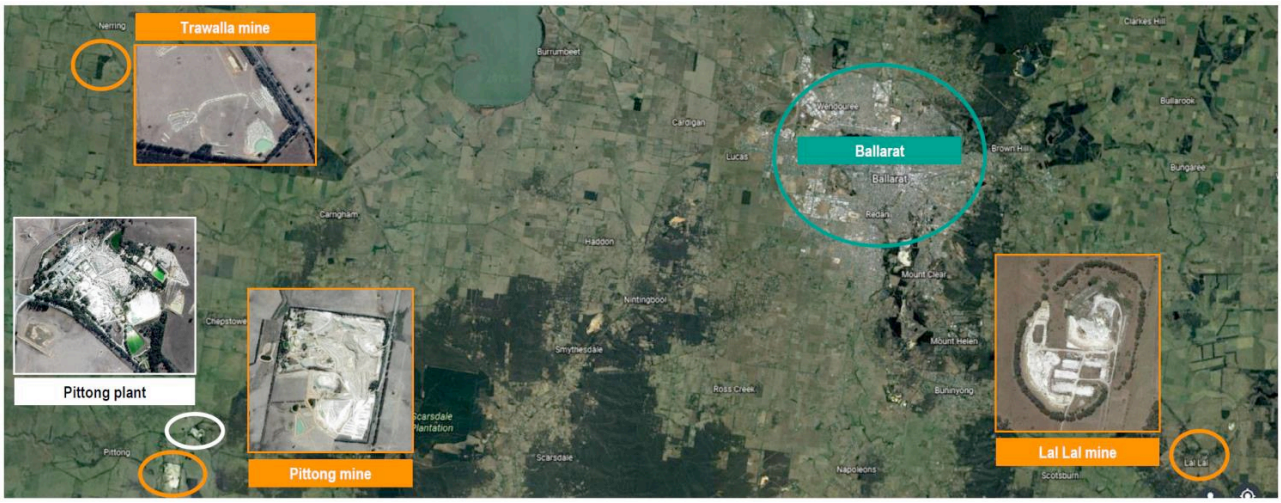


Figure 1: Location map showing proximity to the township of Ballarat

Figure 2: Pittong processing plant facilities

Figure 3: Pittong processing plant facilities

Figure 4: Finished kaolin products ready for dispatch

In conjunction with the Proposed Acquisition, Suvo has received firm commitments to raise A$6.0 million (before costs) via a conditional share placement to institutional, sophisticated and professional investors of 60 million ordinary shares (**Placement Shares**) at A$0.10 per share (**Placement**).

The issue of the Placement Shares under the Placement will be subject to and conditional on (among other things) the Company:

- obtaining all requisite shareholder approvals required under the ASX Listing Rules and the Corporations Act 2001 (Cth) for the issue of the Placement Shares and approval of the Proposed Acquisition at the Company's Extraordinary General Meeting scheduled for mid to late December 2020; and
- Completion of the Proposed Acquisition.

Canaccord Genuity (Australia) Limited acted as Lead Manager to the Placement with Westar Capital Ltd and Sandton Capital Advisory Pty Ltd as Co-Lead Managers.

Proposed use of funds is summarised in the following table:

Use of proceeds	**Amount (A$)**
Purchase price (subject to adjustment)	2,000,000
Stamp duty	110,000
Mining leases environmental rehabilitation bonds	1,850,000
Immediate maintenance capital expenditure	700,000

Working capital	640,000
Further evaluation and feasibility work	200,000
Capital raising costs at 6%	360,000
Legal, accounting, engineering costs	140,000
Total	**6,000,000**

The key highlights of the acquisition of the Target Group include:

- The only wet processing kaolin producer in Australia with strong sales channels in Australia, New Zealand and the APAC region having been in operation since 1972
- Exports between 20% to 25% of its products to Southeast Asia
- In calendar 2019, it reported audited sales of A$13 million on 25kt of products sold with a normalised EBITDA of A$2.1 million
- The Pittong plant has a nameplate capacity of 35-40 ktpa and has been operating since 1972 and the Company is considering plans for its eventual modernisation
- Existing experienced operational management will be retained post-acquisition
- Transition branding and marketing of products to White Knight Kaolin to a well established customer base in Australia, New Zealand and Southeast Asia
- Strong synergies for Suvo's 100% White Knight Kaolin project having access to experienced management in kaolin mining, processing operations and sales and marketing

Commenting on the acquisition, Executive Chairman, Robert Martin said: *"This is a fantastic opportunity for our young Company to acquire Australia's only significant wet producing kaolin operation. We will have access to Australia's only experienced operational kaolin mining and wet processing personnel from whom we will learn tangible applications for our White Knight Kaolin project in Western Australia. We are excited to become a producer as well as continuing to focus on our existing Kaolin and Silica exploration and resource definition activities in Western Australia where we have recently completed drilling programs and expect to release the results later this calendar year. Overall, it's been a rapid and sustained development for the Company as we progress from a pure exploration company into a miner and producer".*

Transaction Overview

The Company has entered into a share purchase agreement with Mircal (**Acquistion Agreement**), a wholly owned subsidiary of the Imerys Group. Under the Acquisition Agreement, the Company will acquire 100% of Mircal Australia and the Target Group. The Acquistion Agreement is subject to a condition precedent that Suvo obtains shareholder approval under Listing Rules 7.1 and 11.1.2. In consideration for the Acquistion, Suvo will pay A$2,000,000 to Mircal, and replace environmental bonds to the value of A$1,850,000.

The Company has completed its due diligence on the Target Group and the Acquisition Agreement contains limited warranties and indemnities.

An overview of the Target Group's financial information is set out in **Annexure A** of this Announcement and the impact of the Acquisition and Placement on the Company's pro-forma balance sheet is set out at **Annexure B** of this Announcement. Detailed financial information on the Target Group will be provided in the Company's Notice of EGM.

Overview of the Assets

Pittong is the sole wet kaolin processing plant and mine in Australia and is located 40 kilometres west of Ballarat. The Assets comprise:

- Pittong Plant: which has a throughput capacity of up to 35-40 ktpa of a range of kaolin products for the paper, paper & board and specialty minerals markets. Current mine feed is supplied from the Pittong & Lal Lal Mines.
- Pittong Mine: an operating mine producing in the order of 90% of plant feedstock.
- Lal Lal Mine: an operating mine producing limited feedstock for specific product applications.
- Trawalla Mine: a greenfield mine site.

The Pittong Plant has 31 full time equivalent employees and 2 temporary agency personnel. It is the Company's intention to retain existing staff on the same terms and conditions. Key operational management will be eligible to participate in the Company's 2020 Incentive Plan.

