



WA Kaolin Limited

ABN 56 083 187 017

Annual Financial Report

30 June 2021

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CORPORATE INFORMATION

ABN 56 083 187 017

Directors

Dr John White (Non-Executive Chairman)
Mr Alfred Baker (Executive Director)
Ms Cathy Moises (Non-Executive Director)
Mr Linton Putland (Non-Executive Director)

Chief Executive Officer

Mr Andrew Sorensen

Company secretary

Mr Michael Kenyon

Registered office

Lot 3, Ward Road
ROCKINGHAM WA 6168
Telephone: +61 8 9439 6300

Principal place of business

Lot 3 Ward Road
EAST ROCKINGHAM WA 6168
Telephone: +61 8 9439 6300
Website: www.wakaolin.com.au

Share registry

Automic Share Registry
126 Phillip Street
SYDNEY NSW 2000
Telephone: 1300 288 664

Solicitors

Gilbert & Tobin
Level 16 Brookfield Place Tower
2/123 St George's Terrace
PERTH WA 6000

Bankers

National Australia Bank
255 George Street
SYDNEY NSW 2000

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

DIRECTORS' REPORT

The directors of WA Kaolin Limited (the "Company") submit the financial report for the year ended 30 June 2021. In order to comply with the provisions of *the Corporations Act 2001*, the directors report as follows:

Directors

The names of directors who held office throughout the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Keith Snell (resigned 24 July 2020)
 Mr Alfred Baker
 Dr John White
 Ms Cathy Moises
 Mr Linton Putland
 Cameron Baker (appointed as alternate director on 16 August 2020)
 Mr Andrew Sorensen (resigned as alternate director on 24 July 2020)

Directors' Information

Dr John White (Non-Executive Chairman)

Dr White has been a director and/or CEO of several publicly listed and private Australian companies. Dr White is formerly the Chairman of the Federal Government's Uranium Industry Framework Council, a member of the Federal Government's Defence Procurement Board and Director of the DefenceSA Advisory Board.

Dr White had extensive involvement with Woodside's North West Shelf Offshore Gas and LNG Development from 1978 to 1984, and then participated in the RAN Collins Class Submarine Project tender as Project Director for the Australian-German owned AMEC proposal.

Dr White was CEO of Transfield Defence Systems Pty Ltd from 1988 to 1996 and then Global Chief Executive of the recycling/packaging group, Visy Industries. He is currently Chairman of Regenerative Australian Farmers Pty Ltd and Birdon Pty Ltd.

Qualifications: BE(Hon), PhD

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chairman of Board of Directors, Member of Remuneration and Finance & Audit Committees

Interests in shares: None

Interests in options: 3,000,000

Mr Keith Snell (resigned 24 July 2020)

Mr Snell had over fifty years' experience in the design, construction and logistic support of naval vessels in Australia, the United Kingdom and the United States of America - and throughout his career, successfully completed complex projects for maritime, land, aviation, electronic and industrial systems in Australia and internationally. Keith was also the co-owner and group Managing Director of Scientific Management Associates - Australia's largest supplier of Integrated Logistics Support services to the Department of Defence and Industry. Mr Snell passed away on 24 July 2020 after battling health issues for some time.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: None

Interests in shares: 49,883,574

Interests in options: 7,200,000

Mr Alfred Baker (Executive Director)

Mr Baker has an engineering background with more than 40 years' experience in process technology and is co-founder of WA Kaolin. He is an experienced and successful businessman, authoring several patents and designs during his extensive career.

Since 1996, Mr Baker has founded and directed a number of companies, including:

- EMC Pacific Aust P/L (EMCPA), Australia's only manufacturer of power distribution insulators. EMCPA has formed a joint venture to commence manufacture of its products in USA, commencing April 2020.
- Pacific Polymers, a mineral treatment plant operating in Dandenong, Victoria, using patented technology.

Mr Baker was Managing Director of the highly successful PQ Australia (PQA) from 1976 to 1996, which he co-founded with his brother. PQA produces the inorganic chemical, Sodium Silicate, in both glass and liquid form, and the patented valuable downstream product 'Q-Cel' hollow microspheres.

In all cases, innovation, hands on determination and training of younger executives have led to success and low-cost producer status.

Mr Baker is also charged with the overall responsibility, as project director, of the Company's Wickepin mine development.

DIRECTORS' REPORT (continued)

Mr Alfred Baker (Executive Director) (continued)

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Executive Director

Interests in shares: 49,883,574

Interests in options: 7,200,000

Ms Cathy Moises (Non-Executive Director)

Ms Moises has worked for a number of the most prominent stock broking firms within Australia including Merrill Lynch, Citigroup, Evans and Partners (as a partner) and most recently worked as Head of Research for Patersons Securities.

Ms Moises has a Bachelor of Science (Hons) Geology in addition to a Securities Institute of Australia Diploma of Finance and Investment and has over 30 years' experience working within the resources industry primarily as a financial analyst. She has extensive capital markets, company management, financial analysis and Institutional Investor engagement experience.

Qualifications: BSc (Hons), GDAFI

Other current directorships: Arafura Resources Limited, Australian Potash Limited, Podium Minerals Limited, Pearl Gull Limited and PacGold Limited

Former directorships (last 3 years): None

Special responsibilities: Chair of Remuneration Committee, Member of Finance & Audit Committee

Interests in shares: 1,250,000

Interests in options: 3,375,000

Mr Linton Putland (Non-Executive Director)

Mr Putland holds degrees in Mining Engineering (Bachelor of Engineering, Western Australian School of Mines) and a Masters in Science (Mineral Economics, Western Australian School of Mines) with more than 30 years' experience in mining operations, joint ventures and corporate management in Australia, Africa and the Americas, over a wide range of commodities.

Mr Putland is principal of LJ Putland & Associates, a private mining consultancy company which was founded in 2002, providing advisory and consultancy services in mining project and company evaluation and due diligence appraisals with a focus on corporate growth. During this period, he has also been Managing Director of a privately-owned exploration company with joint venture interests in Africa.

Prior to this he held corporate and senior management roles in IAMGOLD, AurionGold, Delta Gold and Pancontinental Mining. He is a Member of AusIMM and a Graduate Member of AICD.

Qualifications: B Eng (Mining), MSc (Min Economics)

Other current directorships: Breaker Resources NL

Former directorships (last 3 years): Pacific Energy Limited (ceased 2 December 2019); Azumah Resources Limited (ceased 14 November 2019)

Special responsibilities: Chair of Finance & Audit Committee, Member of Remuneration Committee

Interests in shares: None

Interests in options: 1,500,000

Mr Andrew Sorensen (Alternate Director – resigned 24 July 2020) / Chief Executive Officer

With more than three decades experience in operations management, Mr Sorensen joined WA Kaolin in 2006 and has overseen several of the company's key developmental milestones. He is fundamental in driving and implementing the Company's vision and strategy, overseeing the day-to-day activities of the business, liaising with the Board where necessary. He holds a bachelor's degree in Applied Science (Information Management) and a Master of Business Administration.

Prior to joining WA Kaolin, Mr Sorensen held senior leadership positions across a broad range of industries, including General Manager CMTP Pty Ltd Derrimut, Vice President / General Manager (Asia Pacific) for Potters Industries Inc. and Manufacturing Manager for PQ Australia Pty Ltd.

Mr Sorensen's responsibilities include the formulation and implementation of key strategic, business and operational matters. He also manages the operational team and guides the continuous improvement of the Wickepin Kaolin Project. Additionally, he drives standards in health and safety, security, environment, IT and procurement.

Qualifications: B App Sci and MBA

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chief Executive Officer

Interests in shares: 6,187,556

Interests in options: 2,100,000

DIRECTORS' REPORT (continued)

Mr Michael Kenyon (Company Secretary)

Mr Kenyon has held senior roles with both private and ASX-listed corporations over the past 23 years. He holds a Bachelor of Business degree from Edith Cowan University, is a Chartered Accountant and a graduate member of the Australian Institute of Company Directors.

He commenced his finance career with roles at then 'Big 6' professional services firms, Ernst & Whinney and Price Waterhouse before joining diversified industrial company, Vysarn Pty Ltd in 1997 as Chief Financial Officer.

Since that time, Mr Kenyon has held CFO roles with ASX-listed Forge Group Ltd, Matrix Composites and Engineering Ltd and is currently CFO for Resource Development Group Ltd. He is also a non-executive director of ASX-listed company Babylon Pump & Power Limited and a leading Catholic aged care and community services provider in Perth, Western Australia.

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings	Eligible to attend	Remuneration Committee	Disclosure Committee
Number of meetings held:	11	11	2	1
Number of meetings attended:				
Mr Keith Snell	1	1	-	-
Dr John White	11	11	2	-
Mr Alfred Baker	11	11	-	-
Ms Cathy Moises	11	11	2	-
Mr Linton Putland	11	11	2	1
Mr Andrew Sorensen	1	1	-	1
Mr Cameron Baker	1	11	-	-

Review of operations

The Company's operations for the financial year resulted in loss after tax of \$20,673,297 (2020: \$5,162,653). The loss includes an interest expense of \$2,877,951 (2020: \$2,027,901) and significant non-cash expenses for share-based payments of \$4,050,182 (2020: \$Nil) and fair value adjustments to convertible notes of \$8,916,984 (2020: \$1,236,674).

The Company has current operations in a Company-owned facility in East Rockingham, Western Australia, where it operates a small-scale production plant producing beneficiated kaolin utilising its K99 Process. The Company also conducts mining operations at its mining tenement in East Wickepin, Western Australia, and transfers ore to East Rockingham for processing. The Company then sells the kaolin through a network of distributors both in Australia and overseas.

The Company is sole owner of a mining lease, a general-purpose lease, a miscellaneous licence and retention licences which comprise the Wickepin Kaolin Project (Project). The Project, which is one of the largest known remaining kaolin resources in the world, contains an Ore Reserve of 30 million tonnes and Mineral Resource (reported in accordance with JORC 2012) of 644.5 million tonnes of high-grade premium kaolinized granite. The Company is currently well advanced with the development of the Project which includes the establishment of a 200,000t per annum processing plant and associated infrastructure and equipment.

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

WA Kaolin is also currently exploring a novel low capex wet processing method for kaolin, which will utilise the kaolin processed via the K99 Process as feedstock instead of raw ore. The Directors consider that this novel wet processing method could significantly lower the cost of entering the premium paper and packing market.