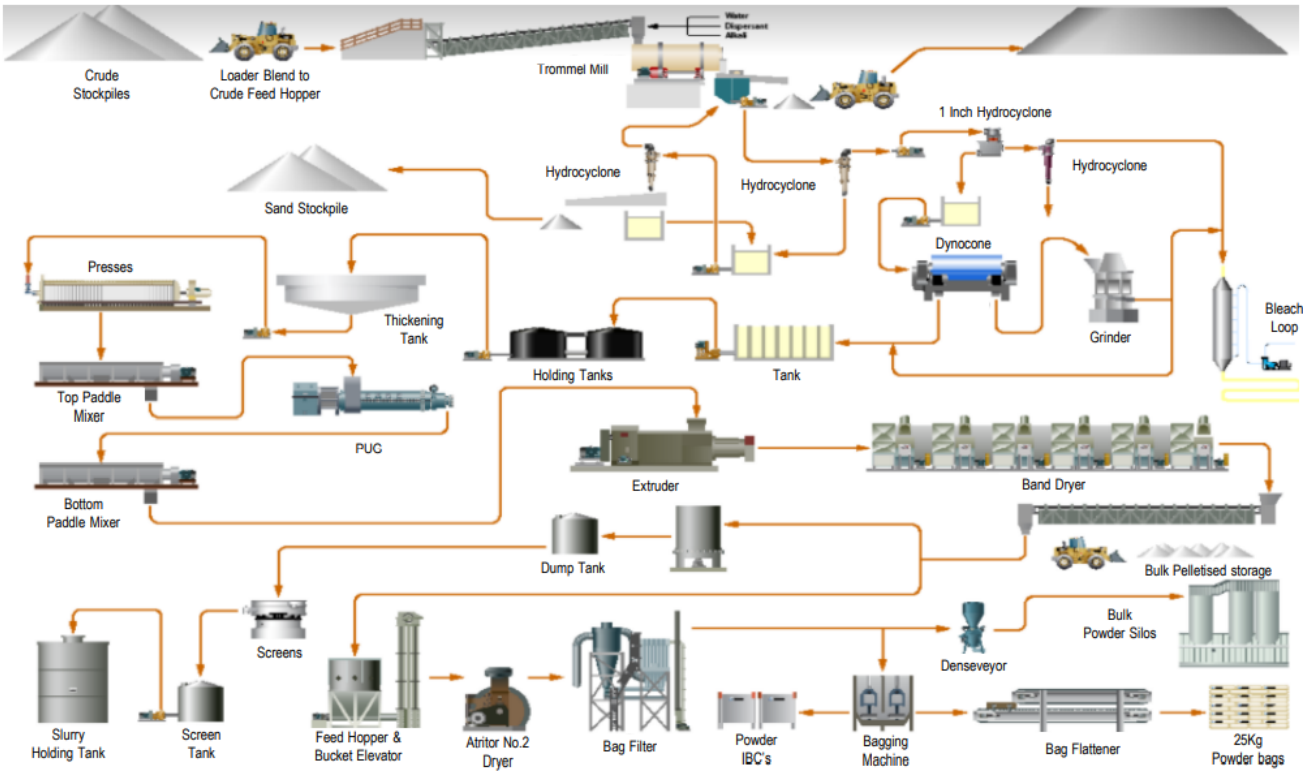
Mining operations and haulage to plant services are undertaken by a local mining contractor. The mining contractor manages the extraction of kaolin from the Pittong and Lal Lal mine sites and builds stockpiles at the mine site, transports the crude kaolin and builds stockpiles at the ROM pad at the Pittong Plant. The plant takes its feedstock from the ROM pad and processes crude kaolin via four lines to produce a range of products with different specifications for different end users (lump, slurry, powder and pulverised powder). The Pittong Plant comprises wet plant (trommel, hydroclones, dynacone, and grinder bleaching), primary drying (screens, filter press, paddle, mixer, pug, extruder, band dryer), slurry makedown, secondary drying (hopper, attritor mill, packers) and a micron mill.

The Assets have been mining, processing and manufacturing kaolin products since 1972. Some of the processing plant infrastructure and equipment is ageing and will require replacement in the near term. It is the Company's intention to assess the need to replace, upgrade and possibly expand the existing infrastructure and equipment within the first 12 months of ownership, and will develop a plan and budget to address any urgent deficiencies. It is possible that the capital expenditure required in order to upgrade the ageing infrastructure may exceed the amount provided for in the use of funds.

Pittong Plant Flowsheet

The Pittong Plant flow sheet is shown in Figure 1

Figure 1: Pittong Plant Flowsheet



- **Mining operations**
  Mining and cartage are carried out by local contractors. They create up to 10 stockpiles of various qualities. All stockpiles are tested in the Pittong laboratory. Depending on the grade to be made, a loader can deliver from different stockpiles. This then goes into a trommel mill where it separates the coarse sand from the kaolin. The sand is taken to a stockpile.

- **Hydrocyclones, centrifuge and grinding**
  A series of cyclones further separates the kaolin from the remaining quartz and feldspar. The last hydrocyclone is 1 inch in size and the finer particles feed a centrifuge. This gives a fine product and a coarser underflow which is sent to a grinder for comminution. There is a bleach loop in the circuit. Products then go to holding tanks.

- **Thickening of kaolin, pressing and pugging**
  The thickened kaolin (at around 30 wt.% solids) is fed to filter presses. At around 70 wt.% solids the filter cakes are dropped into a top paddle mixer. This breaks-up the cake and passes it to a pug. This is an important part of the process as it puts energy into the clay and causes some delamination. This increases the aspect ratio of the kaolin and increases the % <2 micron level. From the pug, the clay is then dropped into the bottom paddle mixer.

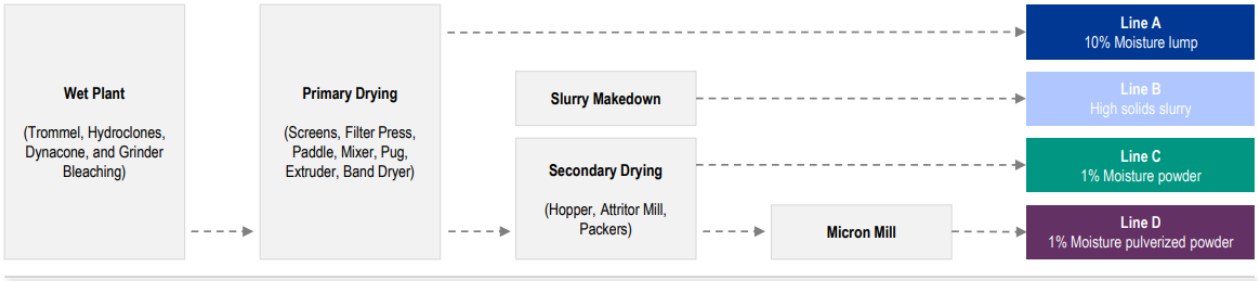
- **Extruder and band dryer**
  The extruder forces the clay to go through with noodles being produced. This is then passed through a band dryer.

- **Various product forms**
  Some kaolin is passed to a tank and mixed into a slurry. This is then passed through screens and a slurry stored at around 65% solids ready for delivery by tanker to paper customers. The main product is a 10% moisture lump. From the band dryer the clay is passed through an attritor No2 dryer. The powder can be stored in bulk powder silos. 1% moisture product can be packed in powder bulk containers and there is a bagging machine which fills 25kg bags with a bag flattener, before all are loaded onto pallets ready for dispatch.

Pittong Production Lines

The Pittong Production Lines are shown in Figure 2.

Figure 2: Pittong Production Lines



	RTM production volumes	Max yearly capacity	Raw material type	% Mix		Final products
				Paper	Specialty	
Line A 10% Moisture lump	25kt	48kt	Kaolin	50%	50%	▪ Eckacote / EL 1 / EL 2 / EG / EL 120 / BDF / ELED / EL1 Plus / Eckapen / ELYMT / PP /HBF / HBF SPD / EKAHBS / EKAHB / LKBP / KNBP
Line B High solids slurry	4kt	Included in line 1	Kaolin	85%	15%	▪ Eckalite 1 / Eckacote / HBF
Line C 1% Moisture powder	18kt	Included in line 1	Kaolin	50%	50%	▪ Eckacote / EL 1 / EL 2 / EG / EL 120 / BDF / ELED / EL1 Plus / Eckapen / ELYMT / PP / HBF / HBF SPD / EKAHBS / EKAHB / LKBP / KNBP
Line D 1% Moisture pulverized powder	2.7kt	Included in line 1	Kaolin	-	100%	▪ Eckalite ED / Eckalite YMT

There are four production lines producing 4 types of kaolin products: high solids slurry, lump products with 10% moisture and two lines with 1% moisture in powder and pulverised powder form. The high solids slurry is used in paper and paper and board manufacturing. The other products are used in the paper, coatings, paint and specialist industries including rubber and pharmaceutical applications.

Foreign Estimates of Resources and Reserves

The Pittong project mines kaolin from two active mines and processes the ore near the Pittong Mine site. The ore is a primary kaolin, occurring as a deeply weathered horizon within a coarse-grained granite. Overburden is minimal, and limited to thin soils and locally, thin volcanic epiclastic sediments.

Table 1 shows the initial reported mineralised material for the combined Pittong, Lal Lal and Trawalla deposits, as estimated in August 2005. Please note that these are not reported in accordance with the JORC Code, but instead in accordance with the 2001 edition of the PERC1 Code.

Table 2 illustrates the same estimate depleted for mining production up to 31 December 2019. As is common industry practice, the next scheduled depletion of the estimates will be 31 December 2020.