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

DIRECTORS' REPORT (continued)

Review of operations (continued)

- Construction of a scaled-up processing plant in East Wickepin, utilising the K99 Process;
- progressive increase in production to circa 200,00 tonnes per annum through the plant planned by the end of 2022;
- expansion of production capacity at the Wickepin plant to 400,000 tonnes per annum by the end of 2023 through the installation of a second stage of production equipment;
- negotiation of sales agreements for product on suitable commercial terms with acceptable counterparties; and
- investment in further processing expansion including the construction of an additional wet processing plant to produce product suitable for use in premium paper and packaging markets and/or an expansion program for the construction of an additional processing plant to significantly increase production capacity utilising the K99 Process.

The Company was admitted to the Official List of ASX Limited on 24 November 2020 and its ordinary shares subsequently officially quoted on 26 November 2020.

Principal Activities

The principal activities of the Company were the exploration and development of an Inferred Mineral Resource of high-grade premium kaolinised granite, proprietary production and value-adding processes.

Significant events after reporting date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been any financially material impact on the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is still developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely developments and expected results

It is expected that the operations of the Company will continue in line with that of the current reporting period.

Environmental regulations

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Dividend paid, recommended and declared

No dividends were paid, declared or recommended since the start of the financial year (2020: \$Nil).

Remuneration report (Audited)

This remuneration report, which forms part of the directors' report, sets out information about the remuneration of the Company's key management personnel for the financial year ended 30 June 2021. The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. The prescribed details for each person covered by this report are detailed below under the following headings:

- Remuneration policy
- Key management personnel emoluments
- Service agreements
- Options granted as part of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Directors and Key Management Personnel ("KMP")

Dr John White	Non-Executive Chairman
Mr Keith Snell	Non-Executive Director (resigned 24 July 2020)
Mr Linton Putland	Non-Executive Director
Ms Cathy Moises	Non-Executive Director
Mr Alfred Baker	Executive Director
Mr Cameron Baker	Alternate Director (appointed 16 August 2020)
Mr Andrew Sorensen	Chief Executive Officer / Alternate Director (resigned as alternate on 24 July 2020)
Mr Michael Kenyon	Chief Financial Officer / Company Secretary

Remuneration Policy

The Company does not yet have a formal remuneration policy however any remuneration has been designed to align directors' objectives with shareholders and business objectives and is in line with the market. The Board of the Directors (the Board) believes this approach to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the business, as well as create goal congruence between directors, executives and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members of the Company is as follows:

The Board is responsible for determining and reviewing the compensation of the directors and the executive directors are responsible for determining and reviewing the remuneration of senior executives. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the Company's operations. The Board of Directors assesses market rates and seeks the advice of external advisers, where necessary, in connection with the structure of remuneration packages. The Board also recommends levels and form of remuneration for Non-Executive Directors with reference to performance, relevant comparative remuneration and independent expert advice. The total sum of remuneration payable to Non-Executive Directors shall not exceed the sum fixed by members of the Company in general meeting. The Company has not used a remuneration consultant.

There is no direct relationship between the Company's Remuneration Policy and its performance. However, in determining the remuneration to be paid in each subsequent financial year, the Board may have regard to the following indicators of performance in respect of the current financial year and the previous four financial years:

	2021	2020	2019	2018	2017
Net loss after tax	\$(20,673,297)	\$(5,162,653)	\$(1,415,031)	\$(1,855,387)	\$(1,739,848)
Share price	\$0.20	N/A	N/A	N/A	N/A
Basic loss per share (\$ per share)	\$(0.09)	\$(0.04)	\$(0.01)	\$(0.07)	\$(0.07)
Dividend	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at a General Meeting held on 29 November 2019 when shareholders approved an aggregate remuneration of \$350,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the way it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

CEO and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Compensation levels for executives of the Company are competitively set to attract and retain appropriately qualified and experienced executives. The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders.

The compensation structures consider:

- The capability and experience of the executive;
- The executive's ability to control the company's performance; and
- The Company's performance including:
 - (a) The Company's earnings; and
 - (b) The growth in share price and delivering constant returns on shareholder wealth.

Key Management Personnel Emoluments

The Company's policy for determining the nature and amount of emoluments of key management personnel is that key management persons are to be paid by salaries or consulting fees at commercial rates for professional services performed.

Details of the nature and amount of each element of the emoluments of each key management person of the Company are set out in the following tables:

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)****Key Management Personnel Emoluments (continued)**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments			
	Cash salary and fees	Cash bonus	Non-monetary ***	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total	Performance related
2021	\$	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive Director:</i>									
Mr A Baker*	205,800	-	-	-	-	-	1,752,962	1,958,762	-
<i>Total Executive Director</i>	<i>205,800</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1,752,962</i>	<i>1,958,762</i>	<i>-</i>
<i>Non-Executive Directors:</i>									
Mr K Snell **	-	-	-	-	-	-	956,161	956,161	-
Dr J White	72,000	-	-	6,840	-	-	398,400	477,240	-
Ms C Moises	48,000	-	-	4,560	-	-	199,200	251,760	-
Mr L Putland	48,000	-	-	4,560	-	-	199,200	251,760	-
<i>Total Non-Executive Directors</i>	<i>168,000</i>	<i>-</i>	<i>-</i>	<i>15,960</i>	<i>-</i>	<i>-</i>	<i>1,752,961</i>	<i>1,936,921</i>	
<i>Executives</i>									
Mr A Sorensen (CEO)****	224,004	6,500	21,100	22,400	-	-	278,880	552,884	-
Mr M Kenyon (CFO/ Company Secretary)	147,485	-	-	-	-	-	132,800	280,285	-
<i>Total Executives</i>	<i>371,489</i>	<i>6,500</i>	<i>21,100</i>	<i>22,400</i>	<i>-</i>	<i>-</i>	<i>411,680</i>	<i>833,169</i>	
Total	745,289	6,500	21,100	38,360	-	-	3,917,603	4,728,852	-

* Mr Baker's salary and fees includes \$24,000 of director fees

** Mr K Snell resigned 24 July 2020

*** Non-monetary benefits relate to the payment for accommodation

**** Payment of bonus to Mr. Sorensen was at the Board's discretion and not subject to any specific performance condition

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)****Key Management Personnel Emoluments (continued)**

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments			
	Cash salary and fees	Cash bonus	Non-monetary ****	Super-annuation	Long service leave	Equity-settled shares	Equity-settled options	Total	Performance related
2020	\$	\$	\$	\$	\$	\$	\$	\$	%
<i>Executive Director:</i>									
Mr A Baker*	173,000	-	27,529	-	-	-	-	200,529	-
<i>Total Executive Director</i>	<i>173,000</i>	<i>-</i>	<i>27,529</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>200,529</i>	<i>-</i>
<i>Non-Executive Directors:</i>									
Mr K Snell **	36,000	-	-	-	-	-	-	36,000	-
Dr J White ***	7,693	-	-	730	-	-	-	8,423	-
Ms C Moises ***	5,129	-	-	487	-	-	-	5,616	-
Mr L Putland ***	5,129	-	-	487	-	-	-	5,616	-
<i>Total Non-Executive Directors</i>	<i>53,951</i>	<i>-</i>	<i>-</i>	<i>1,704</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>55,655</i>	
<i>Executives</i>									
Mr A Sorensen (CEO)	142,833	-	31,899	14,283	-	-	-	189,015	-
Mr M Kenyon (CFO/ Company Secretary)	24,126	-	-	-	-	-	-	24,126	-
<i>Total Executives</i>	<i>166,959</i>	<i>-</i>	<i>31,899</i>	<i>14,283</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>213,141</i>	
Total	393,910	-	59,428	15,987	-	-	-	469,325	-

* Mr Baker's salary and fees includes \$29,000 of director fees

** Mr K Snell resigned 24 July 2020

*** Dr J White, Ms C Moises and Mr L Putland were appointed on 22 May 2020

**** Non-monetary benefits relate to the payment for accommodation.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Service Agreements

Non-Executive Directors

On appointment to the Board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the directors are also formalised in the letter as summarised below:

Dr J White (Chairman)

Term: Continuation of appointment is contingent upon successful election and re-election by shareholders of the Company at its Annual General Meeting as required by its Constitution

Fees: \$72,000 per annum (exclusive of superannuation) until the Company's first operational cash flow positive quarter then increased to \$96,000 per annum (exclusive of superannuation)

Notice periods: Not applicable

Termination payments: Not applicable

Ms C Moises (Non-executive Director)

Term: Continuation of appointment is contingent upon successful election and re-election by shareholders of the Company at its Annual General Meeting as required by its Constitution

Fees: \$48,000 per annum (exclusive of superannuation) until the Company's first operational cash flow positive quarter then increased to \$66,000 per annum (exclusive of superannuation)

Notice periods: Not applicable

Termination payments: Not applicable

Mr L Putland (Non-executive Director)

Term: Continuation of appointment is contingent upon successful election and re-election by shareholders of the Company at its Annual General Meeting as required by its Constitution

Fees: \$48,000 per annum (exclusive of superannuation) until the Company's first operational cash flow positive quarter then increased to \$66,000 per annum (exclusive of superannuation)

Notice periods: Not applicable

Termination payments: Not applicable

Executive Director

On appointment to the Board, all directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including compensation relevant to the office of director. Remuneration and other terms of employment for the directors are also formalised in the letter as summarised below:

Mr A Baker (Executive Director)

Term: Continuation of appointment is contingent upon successful election and re-election by shareholders of the Company at its Annual General Meeting as required by its Constitution

Fees: \$24,000 per annum (exclusive of superannuation) until the Company's first operational cash flow positive quarter then increased to \$33,000 per annum (exclusive of superannuation)

Notice periods: Not applicable

Termination payments: Not applicable

In addition, Mr Baker is engaged as a consultant to the Company, through a related entity of his (Wamco Industries Pty Ltd), by way of a Consultancy Deed with the following terms and conditions:

Term: Open-ended

Fees: (i) \$12,000 per month (exclusive of GST); and (ii) following successful completion of the Company's IPO, \$15,000 per month (exclusive of GST)

Termination: 6 months with no reason; immediately upon certain adverse events.

DIRECTORS' REPORT (continued)

Remuneration report (Audited) (continued)

Service Agreements (continued)

Management

The Company's management are employed under an Executive Employment Contract and a Contract Services Agreement, respectively, as detailed below:

Mr A Sorensen (CEO)

Commencement date: 1 October 2019

Total remuneration package: Base salary – 1) On commencement \$144,000 per annum, 2) After pre-IPO funding \$192,000 per annum, 3) After IPO listing \$240,000 per annum; superannuation at 10% per annum. Remuneration to be reviewed annually by the Board.