The initial estimate was completed in August 2005 (Pettett, 2005) and is the basis of the current summary of mineralisation, underpinning the current mining plan and mining schedule (equivalent in confidence to Reserves) which have been in use since 2005, to the present day, subject to depletion estimates discussed later in this report. Most production comes from the Pittong Mine, which is situated close to the processing plant. A small amount of production comes from the Lal Lal deposit, which is used to supplement Pittong with a higher brightness, non-yellowing ore.

The study that supports the August 2005 estimate was considered by the Target Group and the Competent Persons (in accordance with the PERC Code), at the time to be of a sufficient standard to support mine planning and scheduling activities. These estimates have been reviewed by Suvo, and are considered to be of sufficient quality, verification and confidence to be analogous to Indicated Mineral Resources and Probable Reserves for a kaolin deposit; however, as they have been reported in accordance with the PERC code, they are considered to be a foreign2 estimate. Investors should note the below cautionary notes before relying on foreign estimates.

CAUTIONARY STATEMENTS: INVESTORS SHOULD NOTE:

The below tables set out the reported mineralised material for the combined Pittong, Lal Lal and Trawalla deposits, effective at 31 December 2019. Please note that these are not reported in accordance with the JORC Code, but instead with the 2001 edition of the PERC Code.

A competent person has not done sufficient work to classify the foreign estimates as mineral resources or ore reserves in accordance with the JORC Code 2012.

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[1] The Pan European Reporting Code (PERC) is the European equivalent of the JORC Code in Australasia, SAMREC in South Africa, and similar reserves standards bodies elsewhere, and is a constituent member of CRIRSCO (www.crirsco.com). Representation on PERC covers major and junior mining sectors, industrial minerals, aggregates, coal, the investment and financial community and the professional accreditation organisations including the Institute of Materials, Minerals, and Mining (IOM3); the European Federation of Geologists; the Geological Society of London; the Institute of Geologists of Ireland; the Fennoscandian Association for Metals and Minerals Professionals; the Iberian Mining Engineers Board

[2] The ASX Listing Rules define a foreign estimate as an estimate of quantity and grade of mineralisation that was prepared using a mineral resources classification and reporting standard from another jurisdiction prior to an entity acquiring, or entering into an agreement to acquire, an interest in a mining tenement that contains the deposit, and which the entity has not verified as mineral resources or ore reserves in accordance with ASX LR Appendix 5A (JORC Code).

It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

Table 1: Kaolin as at August 2005, reported in accordance with PERC 2001 edition

Project Area	Resource (million tonnes)			Reserves (million tonnes)	
	Measured	Indicated	Inferred	Proved	Probable
Pittong	-	2.0	-	-	0.72
Trawalla	-	2.1	-	-	0.74
Lal Lal	-	-	-	-	0.04
Total	-	4.1	-	-	1.50

Table 2: Kaolin as at 31 December 2019, reported in accordance with PERC 2001 edition

Project Area	Resource (million tonnes)			Reserves (million tonnes)	
	Measured	Indicated	Inferred	Proved	Probable
Pittong	-	2.0	-	-	0.37
Trawalla	-	2.2	-	-	0.75
Lal Lal	-	-	-	-	0.02
Total	-	4.2	-	-	1.14

The notes below are applicable to Table 1 and Table 2:

- *"Resources and Reserves" are not reported in accordance with the 2012 edition of the JORC Code.*
- *Trawalla is included, although it is not operational.*
- *"Resources and Reserves" are in million metric tonnes of final product. Differences may occur due to rounding.*
- *"Reserves and Resources" are EXCLUSIVE. Quantities and qualities quoted for "Resources" do not include the "Reserves" material.*
- *Figures rounded to appropriate number of significant figures*

Please see **Annexure C** for an overview of the mineralisation as at 31 December 2019 reported in accordance with Listing Rule 5.12.

Further evaluation and feasibility work

The Company intends to undertake works in order to report JORC complaint Resources and Reserve estimates for all of its mining assets, noting however, that there are no guarantees that the reporting of Resources and Reserves will be successful. The exercise will comprise shallow air-core drilling campaigns at the Pittong and Lal Lal mines, laboratory tests to determine grade and quality of ore, an analysis of bulk density for each deposit, and an extrapolation and interpretation of data.

These studies will be conducted under the guidance of CSA Global. This is estimated to cost approximately $200,000 and the Company intends to complete this work by 30 June 2021.

Trawalla has not yet been mined, however, 4,500 metres of air-core drilling and associated data is available for interpretation. The Company aims to use this data to underpin a JORC complaint resource, and will aim to verify the existing data by undertaking a sample of parallel air-core holes. This project was originally drilled by Dr Ian Wilson, a non-executive director of the Company, who is very familiar with the Target Group assets.

The proposed budget for the evaluation and feasibility program is set out below:

Air core drilling campaign	$120,000
Laboratory testing of drill core samples	$20,000
Pittong and Lal Lal JORC report	$40,000
Trawalla JORC report	$20,000
Total	**$200,000**

Royalties

The Target is required to pay royalties on mineral product produced from the Assets. The royalties are comprised of a state royalty payable to the Victorian government of approximately 2.75% of the net market value of the mineral produced under the licence and third party royalties.

Capital Structure

The Company's pro-forma capital structure, following the issue of the Placement Shares and Advisor Options, is set out below.

Capital Structure	Shares	Options	Performance Rights
Existing	525,568,245	107,033,573	40,000,000
Placement	60,000,000	0	0
Advisor Options	0	12,000,000	0
TOTAL	**585,568,245**	**119,033,573**	**40,000,000**

Financing

The Company is raising $6.0 million (before costs) to fund the Acquistion. As disclosed in the use of funds table, the Company will:

- pay $2.11 million to acquire the Target Group (including stamp duty);
- apply $1.85 million to replace current environmental bonds;
- apply $700,000 to a proposed capital expenditure works program that has already been planned and committed by the Target Group, to be completed by the end of April 2021;
- apply up to $200,000 worth of works and studies to report JORC complaint reserves and resources estimates; and
- inject $640,000 into the Target Group to cover working capital to fund the operations going forward.

The Target Group has been trading since 1972. Audited results for the past 4 calendar years, as well as unaudited management accounts results for the 9 months to 30 September 2020, are shown in the following table

	YTD 30-Sep-20 $000s Unaudited	2019 $000s Audited	2018 $000s Audited	2017 $000s Audited	2016 $000s Audited
Sales	8,820	13,685	13,778	14,977	13,897
Cost of sales	(3,290)	(5,952)	(5,747)	(6,919)	(6,892)
Gross profit	5,530	7,733	8,031	8,058	7,005
Profit before income tax	1,452	2,192	2,155	1,612[2]	1,193
EBITDA[1]	1,793	2,100	2,700	1,930	1,543
Cash flows generated from operating activities	1,018	2,335	2,800	1,161	1,690

[1]EBITDA means earnings before interest, tax, depreciation and amortisation
[2]Excludes the effect of a one-off profit on sale of investment

The Target Group is currently cash flow positive and has no debt facilities in place. The Company considers that the $640,000 working capital from the Placement to be sufficient to cover any shortfalls in operating expenditure. However, in the event that the Target Group should require

additional working capital, the Company will consider readily available means of finance including a receivable financing facility, inventory financing or further equity funding.

Capital Expenditure

The Company has allocated $700,000 in its use of funds to apply to capital expenditure upgrades on the press deck, loader shed and chemical shed at the Pittong Plant. The Company engaged Primero Group, an engineering consultant, to undertaken a site inspection of the plant and preliminary assessment of data room documentation (including site inspection reports undertaken by the Target Group's consultants).

It is the Company's intention to assess the need to replace, upgrade and possibly expand the Target Group's existing infrastructure and equipment within the first 12 months of ownership, and will develop a plan and budget to address any further deficiencies as part of the ordinary course of business. It is possible that the capital expenditure required in order to upgrade ageing infrastructure may exceed the amount provided for in the use of funds, in which case the Company may consider funding arrangements including a possible combination of equipment finance and raising new capital.

Changes to the Board and senior management

There are no proposed changes to the board of the Company. The Company does not intend to change operational senior management post-acquisition.

Lead Manager

The Company has engaged Canaccord Genuity to act as lead manager to the Placement. Canaccord Genuity and the Co-Lead Managers in aggregate will receive:

- a fee of 6% of the gross proceeds raised under the Placement; and
- up to 12,000,000 unquoted options with an exercise price of $0.15 and an expiry date three years from the date of issue (**Advisor Options**).

The Company will seek shareholder approval under Listing Rule 7.1 for the issue of the Advisor Options.

ASX Confirmations and Timetable

ASX has confirmed that Listing Rule 11.1.2 applies to the transaction. Suvo will aim to seek that approval and the approval to issue the Placement Shares under Listing Rule 7.1, in accordance with the following timetable:

	Event	Proposed Date
1.	Despatch Notice of Meeting	Mid to late November 2020
2.	EGM Date	Mid to late December 2020
3.	Settlement of Acquisition and Placement Shares	Late December 2020
4.	Business transition – Hand over	Friday, 1 January 2021

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates.

The release of this announcement has been approved for release by the Board of Directors

< ENDS >

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Competent Person statement in accordance with ASX LR 5.12.10

The information in this report, provided under LR 5.12.2 to 5.12.7, that relates to Foreign Mineral Resources and Reserves is based on information compiled by Ivy Chen and Dr Andrew Scogings, and is an accurate representation of the available data and studies for the projects.

Ms Chen is a Principal Consultant at CSA Global Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Andrew Scogings is an employee of KlipStone Pty Ltd and a consultant to CSA Global Pty Ltd. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Professional Geoscientist in the field of industrial minerals with the Australian Institute of Geoscientists. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Dr Scogings and Ms Chen consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Company Profile:

Suvo Strategic Minerals Limited is a dual commodity Australian exploration and mining company listed on the Australian Securities Exchange (ASX:SUV) focused on the development of the 100% owned White Knight Kaolin Project located in the Yilgarn Craton in the Central Wheat Belt and the 100% owned Nova Silica Sands Project located in the Gin Gin Scarp near the township of Eneabba, both situated in Western Australia.

Annexure A - Financial Results of the Target Group

Item	Year to Date 30-Sep-20 AUD$000's (Unaudited)	Year ended 31 Dec 2019 AUD$'000's (Audited)	Year ended 31 Dec 2018 AUD$'000s (Audited)
Sale of goods	**8,820**	**13,685**	**13,778**
Cost of sales	(3,290)	(5,952)	(5,747)
Gross profit	**5,530**	**7,733**	**8,031**
Other income	100	191	477
Distribution and marketing expenses	(956)	(1,206)	(1,275)
Administrative and other expenses	(3,167)	(4,417)	(4,926)
Finance costs	(55)	(109)	(152)
Profit before income tax	**1,452**	**2,192[(2)]**	**2,155[1)]**
Income tax expense	(400)	(659)	(395)
Profit for the year	**1,052**	**1,533**	**1,760**
Normalised EBITDA (unaudited)[3]	**1,793**	**2,100**	**2,700**

Notes:

1. Including $319,000 of Profit before income tax related to Australian Vermiculite Industries Pty Ltd, a dormant company not part of the proposed transaction.
2. Including $330,000 of Profit before income tax related to Australian Vermiculite Industries Pty Ltd, a dormant company not part of the proposed transaction.
3. Normalised EBITDA (earnings before interest, tax, interest, depreciation and amortisation) excludes the impact of the values disclosed in notes 1 and 2, and other Imerys Group related non-recurring transactions.
4. From 1 January 2020 to 30 September 2020, the Target Group has sold 16,200 tonnes of kaolin products generating approximately $8,800,000 in revenue and $1,800,000 in normalised EBITDA. The Target Group has advised that the COVID-19 pandemic has had an adverse impact on domestic sales (reduction of 11%) and export sales (reduction of 17%).

The Target Groups's audited accounts for the years ending 31 December 2019 and 2018, and the unaudited management accounts for the 9 months to 30 September 2020 will be included in the Company's notice of meeting.

Annexure B- Pro-Forma Financial Information

Suvo Strategic Minerals Limited	A	B	C	D = B + C	E	F = D + E	G	H	I	J = F + G + H + I
Pro-Forma Balance Sheet at 30 June 2020			**Note 1**		**Note 2**		**Note 3**		**Consolidation**	**Suvo**
	Suvo	**Suvo**	**Suvo Pro-forma adj.**	**Suvo**		**Suvo**		**Target**	**Journals**	**Consolidated**
	Audited	**Audited**	**Pro-forma**			**Pro-forma**		**Unaudited**		**Unaudited**
		A$1=US$0.68769	**Capital raising and subsequent events**	**Post-Capital raising and subsequent events**	**Capital raising to acquire Target**	**Post-Capital raising to acquire Target**	**Purchase of Target and use of funds**			**Post-Target acquisition and use of funds**
	US$'000s	**AUD$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**	**$'000s**
Current Assets										
Cash	240	349	4,819	5,168	5,640	10,808	(4,800)	0		6,008
Trade receivables	63	92	0	92	0	92		2,300		2,392
Other receivables	18	26	24	50	0	50		100		150
Inventories - raw materials	0	0	0	0	0	0		900		900
Inventories - finished goods	0	0	0	0	0	0		400		400
Prepayments	0	0	0	0	0	0		0		0
Total Current Assets	**321**	**467**	**4,843**	**5,310**	**5,640**	**10,950**	**(4,800)**	**3,700**		**9,850**
Non-Current Assets										
Property, plant and equipment	0	0	8	8	0	8	700	4,100		4,808
Exploration and evaluation assets	0	0	2,812	2,812	0	2,812		0		2,812
Investment in Target	0	0	0	0	0	0	2,110	0	(2,110)	0
Mining lease bonds	0	0	0	0	0	0	1,850	0		1,850
Right of use assets	0	0	0	0	0	0		100		100

Deferred tax assets	0	0	0	0	0	0		300	300
Total Non-Current Assets	**0**	**0**	**2,820**	**2,820**	**0**	**2,820**	**4,660**	**4,500**	**9,870**
Total Assets	**321**	**467**	**7,663**	**8,130**	**5,640**	**13,770**	**(140)**	**8,200**	**19,720**
Current Liabilities									
Trade payables	105	153	49	202	0	202		1,600	1,802
Income tax payable	0	0	0	0	0	0		500	500
Lease liabilities	0	0	0	0	0	0		300	300
Employee benefits liabilities	0	0	0	0	0	0		600	600
Total Current Liabilities	**105**	**153**	**49**	**202**	**0**	**202**	**0**	**3,000**	**3,202**
Non-Current Liabilities									
Employee benefits liabilities	0	0	0	0	0	0		300	300
Provision for restoration and rehabilitation	0	0	0	0	0	0		2,600	2,600
Total Non-Current Liabilities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,900**	**2,900**
Total Liabilities	**105**	**153**	**49**	**202**	**0**	**202**	**0**	**5,900**	**6,102**
Net Assets	**216**	**314**	**7,614**	**7,928**	**5,640**	**13,568**	**(140)**	**2,300**	**13,618**
Equity									
Issued capital	12,904	18,764	7,447	26,211	5,640	31,851		46,300	(46,300)	31,851
Reserves	2,234	3,249	1,095	4,344	0	4,344		0	190	4,534
Retained losses and dividends paid	(14,922)	(21,699)	(928)	(22,627)	0	(22,627)	(140)	(44,000)	44,000	(22,767)
Total Equity	**216**	**314**	**7,614**	**7,928**	**5,640**	**13,568**	**(140)**	**2,300**		**13,618**

Notes:

1. Pro-forma adjustments as per Section 6.4 on page 85 of the Company's prospectus dated 25 June 2020.
2. Capital raising of $6.0 million less 6% capital raising fees of $360,000.
3. Use of funds:

Purchase price of Target	2,000
Stamp duty	110
Mining lease bonds	1,850
Capital expenditure	700
Working capital	640
Evaluation and feasibility work	200
Legal, accounting and engineering costs	140
	5,640

Annexure C - Information on the Pittong and Lal Lal Mines

The Pittong project mines kaolin from two active mines and processes the ore near the Pittong Mine site. The ore is a primary kaolin, occurring as a deeply weathered horizon within a coarse-grained granite. Overburden is minimal, and limited to thin soils and locally, thin volcanic epiclastic sediments.