Notice period: 3 months by either party

Restraint area/period: Australia / 36 months

Mr M Kenyon (CFO/Company Secretary)

Commencement date: 4 June 2019

Fees: \$1,300 per day (or part thereof)

Notice period: 8 weeks by either party

Share-based compensation

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

	Number of options granted	Grant date	Vesting date and exercisable date ¹	Expiry date	Exercise price per option (\$)	Fair value per option at grant date (\$)
Mr A Baker	13,200,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Mr K Snell (estate)	7,200,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Mr J White	3,000,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Ms C Moises	1,500,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Mr L Putland	1,500,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Mr A Sorensen	2,100,000	20 Nov 2020	20 Nov 2022	20 Nov 2025	\$0.35	\$0.1328
Mr M Kenyon	1,000,000	20 Nov 2020	20 Nov 2020	20 Nov 2025	\$0.35	\$0.1328

¹With the exception of Mr Kenyon's options, all other options are subject to a 24-month escrow period

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company and vested immediately. Options are exercisable by the holder as from the vesting date (for certain holders, consideration must also be given to the escrow period). There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise.

Ms C Moises and Mr M Kenyon also received additional options upon conversion of their convertible notes held at the date of the Company's IPO (refer table on page 14).

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)****Additional disclosures relating to key management personnel***Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

<i>Ordinary shares</i>	Balance at the start of the year	Received as part of remuneration	Additions	Disposals	Net change other ^{1,2}	Balance at the end of the year
Directors						
Mr A Baker	59,860,289	-	-	-	(9,976,715)	49,883,574
Mr K Snell (estate)	59,860,289	-	-	-	(9,976,715)	49,883,574
Dr J White	-	-	-	-	-	-
Ms C Moises	-	-	-	-	1,250,000	1,250,000
Mr L Putland	-	-	-	-	-	-
	119,720,578	-	-	-	(18,703,430)	101,017,148
Executives						
Mr A Sorensen	7,425,068	-	-	-	(1,237,512)	6,187,556
Mr M Kenyon	-	-	-	-	140,635	140,635
	7,425,068	-	-	-	(1,096,877)	6,328,191
Totals	127,145,646	-	-	-	(19,800,307)	107,345,339

¹ Net change other (Mr Baker, Mr Snell and Mr Sorensen) – on 13 July 2020 a share consolidation was undertaken for shares held on that date at the rate of 0.8333 shares for each share held

² Net change other (Ms Moises and Mr Kenyon) – on 20 November 2020, shares were issued as part of the conversion of convertible notes

Performance Rights

During the year ended 30 June 2021, the Company issued 27,500,000 Performance Rights to the chief executive, executive director and former director/founder. Each Performance Right is a right to be issued with a single ordinary share upon vesting of the Performance Right, free of encumbrances. No consideration will be payable upon the vesting or conversion of the Performance Rights. See note 13 for conditions attached to the Performance Rights.

The number of Performance Rights in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

<i>Performance Rights</i>	Balance at start of period	# Granted during the period	Vested and Exercised	Cancelled/ Forfeited	Balance at end of period	Value vested during the period (\$)
Mr A Baker	-	13,200,000	-	-	13,200,000	-
Mr K Snell (estate)	-	13,200,000	-	-	13,200,000	-
Mr A Sorensen	-	1,100,000	-	-	1,100,000	-
	-	27,500,000	-	-	27,500,000	-

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)****Additional disclosures relating to key management personnel (continued)***Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

<i>Options over shares</i>	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Directors					
Mr A Baker	-	13,200,000	-	-	13,200,000
Mr K Snell (estate)	-	7,200,000	-	-	7,200,000
Dr J White	-	3,000,000	-	-	3,000,000
Ms C Moises	-	3,375,000	-	-	3,375,000
Mr L Putland	-	1,500,000	-	-	1,500,000
	-	28,275,000	-	-	28,275,000
Executives					
Mr A Sorensen	-	2,100,000	-	-	2,100,000
Mr M Kenyon	-	1,210,938	-	-	1,210,938
	-	3,310,938	-	-	3,310,938
Totals	-	31,585,938	-	-	31,585,938

Other transactions with directors and officers*Royalty Deed*

On 1 July 2019, a Royalty Deed was executed between the Company and Wamco Industries Group Pty Ltd (Wamco), a company in which Mr. A Baker, Mr. A Sorensen and the estate of Mr. K Snell, all have an ownership interest.

WA Kaolin has agreed to pay a royalty to Wamco until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to Wamco all of the Tenements (other than L70/156 and G70/251).

WA Kaolin owes to Wamco a royalty for each quarter in which WA Kaolin either mines or sells kaolin ore ex-works, FCA or FOB or mines and processes kaolin ore to produce a kaolin product which is sold ex-works, FCA or FOB, which must be paid quarterly.

The royalty is the greater of:

- (a) \$1.50 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin; or
- (b) 1.5% of the price received for the sale of kaolin ore or product in a quarter.

Tonnage Royalty Deed

On 1 July 2019, a Tonnage Royalty Deed was executed between the Company and Wamco Industries Group Pty Ltd (Wamco), a company in which Mr. A Baker, Mr. A Sorensen and the estate of Mr. K Snell, all have an ownership interest.

WA Kaolin has agreed to pay a royalty to Wamco until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to Wamco all of the Tenements (other than L70/156 and G70/251).

The royalty is \$1.25 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin.

Royalty payments in the sum of \$28,393 (2020: \$7,726) were paid to Wamco during the year.

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)*****Additional disclosures relating to key management personnel (continued)*****Other transactions with directors and officers (continued)*****Release of Security interest***

As a result of monies advanced to the Company in previous years by EMC Pacific Pty Ltd (EMCP), a company related to Mr. A Baker (a director and shareholder of the Company), a security interest was granted in favour of EMCP. On 5 August 2020, a Deed of Release was executed between the parties as a result of the repayment of all monies and the security interest was subsequently removed.

Director / Other Fees

Mr. A Baker, Mr. A Sorensen and Mr. K Snell chose not to be paid any director / other fees during previous financial years, instead allowing the Company to accrue such amounts, including amounts accrued in prior financial years, to be paid at a later date as the Company's cash flow allows. Details of the amounts owing can be found in the table below and are recorded in Trade and other payables within the Statement of Financial Position.

30 June 2021

	A Baker	K Snell (estate)	A Sorensen
Opening balance	368,000	447,000	234,000
Director / Other fees	205,800	3,000	-
Payments	(208,800)	-	-
Closing balance	365,000	450,000	234,000

30 June 2020 (restated¹)

	A Baker	K Snell (estate)	A Sorensen
Opening balance	339,000	411,000	234,000
Director / Other fees	173,000	36,000	-
Payments	(144,000)	-	-
Closing balance	368,000	447,000	234,000

¹ Mr A Baker's 2020 opening balance was incorrectly stated as \$663,000 in the Company's 2020 accounts and has now been correctly restated

Convertible notes

Ms C Moises and Mr M Kenyon respectively held 200,000 and 22,500 convertible notes at the date of the Company's IPO, which were subsequently converted to ordinary shares in the Company at the time of listing in November 2020.

Related party borrowings

Mr A Baker is a director and major shareholder of the Company. During the reporting period, the Company has borrowed funds from several entities of which Mr Baker is a director and major shareholder.

Mr K Snell was a director and major shareholder of the Company. During the reporting period, the Company has borrowed funds from several of entities of which Mr Snell was a director and major shareholder.

Mr A Sorensen is a key management person of the Company and has advanced funds to the Company.

Details of those loans can be found in the table below:

DIRECTORS' REPORT (continued)**Remuneration report (Audited) (continued)****Additional disclosures relating to key management personnel (continued)****Other transactions with directors and officers (continued)****30 June 2021**

Entities associated with:	A Baker¹	K Snell (estate)²	A Sorensen³
Opening balance	3,751,440	16,644,246	95,000
Interest	-	492,558	-
Funds advanced	(3,064)	-	-
Funds repaid	(1,076,000)	(1,969,403)	(95,000)
Other – finance cost on related party borrowing (Note 5)	238,461	1,812,371	-
Closing balance	2,916,965	16,979,772	-

30 June 2020

Entities associated with:	A Baker¹	K Snell (estate)²	A Sorensen³
Opening balance	3,520,566	15,013,332	5,000
Interest	10,258	490,014	-
Funds advanced	356,116	-	95,000
Funds repaid	(348,410)	-	(5,000)
Other – finance cost on related party borrowing (Note 5)	212,910	1,140,900	-
Closing balance	3,751,440	16,644,246	95,000

Entities associated with the following key management personnel are as follows:

¹ A Baker : Wamco Industries Group Pty Ltd, Wamco Industries Pty Ltd, Pacific Polymers R&D Pty Ltd, Pacific Polymers Pty Ltd, EMC Pacific Pty Ltd

² K Snell (estate): Scientific Management Associates (Victoria) Pty Ltd, Scientific Management Associates (Operations) Pty Ltd

³ A Sorensen : Loans are held in Wamco Industries Group Pty Ltd on behalf of Mr Sorensen

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT (continued)

Shares under option

Unissued ordinary shares of WA Kaolin Limited under option at the date of this report are as follows:

Security name	Grant date	Expiry date	Exercise price	Number under option
Unquoted options	20 November 2020	20 November 2023	\$0.25	126,732,813
Incentive options	20 November 2020	20 November 2025	\$0.35	30,500,000
Lead Manager options	20 November 2020	20 November 2023	\$0.25	10,000,000
				<u>167,232,813</u>

Shares issued on the exercise of options

There were no shares issued during the year ended 30 June 2021 and up to the date of this report on the exercise of options granted.

Significant changes in the state of affairs of the company

During the year ended 30 June 2021, the Company undertook an IPO process in which it raised \$22m, and then subsequently listed on the Australian Securities Exchange on 26 November 2020.

The Company also transitioned from the exploration to the development phase of its life cycle on 26 November 2020.

There were no other significant changes in the state of the affairs of the company throughout 2021.

Indemnification and insurance of Directors and Officers

The Company has indemnified all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

Indemnification and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit WA Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 19 and forms part of this directors' report for the year ended 30 June 2021.

Non-Audit Services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 17 to the financial statements. An amount of \$115,753 (2020: \$46,327) was paid for non-audit services provided by entities connected to the auditor.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 17 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

DIRECTORS' REPORT (continued)

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards

Signed in accordance with a resolution of the directors.

A handwritten signature in black ink, appearing to read 'J White', is written over a faint, light blue circular stamp.

Dr John White, Chairman
Perth, Western Australia
29 September 2021

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF WA KAOLIN LIMITED

As lead auditor of WA Kaolin Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WA Kaolin Limited.



Dean Just

Director

BDO Audit (WA) Pty Ltd
Perth, 29 September 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	Restated 2020 \$
Continuing operations			
Revenue	3(a)	1,209,644	622,709
Other income	3(b)	273,022	351,206
Cost of sales		(896,847)	(224,926)
Rental expenses and outgoings	3(c)	(170,682)	(236,160)
Employee benefits expense	3(c)	(1,038,829)	(644,826)
Depreciation and amortisation	3(c)	(135,736)	(59,118)
Share-based payments	13(g)	(4,050,405)	-
Other expenses	3(c)	(4,095,732)	(1,708,021)
Results from operating activities		(8,905,565)	(1,899,136)
Finance income		27,203	1,058
Finance costs	3(c)	(11,794,935)	(3,264,575)
Net finance costs		(11,767,732)	(3,263,517)
Loss before income tax		(20,673,297)	(5,162,653)
Income tax (expense)/benefit	4	-	-
Loss after income tax from continuing operations		(20,673,297)	(5,162,653)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or losses (net of tax)</i>			
Revaluation of land and buildings		373,395	(1,231,000)
Total comprehensive income/(loss) for the year		373,395	(1,231,000)
Other comprehensive income/(loss) for the period, net of income tax		373,395	(1,231,000)
Total comprehensive loss		(20,299,902)	(6,393,653)
Loss per share for the period attributable to the members of the Company			
Basic loss per share (cents per share)	14	\$(0.09)	\$(0.04)
Diluted loss per share (cents per share)	14	\$(0.09)	\$(0.04)

The 2020 comparative has been restated to recognise revenue and cost of sales (see note 3(a))

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		2021	2020
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	10,915,712	2,020,295
Trade and other receivables	6	557,065	257,206
Total current assets		11,472,777	2,277,501
Non-current assets			
Property, plant and equipment	7	4,483,922	3,843,902
Deferred exploration and evaluation expenditure	8	-	1,756,132
Mine development expenditure	9	9,788,098	-
Total non-current assets		14,272,020	5,600,034
Total assets		25,744,797	7,877,535
Liabilities			
Current liabilities			
Trade and other payables	10	2,829,130	2,548,241
Borrowings	11	943,842	9,155,327
Provisions	12	59,796	65,563
Total current liabilities		3,832,768	11,769,131
Non-current liabilities			
Borrowings	11	19,451,530	17,710,243
Provisions	12	330,000	-
Total non-current liabilities		19,781,530	17,710,243
Total liabilities		23,614,298	29,479,374
Net assets		2,130,499	(21,601,839)
Equity			
Issued capital	13(a)	33,614,901	3,070,081
Reserves	13(g)	33,689,460	19,828,645
Accumulated loss		(65,173,862)	(44,500,565)
Total equity		2,130,499	(21,601,839)

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital \$	Accumulated losses \$	Asset revaluation reserve \$	Share-based payment reserve \$	Capital contribution reserve \$	Total equity \$
Balance as at 1 July 2019	3,020,000	(39,337,912)	3,175,779	2,939	17,880,927	(15,258,267)
Loss for the year	-	(5,162,653)	-	-	-	(5,162,653)
Revaluation of land	-	-	(1,231,000)	-	-	(1,231,000)
Total comprehensive loss for the year	-	(5,162,653)	(1,231,000)	-	-	(6,393,653)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares	39,642	-	-	-	-	39,642
Exercise of options	10,439	-	-	-	-	10,439
Balance at 30 June 2020	3,070,081	(44,500,565)	1,944,779	2,939	17,880,927	(21,601,839)
Balance as at 1 July 2020	3,070,081	(44,500,565)	1,944,779	2,939	17,880,927	(21,601,839)
Loss for the year	-	(20,673,297)	-	-	-	(20,673,297)
Revaluation of land	-	-	373,395	-	-	373,395
Total comprehensive loss for the year	-	(20,673,297)	373,395	-	-	(20,299,902)
<i>Transactions with owners in their capacity as owners:</i>						
Issue of shares	30,544,820	-	-	-	-	30,544,820
Fair value of options	-	-	-	13,487,420	-	13,487,420
Balance at 30 June 2021	33,614,901	(65,173,862)	2,318,174	13,490,359	17,880,927	2,130,499

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from product sales		1,251,936	434,009
Payments to suppliers and employees		(4,351,868)	(3,192,452)
Interest received		27,203	1,058
R&D Tax credit		-	268,233
Receipt of COVID-19 subsidy		50,000	50,000
Other receipts		17,182	-
Receipt of subsidies		-	13,256
Net cash outflow from operating activities	5(ii)	(3,005,547)	(2,425,896)
Cash flows from investing activities			
Purchase of property, plant and equipment		(355,785)	(165,342)
Mine development		(7,641,533)	-
Net cash outflow from investing activities		(7,997,318)	(165,342)
Cash flows from financing activities			
Loan interest paid		(807,537)	(443,478)
Repayment of Borrowings		(2,978,181)	(642,394)
Proceeds from Borrowings		3,109,000	5,676,618
Equity transaction fees		(1,425,000)	-
Issue of shares		22,000,000	47,142
Net cash inflow from financing activities		19,898,282	4,637,888
Net increase/(decrease) in cash held		8,895,417	2,046,650
Cash and cash equivalents at the beginning of the year		2,020,295	(26,355)
Cash and cash equivalents at the end of the year	5	10,915,712	2,020,295

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of the financial report

This financial report is a general-purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers WA Kaolin Limited (the "Company"). WA Kaolin Limited is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is Lot 3 Ward Road, East Rockingham, Western Australia 6168. WA Kaolin Limited is a for-profit entity for the purpose of preparing the financial report.

The financial statements of WA Kaolin Limited for the year ended 30 June 2021 were authorised for issue in accordance with the resolution of the directors on 29 September 2021.

Compliance with IFRS

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company's functional currency.

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Comparative information

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(b) Adoption of new and revised standards

The Company has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2020.

The Company has adopted amendments to AASB 116 Property, Plant & Equipment (PP&E). This standard prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. See note 3(a) for details of the impact of the adoption of this revised standard.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Going concern

For the year ended 30 June 2021 the Company recorded a loss from continuing operations after income tax of \$20,673,297 (2020: \$5,162,653) and had net cash outflows from operating activities of \$3,005,547 (2020: \$2,425,896) and net current assets of \$7,640,009 (2020: net current liabilities of \$9,491,630).

The ability of the Company to continue as a going concern is dependent on maintaining the support of its existing and potentially new financiers, continued sales of WA Kaolin's product and securing additional funding through raising of debt or equity to continue to fund the development activities and expansion of its business platform.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors have reviewed the Group's financial position and are of the opinion that there are sufficient funds to meet the entity's working capital requirements as at the date of this report.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- The development of the Company's Wickepin mine and associated plant will be completed during H1 2022;
- Sales volumes are expected to increase once the plant is commissioned;
- Existing and new orders will be filled as production is ramped up during calendar year 2022; and
- Progression of discussions with financiers to seek additional capital.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(c) Foreign currency transactions and balances

Functional and presentation currency

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions

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

(d) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company only has one operating segment.

(e) Revenue

(i) Revenue from contracts with customers

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

Revenue from the sale of the Company's products is recognised when control has passed to the customer upon agreed delivery terms, generally being when the product is loaded onto the transport that takes the product to ship or directly to the customer's premises, at which time a bill of lading is received. In cases where control of the product is transferred to the customer before shipping takes place, revenue is recognised when the customer has formally acknowledged the legal ownership of the product, which includes all inherent risks associated with control of the product. In these cases, the product is clearly identified and immediately available to the customer and this is when the performance obligation is met.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Revenue (continued)

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

(ii) Interest income

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

(iii) Other revenue

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

(g) Income tax

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

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

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

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

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Other taxes

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

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

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

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

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

(i) Impairment of assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) Cash and cash equivalents

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

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

(k) Trade and other receivables

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

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

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

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

Plant and equipment – over 2 to 20 years

Motor Vehicle – over 4 to 6 years

Leasehold improvements – over 10 to 13 years

Derecognition and disposal

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

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

Impairment

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

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

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

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of profit or loss and other comprehensive income in the cost of sales line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

(m) Trade and other payables

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

(n) Provisions

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

(o) **Employee leave benefits**

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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

(p) **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognised. Rather, contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic benefits is remote. Contingent liabilities may develop in ways not initially expected. Therefore, they are assessed continually to determine whether an outflow of economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs (except in the extremely rare circumstances where no reliable estimate can be made).

(q) **Borrowing costs**

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

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

(r) **Issued capital**

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Dividend

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.

(t) Financial instruments

Recognition and derecognition

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

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

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

Classification and initial measurement of financial assets

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

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

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

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

The classification is determined by both:

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

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

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

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of financial assets

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

Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Financial instruments (continued)

AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

- In applying this forward-looking approach, a distinction is made between:
- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

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

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

Trade and other receivables and contract assets

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

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

Classification and measurement of financial liabilities

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

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

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

(u) Borrowings

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

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

Convertible notes issued by the Group comprised convertible notes that could be converted to share capital at the option of the holder. The conversion feature is contingent on an event occurring and the conversion price is fixed. Furthermore upon conversion the holder was also entitled to free attaching options. Consequently the note fails the fixed for fixed requirement of AASB 132 and no equity component is recognised on initial recognition. The company had elected upon initial recognition of the convertible notes (including its embedded derivatives which is the free attaching options) to recognise the whole instrument as a *financial liability carried at fair value through profit or loss*.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Borrowings (continued)

On initial recognition the fair value of the convertible note equated to the proceeds received as no gain or loss on initial recognition can be recognised per the requirements of the accounting standards AASB9. The financial liability was subsequently measured at fair value at the end of the relevant reporting period and fair value movements were recognised in profit or loss as a finance cost.

The fair value of the liability took into account the value of the conversion feature (the discount and the free attaching options) and the probability of the contingent event occurring.

(v) Exploration, Evaluation and Development Expenditure

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

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

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

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

(w) Development expenditure

Development expenditure represents the accumulated exploration, evaluation, land and development expenditure incurred by or on behalf of the Company in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after commencement of production, such expenditure is carried forward as part of the mine property only when substantial future economic benefit are thereby established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of costs is provided on the unit-of-production method with separate calculations being made for each mineral resource at an average rate yet to be determined. The unit-of-production basis results in an amortisation charge proportional to the depletion of the estimated recoverable reserves. In some circumstances, where conversion of resources into reserves is expected, some elements of resources may be included. Where the life of the assets is shorter than the mine life their costs are amortised based on the useful life of the assets. Amortisation will only commence on commencement of commercial production.