Table 1 shows the initial reported mineralised material for the combined Pittong, Lal Lal and Trawalla deposits, as estimated in August 2005. Please note that these are not reported in accordance with the JORC Code, but instead in accordance with the 2001 edition of the PERC[3] Code.

Table 2 illustrates the same estimate depleted for mining production up to 31 December 2019. As is common industry practice, the next scheduled depletion of the estimates will be 31 December 2020.

The initial estimate was completed in August 2005 (Pettett, 2005) and is the basis of the current summary of mineralisation, underpinning the current mining plan and mining schedule (equivalent in confidence to reserves) which have been in use since 2005, to the present day, subject to depletion estimates discussed later in this report. Most production comes from the Pittong Mine, which is situated close to the processing plant. A small amount of production comes from the Lal Lal deposit, which is used to supplement Pittong with a higher brightness, non-yellowing ore.

The study that supports the August 2005 estimate was considered by the Target Group and the Competent Persons (in accordance with the PERC Code), at the time to be of a sufficient standard to support mine planning and scheduling activities. These estimates have been reviewed by Suvo, and are considered to be of sufficient quality, verification and confidence to be analogous to Indicated Mineral Resources and Probable Reserves for a kaolin deposit; however, as they have been reported in accordance with the PERC code, they are considered to be a foreign[4] estimate, and disclosure in this annexure has been reported in accordance with Listing Rule 5.12.

CAUTIONARY STATEMENTS: INVESTORS SHOULD NOTE:

The below tables set out the reported mineralised material for the combined Pittong, Lal Lal and Trawalla deposits, effective at 31 December 2019. Please note that these are not reported in accordance with the JORC Code, but instead with the 2001 edition of the PERC Code.

[3] The Pan European Reporting Code (PERC) is the European equivalent of the JORC Code in Australasia, SAMREC in South Africa, and similar reserves standards bodies elsewhere, and is a constituent member of CRIRSCO (www.crirsco.com). Representation on PERC covers major and junior mining sectors, industrial minerals, aggregates, coal, the investment and financial community and the professional accreditation organisations including the Institute of Materials, Minerals, and Mining (IOM3); the European Federation of Geologists; the Geological Society of London; the Institute of Geologists of Ireland; the Fennoscandian Association for Metals and Minerals Professionals; the Iberian Mining Engineers Board

[4] The ASX Listing Rules define a foreign estimate as an estimate of quantity and grade of mineralisation that was prepared using a mineral resources classification and reporting standard from another jurisdiction prior to an entity acquiring, or entering into an agreement to acquire, an interest in a mining tenement that contains the deposit, and which the entity has not verified as mineral resources or ore reserves in accordance with ASX LR Appendix 5A (JORC Code).

A competent person has not done sufficient work to classify the foreign estimates as mineral resources or ore reserves in accordance with the JORC Code 2012.

It is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as mineral resources or ore reserves in accordance with the JORC Code 2012.

Noting the above uncertainties, upon completion of the Acquistion, the Company proposes to undertake further feasibility and evaluation work in order to be able to report these estimates to similar levels of confidence, to at least the standard of a pre-feasibility level of study, in accordance with the current JORC Code.

Table 1: Kaolin as at August 2005, reported in accordance with PERC 2001 edition

Project Area	Resource (million tonnes)			Reserves (million tonnes)	
	Measured	**Indicated**	**Inferred**	**Proved**	**Probable**
Pittong	-	2.0	-	-	0.72
Trawalla	-	2.1	-	-	0.74
Lal Lal	-	-	-	-	0.04
Total	-	4.1	-	-	1.50

Table 2: Kaolin as at 31 December 2019, reported in accordance with PERC 2001 edition

Project Area	Resource (million tonnes)			Reserves (million tonnes)	
	Measured	**Indicated**	**Inferred**	**Proved**	**Probable**
Pittong	-	2.0	-	-	0.37
Trawalla	-	2.2	-	-	0.75
Lal Lal	-	-	-	-	0.02
Total	-	4.2	-	-	1.14

The notes below are applicable to Table 1 and Table 2:

- *"Resources and Reserves" are not reported in accordance with the 2012 edition of the JORC Code.*
- *Trawalla is included, although it is not operational and has not been reviewed for this memo.*
- *"Resources and Reserves" are in million metric tonnes of final product. Differences may occur due to rounding.*
- *"Reserves and Resources" are EXCLUSIVE. Quantities and qualities quoted for "Resources" do not include the "Reserves" material.*
- *Figures rounded to appropriate number of significant figures*

ASX LR5.12 DISCLOSURE

Subject to Listing Rule 5.13, an entity reporting historical estimates or foreign estimates of mineralisation in relation to a material mining project must include all of the following information in a market announcement and give it to ASX for release to the market. The following disclosure applies to the Pittong, Trawalla and Lal Lal deposits.

ASX LR 5.12.1 - The source and date of the +historical estimates or +foreign estimates.

The Mineral Resources and Ore Reserves estimate was prepared in August 2005 for Imerys by Mr J Pettett, an external consultant to the company (Pettett, 2005). Mr Pettett has not consented to his work being quoted in this summary. Dr Andrew Scogings, an independent consultant to Suvo is responsible for the following discussion, and is a Competent Person in industrial minerals. The report was prepared to assess the validity of historical drill hole sample data, review previous work on the kaolin deposit at Pittong, to compare the previous work with the August 2005 block model analysis and from that to estimate remaining reserves and resources in 2005 with a degree of confidence appropriate to Imerys' needs at the time. The August 2005 work considered Modifying Factors appropriate to the projects at the time, including review of product portfolio and processing changes, since previous reserve estimates were compiled.

It was noted at the time that the evaluation of industrial minerals such as kaolin involved a high degree of subjectivity, stemming from the absence of industry-wide common criteria, and included the lack of an easily defined cut-off grade, and the significant impact of product-specific marketing and processing criteria on the reserve classification.

Additional historical and background information for the 2005 estimate was supplied by Mr Phil Kinghorn, who was formerly geologist at the Pittong project at the time of the main c. 1990 drilling program. Mr Kinghorn also acted as a Competent Person for the reserve/resource statement for 2005 and advised on the material in this report (specifically geological information). As stated earlier, the estimate was reported in accordance with the 2001 edition of the PERC Code. Internal audits of the estimates were completed in 2006, 2011 and 2018 by Imerys (Hoffler, 2006; Herod, 2011; Houseman, 2018).

ASX LR 5.12.2 - Whether the +historical estimates or +foreign estimates use categories of mineralisation other than those defined in Appendix 5A (JORC Code) and if so, an explanation of the differences.

These estimates were classified using categories of "Indicated Resources" and "Probable Reserves", as defined in the 2001 edition of the PERC Code. These categories are considered to be approximately equivalent to the categories as per the 2004 edition of the JORC Code which was in effect at the time. Table 3 summarises the comparative definitions of these respective categories. A comparison with the current 2012 edition of the JORC Code, which is within Appendix 5A of the ASX Listing Rules, is also provided in the same tabulation.

As both the PERC and the JORC Code derive from the CRIRSCO template, the underlying principles of the classification categories are very similar. However, there are differences in the application of the classification categories by practitioners over time, such that the 2005 estimate may not be wholly compatible with the current JORC (2012) Code.

One key difference between the 2001 edition of the PERC Code 2001, and the current JORC Code, is requirement to report on an "if not, why not" basis in the current JORC Code. The level of detail in disclosure prepared in accordance with the 2001 edition of the PERC Code, may be slightly lower, but it was not materially so. Disclosure of the material inputs and assumptions were reported transparently, and reflected the competence of the Competent Person involved.

Due diligence review completed by Suvo, and CSA Global's review, has allowed CSA Global in the role of Competent Persons for this report, to conclude that the August 2005 estimate reported in accordance with the 2001 PERC Code, is adequately reliable to be considered appropriate for the purposes of represenetation in this report. The initial August 2005 "Indicated Resources" and "Probable Reserves" outlined in Table 1 of this report, and the depleted 31 December 2019 "Indicated Resources" and "Probable Reserves" summarised in
Table 2 are of sufficient confidence to be regarded as equivalent to Indicated Mineral Resources and Probable Ore Reserves for the purposes of the transaction. Suvo has relied on this conclusion to proceed with this transaction with confidence that there is kaolin reserves to maintain operations on a business as usual basis.
Within approximately six months following the successful conclusion of the transaction, Suvo intends to complete sufficient work on the Pittong and Trawalla projects (Lal Lal is assessed as immaterial in size) to be able to report Mineral Resource and Ore Reserve estimates in accordance with the current JORC Code.

ASX LR 5.12.3 - The relevance and materiality of the historical estimates or foreign estimates to the entity.

The existing estimates completed in August 2005 and reported in accordance with the 2001 edition of the PERC Code, despite not being disclosed in accordance with the current JORC Code, form the basis for Suvo's decision to acquire the projects. The August 2005 estimate has been used by Imerys to support on-going mining activities since 2005, and the mine itself has been in continuous operation since 1972.

The August 2005 estimates and subsequent estimated resource depletion estimates, have been accepted by Suvo, as being adequate and material to the assessment of the proposed acquired projects as a viable operation, following due diligence reviews in relation to the transaction, and a site visit by a mining engineer and a metallurgist from Mining Plus on 6 and 7 October 2020 (Mining Plus, 2020), commissioned by Suvo in October 2020.

The details of the site visit, including the observations by Mining Plus, an extensive number of photographs of the mine, run of mine (ROM) stockpiles, test pits, dams, waste dumps, mining equipment, process plant infrastructure, tailings storage facilities, were made available to Suvo for reasonable assessment of the condition of those assets.

Despite the in-principle similarities between the mineralisation categories used to classify the August 2005 estimates and the contemporary JORC Code, there may be material differences which arise due to, among other factors:

- elapsed time;
- changes in industry practices;
- improvements in estimation techniques;
- improvements in processing and recovery techniques and processes;
- changing market demands and specifications; and
- pricing variations.

All these differences and others will be evaluated by Suvo, as the company progresses towards reporting the Pittong, Trawalla and Lal Lal estimates in accordance with the current JORC Code, completing appropriate studies of at least the equivalent to pre-feasibility standards to declare Indicated Mineral Resource and Probable Ore Reserves. It should be noted that as the Pittong Project is a viable going concern, a long standing operating mine with existing process and production infrastructure, economic modifying factors exist as reliable documented operating parameters and operating history extending from 1972 to the most current day of 30 September 2020. The Pittong, Trawalla and Lal Lal deposits are all located on approved Mining Licences MIN5408, MIN5365 and MIN5409 respectively. MIN5408 expires on 18 December 2020, however, Victorian mining law provides that if the renewal application is lodged before expiry, the licence continues in effect until the application is granted and registered or refused. The Target Group has lodged an application for renewal which is currently pending. Renewal is not automatic and there are a number of matters that have to be taken into account when determining whether to grant or refuse an application.

In particular, mining must be occurring or have occurred and continue, or restart, in the renewed term.

The relevant minister may also refuse the application where:

- the applicant has not complied with the Mining Act or a condition in the licence, a work plan or a planning scheme;
- the applicant has endangered the public or an employee on or near the land the subject of the licence;
- the applicant is not a fit and proper person, does not genuinely intend to carry out the work, does not have an appropriate work program or does not have the financial resources to carry out the work or rehabilitation; or
- it is no longer feasible to mine and it will not be feasible to mine in the future.

The Company is aware that as a result of the Acquisition, the relevant department must be advised of:

- any changes of associates of the relevant entities (such as changes to directors and officers of Mircal Australia); and
- changes associated with Mircal Australia's access to finance.

Whilst there is a risk that the Minister does not grant the renewal (or does not grant it on terms acceptable to the Company), the Company has assessed the above and does not believe either pose a material risk to the renewal of the mining licence.

Aside from the matters stated above, the Company is not aware of any reason why mining licence MIN5408 would not be renewed.

According to the current JORC Code, conversion of Mineral Resources to Ore Reserves requires that all Modifying Factors be considered. These include mining, processing, metallurgical, infrastructure, economic, marketing, legal, environment, social and government factors.

Regarding Modifying Factors, it should be noted that as the Pittong Project is an operating mine with for example, existing mining and environmental permits, established and proven mining methods, process methods, and production infrastructure, saleable products, experienced operational personnel and market agreements, the economic Modifying Factors already exist as reliable operating parameters that can be used in assessing the economically mineable parts of the three deposits.

As part of the Acquisition, the Company will be required to replace existing environmental and rehabilitation bonds as follows:

Asset	**$**
Pittong	1,198,000
Lal Lal	398,000
Trawalla	254,000
Total	**1,850,000**

(together, the **Rehabilitation Bonds**).

The Company intends to finance the replacement of the Rehabilitation Bonds through funds raised under the Placement, as set out in the use of funds in this announcement.

The Company intends to continue to use the existing infrastructure at the Pittong Plant. The Company has undertaken a site inspection of the infrastructure and has adopted the Target Group's planned budget for capital expenditure works over until April 2021. As set out in this announcement, the Company will continue to assess capital expenditure requirements on the Assets as part of the ordinary course of business.

With regards to financial assumptions (costs and revenue factors), the Company will provide audited accounts of the Target Group for the years ending 30 June 2018 and 2019, and unaudited year to date management accounts for the 9 months ending 30 September 2020, as part of its notice of meeting. No forward looking financial statements will be made by the Company until such time as it is able to provide JORC compliant resource and reserve estimates.

With regards for a market assessment, there is continuing demand for the output of the Target Group's output. The Acquisition Agreement contains transitional measures for the ongoing distribution of production to offtakers for a period of up to 24 months from completion. The Target Group has advised that the COVID-19 pandemic has had an adverse impact on domestic sales

(reduction of 11%) and export sales (reduction of 17%).

CSA Global as the Competent Persons for this announcement concur that the August 2005 estimates reported in accordance with the 2001 PERC Code are a material foreign estimate, and are of sufficient reliability to be regarded as equivalent in confidence to Indicated Mineral Resources and Probable Ore Reserves for the purpose of the Acquisition.

Table 3: Comparisons of the 2001 PERC, 2004 JORC, and 2012 JORC Codes

2001 PERC Code		2004 JORC Code		2012 JORC Code	
Category	**Description**	**Category**	**Description**	**Category**	**Description**
Indicated Mineral Resources	...that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.	Indicated Mineral Resources	… that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.	Indicated Mineral Resources	…that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.
Probable Mineral Reserves	…the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments, which may include	Probable Ore Reserves	…is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been	Probable Ore Reserves	…the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Ore Reserve is lower than that applying to a Proved Ore Reserve.

	feasibility studies, have been carried out, and include consideration of, and modification by, realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction is justified.		carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors These assessments demonstrate at the time of reporting that extraction could reasonably be justified.		

ASX LR 5.12.4 - The reliability of the historical estimates or foreign estimates, including by reference to any of the criteria in Table 1 of Appendix 5A (JORC Code) which are relevant to understanding the reliability of the historical estimates or foreign estimates.

Due diligence reviews completed by Suvo to date have provided the Company with assurance that the work completed to date has been of an acceptable standard and commensurate with industry standards in August 2005. Suvo has accepted that the foreign estimates outline an acceptable level of project planning and performance, with most processes adequately measured, and controlled. While the estimates cannot currently be disclosed in accordance with the JORC Code, Suvo considers that the estimates are fit for the purpose of assessing future potential. The 15 years of operating history of the Pittong and Lal Lal mines to date based on these estimates, provides an added level of assurance as to these estimates being fit for purpose.

In the opinion of the Competent Person, the quantities and qualities of material reported in the foreign estimates are suitably reliable to inform Suvo's acquisition decision, and provide a valid description of the projects.

In terms of the primary criteria in Table 1 of the current JORC Code Section 1 (drilling, sampling, sample recovery, logging, sample preparation, quality control and quality assurance, assaying, surveying of sample locations, data spacing and distribution, data management, and sample security), Suvo has noted that:

- additional quality data is needed;
- the identification of zones of lower quality or waste could be improved by additional drilling; and,
- more in situ density data is required to move away from relying on assumed density values.

In terms of the primary criteria in Table 1 Section 2 of the JORC Code (tenure status, previous exploration, geological interpretation, data aggregation, relationships between mineralisation widths and intercept lengths, quality of diagrams and the balance in reporting), the work completed to date has been consistent with the techniques and industry standards of the time, but Suvo plans to verify the historical data in critical areas of the project using contemporary methods and practices, to improve the robustness of the work completed and allow reporting in accordance with the JORC Code.