The estimated recoverable reserves and life of the mine and the remaining useful life of each class of asset is reassessed at least annually. Where there is a change in the reserves/resources amortisation rates are correspondingly adjusted.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Development expenditure

Significant judgements and estimates

Development activities commence after project sanctioning by the appropriate level of management. Judgement is applied by management in determining when a project is economically viable. In exercising this judgment, management is required to make certain estimates and assumptions similar to those described above for capitalised exploration and evaluation expenditure. Any such estimates and assumptions may change as new information becomes available. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the impairment change is included in profit or loss.

(x) Restoration, Rehabilitation and Environmental Provision

Obligations associated with exploration and development assets are recognised when the Company has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure to restore the land and a corresponding rehabilitation asset is also recognised.

On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability).

Significant judgements and estimates

The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows, the appropriate discount rate and inflation rate.

In relation to estimating the costs of performing the work required, significant estimates are required in relation to estimating the extent of rehabilitation activities, including volume to be rehabilitated and unit rates, technological changes, regulatory changes, timing of cash flows and appropriate discount rates.

When these estimates change or become known in the future, such differences will impact the mine rehabilitation provision in the period in which they change or become known.

(y) Share based payments

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees and other third parties in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings/loss per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Government grants

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

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

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

(aa) Critical accounting estimates and judgements

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

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

Determination of date of reclassification to mine development expenditure

During the year, exploration and evaluation expenditure attributable to the Wickepin area of interest was reclassified to mine development expenditure pursuant to the making of a judgement by the Directors that the criteria to be met to make such reclassification had been met on 26 November 2020. In making that judgement, the Directors took into account the outcomes of a definitive feasibility study and the listing of the Company on the ASX.

Impairment of Property, Plant and Equipment

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

Useful lives of depreciable assets

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

Fair value of land

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

Discount rate on borrowings

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Critical accounting estimates and judgements (continued)

Coronavirus (COVID-19) pandemic

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

Share-based payment

The Company measures the cost of equity-settled transactions with employees and convertible noteholders by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13 for further information.

Contingent liabilities

The Company has assessed that the Royalty Deed entered into with Wamco Industries Group Pty Ltd and has determined that this represents a contingent liability. This is on the basis that the royalty is only payable if WA Kaolin either mines or sells kaolin ore or a kaolin product. At present, the Company is in the development phase of its Wickepin Kaolin Project ("Project") and the future development of the Project (and consequent royalty payments) is dependent on, amongst other things, future kaolin prices and the overall economic feasibility of the Project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(bb) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, the Company has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

New or Revised Requirements	Effective date for entity	Impact
AASB 17 Insurance Contracts This standard will change insurance accounting in Australia, the level of impact will vary depending on the type of insurance entity and the current systems in place. AASB 17 treats insurance products with similar risks in the same manner, regardless of whether they are labelled as 'general', 'life' or 'health' insurance. Some products offered by life insurance entities may now qualify for a simpler way of determining their insurance liabilities. AASB 17 requires an insurer to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future. Insurer will reflect the time value of money in expected payments to settle incurred claims and will measure their insurance contracts based only on the obligations created by these contracts	1 January 2021	The Directors have determined that there will be no impact on the financial position of the company as a result of the change.
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial corrections The amendments to AASB 10 Consolidated Financial Statements and AASB 128 Investment in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture	1 January 2022 (Editorial corrections in AASB 2017-5 applied from 1 January 2018)	The Directors do not anticipate that the amendments will have a material impact on the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(cc) New standards and interpretations not yet adopted (continued)

New or Revised Requirements	Effective date for entity	Impact
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current This standards amends AASB 101 Presentation of Financial Statements to: Clarify that the classification of liabilities as current or non-current is based on rights that in existence at the end of the reporting period; Specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; Explain that rights are in existence if covenants are complied with at the end of the reporting period; and Introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.	1 January 2022	The Directors have not yet assessed the impact that the application of this standard will have on the Group's financial statements
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments This standard amends numerous Standards to effect of number of minor changes. The amendments apply to annual reporting periods beginning on or after 1 January 2022 (apart from the amendments to AASB 16 which affect the Illustrative Examples which accompanying but are not part of the Standard and so do not have an effective date) The annual improvements amend the following standards: AASB 1, AASB 9, AASB 16 and AASB 137.	1 January 2022	The Directors have chosen to early adopt AASB 116 as it will enable revenue and costs to be separated and improve overall readability of the financial statements. It is anticipated that the application of the other amendments will not have impact on the Group's financial statements, as many of the amendments either do not have affect the Group's existing accounting policies, or apply to situations, transactions and events that the Group does not undertake.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 2: SEGMENT REPORTING

The Company identifies its operating segments based on the internal reports that are reviewed and used by the Board of directors (chief operating decision maker) in assessing performance and determining the allocation of resources.

The Company operates primarily in the exploration and development of an Inferred Mineral Resource of high-grade premium kaolinised granite in Australia. The financial information presented in the statement of comprehensive income and the statement of financial position is the same as that presented to the chief operating decision maker.

NOTE 3: REVENUE AND EXPENSES

	2021	Restated 2020
	\$	\$
(a) Revenue¹		
Sale of products - domestic	391,512	199,225
Sale of products - export	818,132	423,484
	1,209,644	622,709

¹ As a result of the early adoption of certain amendments to AASB 116 Property, Plant & Equipment, the comparatives for 2020 have been restated in order to align with the current year

(b) Other income

R&D Tax refund	205,840	268,233
Cashflow Boost from COVID-19	50,000	50,000
Other income	17,182	32,973
	273,022	351,206

(c) Expenses

Loss before income tax includes the following specific expenses:

Rental expenses and outgoings

Property rental	21,100	44,429
Landowner's payments	66,030	42,662
Tenement rentals	55,171	114,611
Tenement rates	28,381	34,458
Total rental expenses and outgoings	170,682	236,160

Employee benefits expense

Directors' fees	188,000	82,951
Salaries and wages	729,691	485,504
Superannuation	96,593	51,977
Payroll tax	30,313	-
Leave entitlements	(5,768)	24,394
Total employee benefits expenses	1,038,829	644,826

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 3: REVENUE AND EXPENSES (continued)

	2021 \$	2020 \$
<i>Depreciation</i>		
Plant & equipment	103,809	28,065
Leasehold improvements	8,674	23,174
Motor vehicles	23,253	7,879
Total depreciation	135,736	59,118
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	2,877,951	2,027,901
Fair value adjustment on convertible notes (refer Note 15)	8,916,984	1,236,674
	11,794,935	3,264,575
<i>Other expenses</i>		
Accounting and administration fees	177,373	74,039
Capital raising fees	166,140	163,600
Equity transaction fees	1,982,368	570,726
Consulting fees	162,719	234,305
Corporate expenses	85,869	-
Repairs and maintenance	96,869	28,534
Materials and consumables	50,972	32,688
Motor vehicle expenses	55,281	30,292
Utilities	47,583	51,855
Fuel	31,159	14,999
Mining royalties	81,690	28,037
Legal fees	471,345	25,807
Freight	237,171	114,516
ASX filing fees	127,004	-
Insurance	122,985	56,780
Research & development costs	27,965	147,163
Other	171,239	134,680
	4,095,732	1,708,021

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: INCOME TAX

	2021 \$	2020 \$
Income tax recognised in profit or loss:		
The major components of tax expense are:		
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
Total income tax expense	-	-
Reconciliation of income tax expense to prima facie tax payable:		
Loss from continuing operations before income tax expense	(20,673,297)	(5,162,653)
Tax at the Australian tax rate of 26% (2020: 27.5%)	(5,375,057)	(1,419,730)
Tax effect of amounts which are non-deductible (taxable) in calculating taxable income:		
Other permanent differences	3,891,679	(13,750)
Research and development credit	(53,518)	(73,764)
Timing movements not recognised	(40,373)	(11,895)
Deferred tax assets not brought to account	1,577,269	1,519,139
Income tax expense/(benefit)	-	-
The applicable weighted average effective tax rates	0%	0%

	2021 \$	2020 \$
Unrecognised deferred tax asset		
Tax losses	7,039,687	6,232,168
Provisions and accruals	40,373	11,895
Net deferred tax assets unrecognised	7,080,060	6,244,063

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 4: INCOME TAX (continued)

Deferred Tax Assets Not Recognised

The tax benefits of the above deferred tax assets will only be obtained if:

- The Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- The Company continues to comply with the conditions for deductibility imposed by law; and
- No changes in income tax legislation adversely affect the Company in utilising the benefits.

NOTE 5: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash at bank and on hand	10,915,712	2,020,295

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(i) Reconciliation to the Statement of Cash Flows:

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

Balance as above	10,915,712	2,020,295
Bank overdraft	-	-
Balance as per statement of cash flows	10,915,712	2,020,295

(ii) Reconciliation of net (loss)/profit for the year to net cash flows from operating activities

	2021	2020
	\$	\$
Net loss for the year	(20,673,297)	(5,162,653)
Depreciation	135,736	59,118
Financing costs	11,794,935	3,295,124
Lead manager fees expense (per AASB132)	1,601,794	-
Share-based payments	4,050,182	-
<i>(Increase)/decrease in operating assets:</i>		
Trade and other receivables	(94,019)	(204,955)
<i>(Decrease)/increase in operating liabilities:</i>		
Trade and other payables	173,355	(437,834)
Provisions	5,767	25,304
Net cash used in operating activities	(3,005,547)	(2,425,896)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 5: CASH AND CASH EQUIVALENTS (continued)

(iii) Changes in liabilities arising from financing activities

	Convertible notes \$	Related party borrowings \$	Other borrowings \$	Total \$
Balance at 1 July 2019	-	18,538,896	443,744	18,982,640
Net cash from financing activities	3,832,500	597,979	815,813	5,246,292
Other changes	1,282,828	1,353,811	-	2,636,639
Balance at 30 June 2020	5,115,328	20,490,686	1,259,557	26,865,571
Issue of convertible notes	2,819,000	-	-	2,819,000
Capital repayments	-	(2,618,000)	(360,181)	(2,978,181)
Interest payments	(281,809)	(427,403)	(98,325)	(807,537)
Other non-cash items	-	-	216,743	216,743
Conversion of loan to convertible note	1,000,000	-	(1,000,000)	-
Convertible note fair value adjustment	8,916,824	-	-	8,916,824
Accrued interest / interest amortisation	235,656	2,543,390	98,905	2,877,951
Conversion to share capital	(9,564,375)	-	-	(9,564,375)
Transfer to share-based payments reserve	(8,240,624)	-	-	(8,240,624)
Funds advanced	-	3,064	286,936	290,000
Balance at 30 June 2021	-	19,991,737	403,635	20,395,372

(iv) Non-cash investing and financing activities

	2021 \$	2020 \$
Accrued interest / interest amortisation	(2,877,951)	(1,353,811)
Fair value adjustments to convertible notes	(8,916,824)	(1,282,828)
Conversion of convertible notes to share capital	9,564,375	-
Other non-cash items	(216,743)	-
Fair value of options issued with convertible notes	8,240,623	-
	5,793,482	(2,636,639)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

	2021	2020
	\$	\$
Trade receivables	108,248	115,501
Allowance for impairment	-	-
	108,248	115,501
Sundry debtors	211,543	745
Prepayments	125,031	-
Deposits paid	11,280	100,000
Other receivable – GST (net)	100,963	40,960
	448,817	141,705
Total trade and other receivables	557,065	257,206
	2021	2020
	\$	\$
Analysis of other receivables		
<i>Within initial terms</i>	108,248	115,501
<i>Ageing of past due but not impaired</i>		
30 – 60 days	-	-
60 – 90 days	-	-
90+ days	-	-
	-	-
Gross amount of other receivables	108,248	115,501

Impairment of receivables

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

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

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

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

There was no significant change in the gross carrying amount of receivables as there was no lifetime expected credit loss for the years 2020 and 2021.