In terms of Sections 3 and 4 of the JORC Code, Suvo has considered the estimates as being largely indicative, with additional confidence derived from the on-going mining and processing at the Pittong operations.

ASX LR 5.12.5 - To the extent known, a summary of the work programs on which the historical estimates or foreign estimates are based and a summary of the key assumptions, mining and processing parameters and methods used to prepare the historical estimates or foreign estimates.

As part of the due diligence process Suvo has reviewed the work programs and key assumptions used to prepare the estimates.

The foreign estimates relied on work comprising:

- drilling of 300 holes at Pittong for a total of 5,940m (of which ~150 holes were used to form the resource model); 240 holes at Trawalla for a total of 4,500m; and 154 holes at Lal Lal for a total of 3,300m.
- the exploration holes were mainly aircore with some diamond core and were drilled between 1970 and the 1990's.
- drill spacing at Pittong is fairly irregular and close-spaced at about 25m to 50m, while the spacing at Trawalla is on a regular 100m x 100m grid, closing down to 50m x 50m in the area where pits have been planned.
- all holes were vertical, to intercept the sub-horizontal kaolin mineralisation at right angles (approximately true thickness).
- kaolin thicknesses at Pittong range from about 5-40m, while at Trawalla they range from about 5-25m.
- 2,170 samples of 1-3m width from Pittong were analysed; 1,320 samples of 1-3m width from Trawalla were analysed; and 1,030 samples ranging from 0.5-3m in width were analysed at Lal Lal. All samples were analysed for physical properties specific to kaolin products such as brightness, viscosity and particle size.
- representative samples of final kaolin concentrates from the analytical process were analysed by X-Ray Diffraction (XRD) methods to determine kaolinite and other mineral contents, and by Scanning Electron Microscopy (SEM) to determine crystal shape, aspect ratio (shape factor) and delamination behaviour which are important properties in kaolin markets.
- geological logging of drill holes, in conjunction with the physical quality test results, were used to interpret three dimensional models. Geological codes used were 'ovb' (overburden), 'gfk' (granite fully kaolinized) and 'pkg' (poor quality kaolinised granite).
- these were in turn used to code model blocks.
- inverse distance squared estimation was then used to estimate quality.
- quality results were assigned according to the following quality parameters:
    - brightness,
    - unbleached violet,
    - yellowness,
    - viscosity concentration,
    - flow,
    - bleached violet,
    - % <2 µm, and
    - yield.
- The estimated resource tonnages were derived from the modelled volumes by using an assumed in situ bulk density (ISBD) of 1.5t/m^3.

The estimation report noted that the in situ bulk density (ISBD) previously assumed for the estimate (1.5 t/m^3) was low, and possibly attributable to conversion from imperial measurements in February 1972.

Indicative sampling completed in 2005, and subsequently in 2017, suggested a density of approximately 1.8 t/m^3 was closer to reality. This is a critical assumption, and Suvo plans to collect a substantial amount of ISBD measurements to refine the estimation of tonnages as exploration work is done.

Yield was considered critical to estimates of kaolin tonnage and is calculated as a single pass refining in two stages after coarse constituents with a particle size greater than 53 µm (generally quartz and mica) are removed.

Yields of 30% were assumed in the 2005 estimate; however Suvo found subsequent processing updates from 2017 which noted that yields had been increased to approximately 40–45% This is another critical assumption which Suvo plans to test and review.

In the opinion of the Competent Person the drilling methods, drill spacing, geological logging, sample lengths, physical quality testing and mineralogical studies, reported in the foreign estimates are appropriate for this style of kaolin mineralisation. The Competent Person also notes that Dr. Ian Wilson, a Non-Executive Director of Suvo who was previous employed by English China Clays PLC and subsequently by Imerys, is an international kaolin expert with intimate working knowledge of the exploration, mining and processing of the Pittong, Trawalla and Lal Lal deposits.

Suvo used geological software to develop conceptual models of the 'gfk' mineralisation domains at Pittong and Trawalla (Lal Lal being deemed immaterial in size), as a method of verifying reported resource and reserve tonnages. Suvo concluded that the conceptual models are of a similar magnitude to the reported tonnages.

Key assumptions noted during the due diligence process, which Suvo plans to review, include:

- quality cut-offs for reporting purposes, which appear to include excessive amounts of low-quality portions of the mineralisation;
- reconciliations between estimates and actual production;
- Modifying Factors that are no longer current;
- pit design parameters; and,
- economic and market assumptions.

The Reserves were quantified using a designed optimal pit outline, and only the estimated resource blocks which fell within each final pit shell, and met the relevant quality constraint was considered as ore. Only contiguous blocks which could be practically mined were classified as ore. Isolated blocks surrounded by waste were rejected.

The Pittong pit was considered a relative lower cost operation. Mining was accomplished primarily using a scraper, a 20 tonne articulated dump truck, and a 20 tonne excavator. A front end loader was also employed where necessary. The large shallow nature of the deposit and open access at the southern end allows the mining costs to remain low, as the pit deepens.

Mining cost at Lal Lal are slightly higher than at Pittong, largely attributable to some 60km of hauling required to transport the ore to to the plant. Mining is only possible using an excavator and articulated dump truck, due to both to the historical mining method which does not allow sufficient room to employ a scraper and also to the very specific nature of the ore from Lal Lal which requires visual grade control or 'picking' of the best material to prevent dilution of naturally high brightness material. It is expected that when all the remaining high brightness material is removed from Lal Lal, the pit will close.

The cost of mining in Trawalla is expected to be similar to Pittong with similar equipment to be used, plus an additional haulage cost attributable to the 24km distance from Trawalla to the processing plant.

Assumptions applied to the pit designs include:

- Bench height 4 metres
- Berm width 5 metres
- Face angle 60°

These design parameters give an overall slope angle of 29°, which can be considered conservative for slope angles in undisturbed kaolin, reducing the likelihood that pit walls will fail. The report noted that geotechnical assessment of the pits was proposed in 2006, and those findings would have been be used to test and confirm the assumptions applied to the pit designs used in reserve estimation. The reports do not provide details for any additional assumptions or economic modifying factors considered.

Figure 1, a photo take by Mining Plus approximately 15 years later in October 2020, has provided reassurance that the assumptions employed in the 2005 reserves estimate were sound, and the pits remain in sound operating order to date.

Figure 1: Pittong north pit, illustrating open and shallow nature of the typical pit

Figure 2: Pittong mine ROM pad

ASX LR 5.12.6 - Any more recent estimates or data relevant to the reported mineralisation available to the entity.

There have been no further updates to the 2005 estimates apart from annual depletion for mining production. The most recent depletion for mining was completed up to 31 December 2019, and the next depletion is scheduled for 31 December 2020, in line with the normal practice for the operations and consistent with typical industry practices for industrial mineral projects.

Internal audits of the estimates were completed in 2006, 2011 and 2018 by Imerys. These internal audits indicated that the site's Mineral Reserves and Resources were acceptable with observations regarding areas of improvement ("Internal Audit Report – Geology, Mine Planning and Mining", 2018), with no material risk to the continuity of the operations given the large resource and reserve base relative to the annual production rate.

CSA Global have reviewed the audit documents and tested the reliability of the remaining depleted estimate using a conceptual block model and surveyed surfaces provided by Imerys and can concur that the level of confidence attributed to the estimates is appropriate and equivalent in nature to Indicated Mineral Resources and Probable Ore Reserves.

ASX LR 5.12.7 - The evaluation and/or exploration work that needs to be completed to verify the historical estimates or foreign estimates as Mineral Resources or Ore Reserves in accordance with Appendix 5A (JORC Code).

Sufficient work will need to be completed to ensure that all the key criteria outlined in Table 1 Sections 1, 2, 3 and 4 of the JORC Code can be addressed by a Competent Person. These include but are not restricted to the following critical criteria:

- Accurate and representative in situ density data is one of the critical data acquisition activities planned by Suvo to verify the accuracy of the existing estimates and to progress towards being able to report estimates in accordance with the current JORC Code.
- Current market and specification assumptions will be required for the updated estimates.
- Current processing capabilities will require review to ensure that the updated estimate is based on current operating conditions and costs.
- Current costs will need to be sourced to ensure that Ore Reserve estimates are based on current and forecast inputs.
- Pit design parameters included 4 m bench heights, 5 m berm widths, and 60° face angles. The resultant 29° slope angles are shallow, and can potentially be steepened assuming geotechnical, hydrogeological, and other parameters associated with pit wall stability can be adequately measured and defined.