The impact of the Coronavirus (COVID-19) pandemic up to 30 June 2021 has not been financially material on trade and other receivables of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Plant and equipment	Motor vehicles	Land and buildings	Total
	\$	\$	\$	\$
Year ended 30 June 2020				
At 1 July 2019, net of accumulated depreciation and impairment	30,099	41,352	4,897,230	4,968,681
Additions	158,539	-	6,800	165,339
Revaluation	-	-	(1,231,000)	(1,231,000)
Depreciation charge for the year	(28,065)	(7,879)	(23,174)	(59,118)
At 30 June 2020, net of accumulated depreciation and impairment	160,573	33,473	3,649,856	3,843,902
At 30 June 2020				
Cost or fair value	8,529,996	65,277	3,963,881	12,559,154
Accumulated depreciation and impairment	(8,369,423)	(31,804)	(314,025)	(8,715,252)
Net carrying amount	160,573	33,473	3,649,856	3,843,902

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (continued)

	Plant and equipment	Motor vehicles	Land and buildings	Total
	\$	\$	\$	\$
Year ended 30 June 2021				
At 1 July 2020, net of accumulated depreciation and impairment	160,573	33,473	3,649,856	3,843,902
Additions	358,966	43,393	-	402,359
Revaluation	-	-	373,397	373,397
Depreciation charge for the year	(103,809)	(8,674)	(23,253)	(135,736)
At 30 June 2021, net of accumulated depreciation and impairment	415,730	68,192	4,000,000	4,483,922
At 30 June 2021				
Cost or fair value	8,888,962	108,670	4,337,278	13,334,910
Accumulated depreciation and impairment	(8,473,232)	(40,478)	(337,278)	(8,850,988)
Net carrying amount	415,730	68,192	4,000,000	4,483,922

The useful life of the assets was estimated as follows for both 2021 and 2020:

- Plant and equipment 2 to 20 years
- Motor vehicles 4 to 6 years
- Leasehold improvements 10 to 13 years
- Buildings 40 years

The Company's land and buildings had a carrying value of \$3,649,856 prior to a revaluation undertaken by Acumentis (WA) Pty Ltd on 25 August 2021. The outcome of the valuation was an upward adjustment to the carrying value of the land and buildings by \$373,397 (refer Note 15 for further details).

If land and buildings were stated under the historical cost convention, the carrying value would be \$1,681,824 (2020: \$1,705,077).

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2021	2020
	\$	\$
Exploration and evaluation costs	1,752,251	1,752,251
Formation costs	3,881	3,881
Reclassify to mine development expenditure	(1,756,132)	-
	-	1,756,132

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation of the respective areas.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 8: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (continued)

The criteria to reclassify deferred exploration and evaluation expenditure to mine development expenditure for the Company was met on 26 November 2020. In making that judgement, the Directors took into account the outcomes of a definitive feasibility study and the listing of the Company on the ASX. Accordingly, \$1,756,132 of deferred exploration and evaluation expenditure related to the Company's Wickepin kaolin project was reclassified to mine development expenditure, on that date.

The exploration and evaluation asset was tested for impairment at the date of reclassification by reference to value-in-use calculations performed using a life-of-mine model of the Wickepin mine incorporating key assumptions such as kaolin market prices, any premia obtainable over spot market prices, mining rates, ore grades, plant processing recoveries and efficiencies, exchange rates, staffing levels and equipment operating efficiencies, among others. The formulation of these key assumptions involved the use by the Directors of judgements as to current and expected general macro-economic conditions and expected conditions in the kaolin mining industry as well as factors specific to the Wickepin mine such as mineral resources and reserves estimates and ore grades. Where the Directors adjudge that it is necessary to make material changes to key assumptions employed in the life-of-mine model, then these new key assumptions are incorporated into the life-of-mine model and the resultant value-in-use valuation produced is for determining the necessity for and amount of any impairment.

The Directors did not believe that there was any necessity to impair the carrying value of that asset base at the date of reclassification.

NOTE 9: MINE DEVELOPMENT EXPENDITURE

	2021	2020
	\$	\$
Balance at beginning of period	-	-
Reclassified from deferred exploration and evaluation expenditure	1,756,132	-
Wickepin plant project	8,031,966	-
Total mine development expenditure	9,788,098	-

NOTE 10: TRADE AND OTHER PAYABLES

	2021	2020
	\$	\$
Current		
Trade payables	2,590,050	2,506,344
Accruals	196,056	21,832
Other employment-related payables	43,024	20,065
	2,829,130	2,548,241

NOTE 11: BORROWINGS

	2021	2020
	\$	\$
Current		
Loans from related parties (i)	790,896	3,788,000
Loans from other parties (ii)	152,946	252,000
Convertible notes (iii)	-	5,115,327
	943,842	9,155,327
Non-current		
Loans from related parties (i)	19,200,842	16,702,686
Loans from other parties (ii)	250,688	1,007,557
	19,451,530	17,710,243
Total borrowings	20,393,372	26,865,570

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: BORROWINGS (continued)

- (i) The Company has the following executed loan agreements in place with its related parties at the reporting date with the respective terms and conditions:
- (a) Lender: Wamco Industries Group Limited
 Agreement date: 30 June 2019
 Expiry date: 30 June 2023
 Interest rate: 0%
 Repayments: 1) Prior to the IPO date - \$276,000; 2) 10 Business days after the IPO date - \$100,000; 3) Fourth anniversary of the agreement - \$500,000; 4) Any balance repayable upon the Company achieving positive free cash flow for one quarter
 Collateral securities: None
 Amount due in less than 1 year: \$34,000; Amount due in more than 1 year: \$517,757
- (b) Lender: Scientific Management Associates (Victoria) Pty Ltd
 Agreement date: 30 June 2019
 Expiry date: 30 June 2025
 Interest rate: 0%
 Repayments: 1) 10 Business days after the IPO date - \$1,242,000; 2) Fourth anniversary of the agreement - \$4,635,000; 3) Fifth anniversary of the agreement - \$7,405,000; 4) Any balance repayable upon the Company achieving positive free cash flow for one quarter
 Collateral securities: None
 Amount due in less than 1 year: \$120,896; Amount due in more than 1 year: \$8,148,355
- (c) Lender: Wamco Industries Limited
 Agreement date: 30 June 2019
 Expiry date: 30 June 2023
 Interest rate: 0%
 Repayments: 1) Prior to the IPO date - \$144,000; 2) 10 Business days after the IPO date - \$150,000; 3) Second anniversary of the agreement - \$250,000; 4) Third anniversary of the agreement - \$61,000; 5) Fourth anniversary of the agreement - \$839,000; 6) Any balance repayable upon the Company achieving positive free cash flow for one quarter
 Collateral securities: None
 Amount due in less than 1 year: \$45,000; Amount due in more than 1 year: \$1,041,310
- (d) Lender: Scientific Management Associates (Operations) Pty Ltd
 Agreement date: 30 June 2019
 Expiry date: 30 June 2024
 Interest rate: 6% per annum
 Repayments: 1) 10 Business days after the IPO date - \$300,000; 2) Fourth anniversary of the agreement - \$8,000,000; 3) Any balance repayable upon the Company achieving positive free cash flow for one quarter
 Collateral securities: None
 Amount due in less than 1 year: \$Nil; Amount due in more than 1 year: \$8,710,521
- (e) Lender: Pacific Polymers Pty Ltd
 Agreement date: 30 June 2019
 Expiry date: 30 June 2023
 Interest rate: 0%
 Repayments: 1) 10 Business days after the IPO date - \$1,076,000; 2) Second anniversary of the agreement - \$250,000; 3) Third anniversary of the agreement - \$61,000; 4) Fourth anniversary of the agreement - \$689,000; 5) Any balance repayable upon the Company achieving positive free cash flow for one quarter
 Collateral securities: None
 Amount due in less than 1 year: \$591,000; Amount due in more than 1 year: \$782,899
- (ii) The Company has the following executed loan agreements in place with other parties at the reporting date with the respective terms and conditions:
- (a) Lender: Nathan Allbut
 Expiry date: 31 December 2020
 Interest rate: 6% per annum
 Repayment date: The earlier of 10 days after the IPO date or 31 December 2020; the loan was extended and repaid in full on 3 August 2021
 Collateral securities: None
 Amount due in less than 1 year: \$53,000; Amount due in more than 1 year: \$Nil

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 11: BORROWINGS (continued)

- (b) There are two further finance agreements with Toyota Finance for the financing of plant and equipment and a small insurance premium funding facility.

(iii) In May and June 2020, the Company issued 3,832,500 convertible notes, with a face value of \$1 each, for total proceeds of \$3,832,500. In August 2020, a further 3,769,000 convertible notes were issued also at a face value of \$1 each, for total proceeds of \$2,769,000, as \$1,000,000 was as the result of a conversion of a loan previously provided to the Company. Interest was paid at maturity after the successful IPO at a rate of 10% per annum based on the face value. The notes were converted into ordinary shares at the time of the successful IPO event. The conversion price of the notes was based on a 20% discount to the issue price per share, being \$0.20. Noteholders were also entitled to pre-IPO options at the rate of 1.5 options for each ordinary share (ex price 25% premium on IPO price and 3 year expiry period). Transaction costs of \$166,140 (2020: \$163,500) were expensed. The table below reflects the movements relating to the convertible notes during the financial year:

Convertible Notes	2021	2020
	\$	\$
Opening balance	5,115,327	-
Notes issued	3,819,000	3,832,500
Interest accrued	235,656	46,153
Interest paid	(281,809)	-
Fair value adjustment upon granting of options	7,198,075	1,042,549
Financing cost upon issue of shares	1,718,750	194,125
Amounts converted to share capital	(9,564,375)	-
Amounts transferred to reserves	(8,240,624)	-
At 30 June	-	5,115,327

NOTE 12: PROVISIONS

Employee Entitlements:	2021	2020
	\$	\$
At 1 July	65,563	40,259
Net movements	(5,767)	25,304
At 30 June	59,796	65,563

Rehabilitation provision:	2021	2020
	\$	\$
At 1 July	-	-
Net movements	330,000	-
At 30 June	330,000	-

2020	Employee benefits	Rehabilitation provision	Total
	\$	\$	\$
Current	65,563	-	65,563
Non-current	-	-	-
	65,563	-	65,563

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 12: PROVISIONS (continued)

2021	Employee benefits \$	Rehabilitation provision \$	Total \$
Current	59,796	-	59,796
Non-current	-	330,000	330,000
	59,796	330,000	389,796

NOTE 13: CAPITAL AND RESERVES

	30 June 2021		30 June 2020	
	Number of shares	\$	Number of shares	\$
(a) Paid up capital	282,821,885	33,614,901	150,000,000	3,070,081
(b) Movements in ordinary share capital				
	Year to 30 June 2021		Year to 30 June 2020	
	Number of shares	\$	Number of shares	\$
Balance at beginning of year	150,000,000	3,070,081	26,065,000	3,020,000
Change to number of shares on issue above as a result of a share consolidation (0.8333:1) on 13 July 2020	125,000,000	3,070,081	-	-
Issue of shares to third parties	-	-	3,964,203	39,642
Issue of shares upon IPO	110,000,000	22,000,000	-	-
Exercise of options by employees	-	-	750,000	10,439
Issue of shares upon conversion of convertible notes	47,821,885	9,564,375	-	-
Capital raising costs ¹	-	(1,019,555)	-	-
Balance at end of year	282,821,885	33,614,901	30,779,203	3,070,081
Change to number of shares on issue above as a result of share division (4.873:1) on 5 September 2019	-	-	150,000,000	3,070,081

¹ The Company is only able to allocate a proportion of capital raising fees to equity upon IPO pursuant to accounting standards. Total capital raising fees were \$2,621,392, of which \$1,425,000 was settled in cash and \$1,196,392 in Lead Manager options expense (see note 13(g)). Of this amount only \$1,019,555 was allocable to equity, with the balance of \$1,601,837 being expensed.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. Upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Movements in unlisted performance rights

No.	Balance at start of period	# Granted during the period	Vested and Exercised	Cancelled/ Forfeited	Balance at end of period	Value vested during the period (\$)
1	-	5,500,000	-	-	5,500,000	-
2	-	5,500,000	-	-	5,500,000	-
3	-	8,250,000	-	-	8,250,000	-
4	-	8,250,000	-	-	8,250,000	-
	-	27,500,000	-	-	27,500,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: CAPITAL AND RESERVES (continued)

During the year ended 30 June 2021, the Company issued 27,500,000 Performance Rights to the chief executive, executive director and former director/founder. Each Performance Right is a right to be issued with a single ordinary share upon vesting of the Performance Right, free of encumbrances. No consideration will be payable upon the vesting or conversion of the Performance Rights.

Subject to two specific rights¹, Performance Rights will vest if and when the following milestones (each a Milestone) are achieved in the periods specified in the table below:

¹(General meetings) The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.

(No voting rights) The Performance Rights do not entitle the holder to vote on any resolutions proposed at a general meeting of the shareholders of the Company except:

- i) where the resolution is to amend the rights attaching to the Performance Rights; or
- ii) as otherwise required by law.

No.	Milestone		30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25
1	Project Delivery – CAPEX: Wickepin production facility has been constructed and commissioned at or below 112.5% of budget (\$18 million)		5,500,000	-	-	-
2	Project Delivery – Production: Wickepin production achieves an average production rate equal to or exceeding 20t/hour of processed kaolin during a completion test, to be conducted over a 5-day period of scheduled plant operation hours		5,500,000	-	-	-
3	Revenue: Deliver operating revenue from the Wickepin plant of the amount specified or greater, as set out in the audited accounts for the period ending 30 June of the relevant Milestone.	Revenue Target		\$31.7m	\$44.8m	\$80.7m
		Rights		2,750,000	2,750,000	2,750,000
4	EBITDA: Deliver EBITDA of the amount specified or greater, as set out in the audited accounts for the period ending 30 June of the relevant Milestone.	EBITDA Target		\$5.7m	10.3m	21.4m
		Rights		2,750,000	2,750,000	2,750,000
	Total number of Performance Rights to vest across all holders (of a total on issue of 27,500,000):		11,000,000	5,500,000	5,500,000	5,500,000
	Percentage of a holder's Performance Rights to vest:		40%	20%	20%	20%

Whilst the above milestones are possible, they are not probable so no expense has been recognised during the year ended 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: CAPITAL AND RESERVES (continued)

(d) Movements in unlisted options

	Year to 30 June 2021		Year to 30 June 2020	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Balance at beginning of financial period	-	-	\$0.01	750,000
Issue of Incentive options to directors and employees	\$0.35	30,500,000	-	-
Exercise of options to employees	-	-	\$0.01	(750,000)
Issue of options to Lead Manager (Tr1)	\$0.25	5,000,000	-	-
Issue of options to Lead Manager (Tr2)	\$0.30	5,000,000	-	-
Issue of free attaching IPO options	\$0.25	55,000,000	-	-
Issue of IPO options (to convertible note holders)	\$0.25	71,732,813	-	-
Balance at end of financial period	\$0.27	167,232,813	-	-

During the year ended 30 June 2021, the Company granted the following options on 20 November 2020:

- (i) 30,500,000 Incentive options to directors and key management personnel with a fair value of \$4,050,405 for the purchase of 30,500,000 ordinary shares at a price of \$0.35 for a period of five years from date of grant. The Incentive options vested immediately on the grant date. The share price at the date of grant was \$0.20.
- (ii) 5,000,000 Lead Manager options (Tranche 1) with a fair value of \$574,762 for the purchase of 5,000,000 ordinary shares at a price of \$0.25 for a period of three years from date of grant. The Lead Manager options (Tranche 1) vested immediately on the grant date. The share price at the date of grant was \$0.20.
- (iii) 5,000,000 Lead Manager options (Tranche 2) with a fair value of \$621,630 for the purchase of 5,000,000 ordinary shares at a price of \$0.30 for a period of four years from date of grant. The Lead Manager options (Tranche 2) vested immediately on the grant date. The share price at the date of grant was \$0.20.
- (iv) 55,000,000 free attaching IPO options for the purchase of 55,000,000 ordinary shares at a price of \$0.25 for a period of three years from date of grant. The IPO options will vest one year from the grant date. The share price at the date of grant was \$0.20.
- (v) 71,732,813 IPO options (to convertible note holders) with a fair value of \$8,243,723 for the purchase of 71,732,813 ordinary shares at a price of \$0.25 for a period of three years from date of grant. The IPO options will vest one year from the grant date. The share price at the date of grant was \$0.20.

The fair value of options during the year ended 30 June 2021 was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

	30 June 2021
Expected annual volatility	100%
Risk-free interest rate	0.86%
Expected life	1 - 5 years
Share price at grant date	\$0.20
Expected dividend yield	0%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 13: CAPITAL AND RESERVES (continued)

(e) Asset revaluation reserve	2021	2020
	\$	\$
Opening balance	1,944,779	3,175,779
Movement	373,395	(1,231,000)
Closing balance	2,318,174	1,944,779
(f) Capital contribution reserve		
Opening balance	17,880,927	17,880,927
Closing balance	17,880,927	17,880,927
(g) Share-based payment reserve		
Opening balance	2,939	2,939
Fair value of Incentive options	4,050,405	-
Fair value of Lead Manager options	1,196,392	-
Fair value of IPO options (to convertible note holders)	8,240,623	-
Closing balance	13,490,359	2,939
Total reserves	33,689,460	19,828,645

Nature and purpose of reserves

Asset revaluation reserve

The asset revaluation reserve has been used to record increases in the fair value of land and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity.

Capital contribution reserve

The capital contribution reserve has been used to record increases in net assets arising from transactions with owners in their capacity as owners and that are not recognised as income.

Share option reserve

The share option reserve arises as share-based payments are issued.

Options issue

Unlisted options over ordinary shares in the company are granted to key management personnel, employees and advisors as a long-term incentive component of their performance-based remuneration.

NOTE 14: EARNINGS PER SHARE

	2021	2020
Loss after income tax attributable to owners of WA Kaolin Limited used to calculate basic loss per share	(\$20,673,297)	(\$5,162,653)
	\$ per share	\$ per share
Basic (loss)/profit per share	(0.09)	(0.04)
Diluted (loss)/profit per share	(0.09)	(0.04)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	221,254,007	146,349,291

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: FINANCIAL INSTRUMENTS

(a) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings/(accumulated losses).

The Company is not subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

	2021 \$	2020 \$
(b) Categories of financial instruments		
Financial assets		
Cash and cash equivalents	10,915,712	2,020,295
Trade and other receivables	557,065	257,206
Financial liabilities		
Trade and other payables	2,829,130	2,548,241
Borrowings	20,395,372	26,865,570

(c) Financial risk management objectives

The Company is exposed to currency risk, market risk including fair value interest rate risk and price risk, credit risk, liquidity risk and cash flow interest rate risk.

Currency risk

The Company undertakes transactions denominated in foreign currencies. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The group manages its currency risk in accordance with approved policies.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities at the reporting date are:

	2021 \$	2020 \$
United States Dollar denominated (in AUD)	11,000	13,523
	11,000	13,523

Sensitivity

As shown in table above, the Company is primarily exposed to changes in USD/AUD exchange rate. Impact on post tax profit as a result of movements in USD/AUD exchange rate were immaterial for both 2020 and 2021.

(d) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodity prices.

There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

The Company does not have investments that would expose it to unmanageable market risks.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(e) Interest rate risk management

The Company is exposed to interest rate risk as the Company borrows funds at variable interest rates. The Company's policy is to manage its exposure to movements in interest rates by fixing the interest rate on financial instruments, including bank loans, finance leases and hire purchase liabilities, wherever possible. In addition, the Company utilises a number of financial institutions to obtain the best interest rate possible and to manage its risk. The Company does not enter into interest rate hedges.