Table 4**Error! Reference source not found.** lists some of the additional proposed work that will support reporting of the projects' resources and reserves in accordance with the JORC Code.

Table 4 Proposed work to verify the foreign estimates

Evaluation	Proposed activity
Drilling and QC	Verify existing drilling data and geological logs by drilling twin holes; and by ensuring acceptable quality control procedures such as inserting duplicate and umpire samples.
Quality data	Review and verify accuracy of quality data based on the planned twin holes. Ensure that physical testing of drill samples is consistent with current plant processes and yields.
Tenure	Ensure statutory expenditure and reporting obligations are in order.
Data Storage	Digitalise and verify original drill hole data, and back up to digital storage.
Density	Collect and evaluate appropriate in situ bulk density measurements.
Block Model	Conduct visual validation of data against estimate, including regular comparison of block model estimates of quality against production data and incorporation of other quality parameters.
Short Term Mine Planning	Conduct short term validation of real and predicted quality variance. Including bench-scale comparisons, and periodical yearly/six-monthly/quarterly reviews keyed to model quality plots.
Waste Dumps	Review existing waste dumps, relocate or redesign, as necessary.
Reclamation Provision	Review and update reclamation provisions based on updated actual mining costs.
Fleet Optimisation	Review owner option or contractor equipment/fleet study for possibly scaling up of operations, including eventually adding Trawalla as a 3rd mining site.
Review Reserve Reporting	Reserve and resource estimation may be based on incorrect in situ density assumptions and possibly obsolete process recovery. Update with correct factors.
Resource Reporting	Review quality parameters, and if necessary, develop relevant quality cut-offs and re-estimate and reclassify estimated model.
Reconciliation	Review and institute regular volumetric or quality reconciliation to feedback into updates for the estimates. Consider appropriate frequency for the depletion of the estimated block model BMR and reporting cycles.
Mineral Accounting	Review current mass balance between mine and finished product. Ensure production is appropriately tracked to allow accurate depletion of the reported Mineral Resources and Ore Reserves.

The recommendations for additional review work proposed by Mining Plus staff following the site visit in October 2020, have been accepted by Suvo and will inform the detailed planning to facilitate the disclosure of Indicated Mineral Resources and Probable Ore Reserves in accordance with the JORC Code. These recommendations might include, but are not restricted to:

Mining considerations:

- technical review of the 4 mining areas (Pittong site, Plant Dredge Pond, Trawalla Site, and Lal Lal Site) confirm the level of confidence accorded the remaining volumes and tonnages in the August 2005 estimates based on existing drilling data and geological block models;

- geotechnical assessment to confirm that final batter designs in the current mine plans are suited for rehabilitation purposes for final landform water holding capability as well as a geotechnical assessment on the dredge pond bank levy;
- review of blending specifications and products to ensure that any change in requirements for combining raw mined kaolin from several sites will not cause bottlenecks hindering the delivery of product to required product specifications should selective mining be required;
- review of the mine plan and site layout to ensure any legacy issues are made current, for example the ensuring that the waste dump and backfilling is scheduled in accordance with final rehabilitation proposals lodged with the Victorian regulatory authorities;
- reviewing proposed long haulage plans for the Trawalla and Lal Lal deposits to ensure compliance with local road restrictions for certain vehicle types, this may include investigating if identification of optimised haul routes and haulage vehicle configurations is needed;
- review of water discharge licenses to ensure that any future restrictions will not hinder the site's ability to continue to discharge water if necessary – particularly at Lal Lal and Pittong operations;
- confirm that drainage and water management reviews are up to date and exist for all sites;
- review the potential of low quality waste stocks at the Pittong Plant and waste by products for opportunities to produce saleable products for the local construction industry, as an additional upside to the business;
- monitor a potential risk posed to the Trawalla operations by a potential road realignment, posing a threat to access for the deposit;
- ensure the public Road Reserve at Pittong is established to a sufficient standard to adhere to government standards for ground stability, with considerations for post-closure requirements which may include a future body of water in the completed pit;
- consider a rehabilitation soil/substrate/seeding study, to investigate the potential for using waste material blends as a growth medium, in lieu of top soil availability for Pittong and Lal Lal;

Processing considerations:

- review and schedule any necessary structural maintenance to the wet plant .
- review rectification options for the filter press building to align wth other maintenance and repairs to maintain equipment condition in good order.
- review and schedule identified maintenance and repair for:
    - o Slat tables
    - o Band dryer drive chain
    - o Band dryer ducting repairs
    - o Band dryer screw conveyor
    - o Filter press hanger bars
- review marketing opportunities, with a view to possibly increasing sales targeting import replacement in Australia, New Zealand and Asia is recommended, and linking these considerations to possibilities to expand production and any necessary process debottlenecking based on expanded product types.

- review options for new infrastructure such as a new press building, which may provide additional space and opportunity to simplify production and expand product handling.
- review of the current product range with a view to simplifying production and logistics while maintaining coverage of existing niche markets.

These are all considerations which Suvo will review and prioritise as the Company progresses towards re-reporting the August 2005 estimates in accordance with the JORC Code. Not every single one of these elements will necessarily be completed and implemented in the six months, which the Company anticipates will be necessary to compete sufficient work to provide disclosure to the market completed in accordance with the JORC Code. However as an ongoing operations these and other considerations will continue to be monitored, reviewed and updated as part of the operations.

ASX LR 5.12.8 - The proposed timing of any evaluation and/or exploration work that the +entity intends to undertake and a comment on how the +entity intends to fund that work. Use a serial structure for memoranda. In general, limit memoranda to 10 pages or less.

It should be noted that as the Pittong project is an operating mine, with a 48 year production history, therefore the completion of a study to an equivalent of at least pre-feasibility standard will not require the same amount of time as might be required for a greenfields or even brownfields project.

Almost all the economic modifying factors which are generally assumed in a greenfields or brownfields development project are actually tried and tested real operational parameters in a current operational context. This situation provides a level of confidence which is significantly higher than for a project requiring construction and ramp-up.

Suvo intends to undertake the work within 6 months of settlement of the transaction, with the intention to be able to report Indicated (or Measured) Mineral Resources, and leading towards declaring Probable Ore Reserves once sufficient work has been completed.

The Company proposes to fund this work through general working capital that has been allocated in the proposed capital raising to complete the transaction, as well as from profits generated from the operations.

The Company's proposed financing assumptions, funding intentions for future evaluation and feasibility work, and its proposed capital expenditure works, are set out in the above announcement.

Declaration in accordance with ASX LR 5.12.9

Please note that the reported estimates are:

- foreign estimates and are not reported in accordance with the JORC Code, they have been reported in accordance with the 2001 edition of the PERC Code;
- a Competent Person has not yet done sufficient work to classify the foreign estimates as Mineral Resources or Ore Reserves in accordance with the JORC Code; and

- it is uncertain that following evaluation and/or further exploration work that the foreign estimates will be able to be reported as Mineral Resources or Ore Reserves in accordance with the JORC Code.

Competent Person statement in accordance with ASX LR 5.12.10

The information in this report, provided under LR 5.12.2 to 5.12.7, that relates to Foreign Mineral Resources and Reserves is based on information compiled by Ivy Chen and Dr Andrew Scogings, and is an accurate representation of the available data and studies for the projects.

Ms Chen is a Principal Consultant at CSA Global Pty Ltd and is a Fellow of the Australasian Institute of Mining and Metallurgy. Dr Andrew Scogings is an employee of KlipStone Pty Ltd and a consultant to CSA Global Pty Ltd. Dr Scogings is a Member of the Australasian Institute of Mining and Metallurgy and a Registered Professional Geoscientist in the field of industrial minerals with the Australian Institute of Geoscientists. Dr Scogings has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources, and Ore Reserves. Dr Scogings and Ms Chen consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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