Financial instruments	Interest bearing	Non-interest bearing	Total carrying amount	Fixed / variable rate
30 June 2021	\$	\$	\$	
<i>(i) Financial assets</i>				
Cash	-	10,915,712	10,915,712	Variable
Total financial assets	-	10,915,712	10,915,712	
<i>(ii) Financial liabilities</i>				
Borrowings	8,672,886	11,722,486	20,395,372	Fixed
Total financial liabilities	8,672,886	11,722,486	20,395,372	
30 June 2020				
<i>(i) Financial assets</i>				
Cash	-	2,020,295	2,020,295	Variable
Total financial assets	-	2,020,295	2,020,295	
<i>(ii) Financial liabilities</i>				
Borrowings	13,772,851	13,092,719	26,865,570	Fixed
Total financial liabilities	13,772,851	13,092,719	26,865,570	

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Interest rate risk sensitivity analysis

The Company only had fixed rate borrowings at 30 June 2021 and 2020, therefore interest rate sensitivity analysis is not required to be undertaken for the purpose of this report.

(f) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above.

This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its counterparties. The Company's exposure and the credit ratings of its counterparties are continuously monitored.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: FINANCIAL INSTRUMENTS (continued)

(g) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table outlines the Company's remaining contractual maturities for non-derivative financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the Company can be required to pay.

	< 6 months	6-12 months	1-5 years	Total contractual cash flows	Carrying amount	Weighted average interest rate
	\$	\$	\$	\$	\$	
30 June 2021						
Payables	2,829,130	-	-	2,829,130	2,829,130	Nil
Borrowings	234,919	708,923	23,140,895	24,084,737	20,395,372	2.54%
Convertible Notes	-	-	-	-	-	-
	3,064,049	708,923	23,140,895	26,913,867	23,224,502	
30 June 2020						
Payables	2,548,241	-	-	2,548,241	2,548,241	Nil
Borrowings	-	4,040,000	23,683,785	27,723,785	21,750,243	1.9%
Convertible Notes	-	5,115,327	-	5,115,327	5,115,327	10.0%
	2,548,241	9,155,327	23,683,785	35,387,353	29,413,811	

(h) Fair value of financial instruments

The directors consider that the carrying value of the financial assets and financial liabilities as recognised in the financial statements approximate their fair values.

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Year ended 30 June 2021	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Assets				
Land and buildings	-	-	4,000,000	4,000,000
Total assets	-	-	4,000,000	4,000,000
Liabilities				
Convertible notes	-	-	-	-
Total liabilities	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: FINANCIAL INSTRUMENTS (continued)

Year ended 30 June 2020	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Assets</i>				
Land and buildings	-	-	3,649,856	3,649,856
Total assets	-	-	3,649,856	3,649,856
<i>Liabilities</i>				
Convertible notes	-	-	5,115,327	5,115,327
Total liabilities	-	-	5,115,327	5,115,327

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 3

Land and buildings

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 30 June 2021 based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 15: FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

	Assets	
	Land and buildings	Convertible notes
	\$	\$
Balance at 1 July 2019	4,897,230	-
Losses recognised in other comprehensive income	(1,231,000)	-
Additions	6,800	(3,832,500)
Other adjustments	(23,174)	-
Fair value adjustment and finance costs	-	(1,282,827)
Balance at 30 June 2020	3,649,856	(5,115,327)
Income recognised in other comprehensive income	373,395	-
Losses recognised in profit or loss	-	-
Additions (net)	-	(3,819,000)
Fair value adjustment and finance costs	-	(9,152,640)
Payment of interest	-	281,809
Conversion of convertible notes to share capital	-	9,564,375
Transfer to share payments reserve	-	8,240,624
Other adjustments (net)	(23,251)	159
Balance at 30 June 2021	4,000,000	-

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Value	Sensitivity
<i>Assets</i>			
Land and buildings	Direct comparison – market rate (\$/m ²)	\$140	\$5 change would increase / decrease fair value by \$141,500
	Capitalisation rate	5.50%	0.25% change would increase / decrease fair value by \$193,575

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 16: DIVIDENDS

No dividends were paid, declared or recommended since the start of the financial year (2020: \$Nil).

NOTE 17: AUDITOR'S REMUNERATION

	2021	2020
	\$	\$
Amounts paid and payable to BDO for:		
<i>(i) Audit and other assurance services</i>		
Audit of financial statements	122,393	31,281
Total audit and other assurance services	122,393	31,281
<i>(ii) Other non-audit services</i>		
Taxation services	35,976	30,359
Corporate finance services	79,777	15,968
Total non-audit services	115,753	46,327

NOTE 18: COMMITMENTS AND CONTINGENCIES

Capital commitments

At 30 June 2021, the Company had various commitments in the sum of \$1,542,316 (excluding GST) in relation to the construction of its de-gritting plant, associated works and equipment at its Wickepin mine site in Western Australia.

No other capital expenditure commitments have been made for items of plant and machinery as at 30 June 2021 (2020: Nil).

Exploration commitments

The Company has various exploration commitments in relation to its mining lease at its Wickepin mine site in Western Australia.

	2021	2020
	\$	\$
Payable:		
Within one year	99,700	99,700
Within two to five years	199,400	299,100
	299,100	398,800

Contractual commitments

The Company announced on 26 May 2021 that it had entered into a 15-year LNG Supply agreement, due to commence from the start of operations at its Wickepin plant, likely to be in Q1 2022. As a result, the Company has commitments of approximately \$2,055,666 (excluding GST) in the first year of production and then approximately \$4,262,100 (excluding GST) per year, until such time as the Company commits to its Stage 2 project, which will see production capacity increased from 200,000 tonnes per year to 400,000 per year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: COMMITMENTS AND CONTINGENCIES (continued)

Contingencies

Royalty Deed

On 1 July 2019, a Royalty Deed was executed between the Company and Wamco Industries Group Pty Ltd, on behalf of several of the original and other owners of the Company since formation. Key details of the Royalty Deed are as follows:

Parties	WA Kaolin Wamco Industries Group Pty Ltd (WAMCO)
Brief description	WA Kaolin has agreed to pay a royalty (described below) to WAMCO until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).
Commencement date	1 July 2019.
Key terms	Royalty: WA Kaolin owes to WAMCO a royalty for each quarter in which WA Kaolin either mines or sells kaolin ore ex-works, FCA or FOB or mines and processes kaolin ore to produce a kaolin product which is sold ex-works, FCA or FOB, which must be paid quarterly. The royalty is the greater of: (a) \$1.50 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin; or (b) 1.5% of the price received for the sale of kaolin ore or product in a quarter. Payment and interest: Within 30 days after the end of each quarter, WA Kaolin must calculate the royalty payable for that quarter and give to WAMCO a statement in respect of that quarter (even if there is no royalty payable in that quarter) and if a royalty is payable, pay to WAMCO the royalty due by it for that relevant quarter in immediately available funds without demand, reduction or set off, by direct deposit. If payment is late, interest on the amount due is payable. Assignment: If WAMCO wishes to sell, transfer, grant, assign or otherwise dispose of (Assign) the whole of its interest in the royalty, it must first give notice to WA Kaolin. The notice must specify the price and the terms on which WAMCO is prepared to Assign the interest and give WA Kaolin a right to acquire the interest or to discharge its obligations under the agreement by paying the price to WAMCO. WA Kaolin may accept the notice in writing within 20 business days of receiving the notice. If WA Kaolin does not accept the offer, WAMCO may within 60 days enter into an agreement to Assign the interest, provided the assignment is on terms and conditions not less favourable to WAMCO than those offered to WA Kaolin. WA Kaolin may only Assign its interest in the Tenements (other than L70/156 and G70/251) or any rights in relation to the kaolin ore or kaolin products to a third party or related body corporate or related entity if it first delivers to WAMCO an assumption deed in favour of WAMCO, executed by WA Kaolin and the assignee. Encumbrances: WA Kaolin may grant an encumbrance over the Tenements, its rights under the Royalty Deed or any rights in relation to kaolin ore or products, without the prior written consent of WAMCO, provided that the Company gives WAMCO written notice of any such grant. WAMCO shall promptly do anything which WA Kaolin may reasonably request (including signing documents or supplying information) to ensure or enable any encumbrances to which it is a party is fully effective, enforceable and perfected with the contemplated priority. Confidentiality: A party must not disclose any confidential information, subject to exceptions. Termination: Unless otherwise agreed by the parties, the Royalty Deed terminates (with the exception of certain provisions, for example in relation to rehabilitation obligations) and has no further force or effect upon the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: COMMITMENTS AND CONTINGENCIES (continued)

Tonnage Royalty Deed

On 1 July 2019, a Royalty Deed was executed between the Company and Wamco Industries Group Pty Ltd, on behalf of several of the original and other owners of the Company since formation. Key details of the Royalty Deed are as follows:

Parties	WA Kaolin Wamco Industries Group Pty Ltd (WAMCO)
Brief description	WA Kaolin has agreed to pay a royalty (described below) to WAMCO until the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).
Commencement date	1 July 2019.
Key terms	Royalty: WA Kaolin owes to WAMCO a royalty for each quarter in which WA Kaolin either mines and sells kaolin ore ex-works, FCA or FOB or mines and processes kaolin ore to produce a kaolin product which is sold ex-works, FCA or FOB, which must be paid quarterly. The royalty is \$1.25 per tonne of dry kaolin ore or product sold in a quarter, provided that if kaolin product has been sold after processing, then tonnage used to calculate the royalty will be twice the actual tonnage of the processed kaolin. Payment and interest: Within 30 days after the end of each quarter, WA Kaolin must calculate the royalty payable for that quarter and give to WAMCO a statement in respect of that quarter (even if there is no royalty payable in that quarter) and if a royalty is payable, pay to WAMCO the royalty due by it for that relevant quarter in immediately available funds without demand, reduction or set off, by direct deposit. If payment is late, interest on the amount due is payable. Assignment: If WAMCO wishes to sell, transfer, grant, assign or otherwise dispose of (Assign) the whole of its interest in the royalty, it must first give notice to WA Kaolin. The notice must specify the price and the terms on which WAMCO is prepared to Assign the interest and give WA Kaolin a right to acquire the interest or to discharge its obligations under the agreement by paying the price to WAMCO. WA Kaolin may accept the notice in writing within 20 business days of receiving the notice. If WA Kaolin does not accept the offer, WAMCO may within 60 days enter into an agreement to Assign the interest, provided the assignment is on terms and conditions not less favourable to WAMCO than those offered to WA Kaolin. WA Kaolin may only Assign its interest in the Tenements (other than L70/156 and G70/251) or any rights in relation to the kaolin ore or kaolin products to a third party or related body corporate or related entity if it first delivers to WAMCO an assumption deed in favour of WAMCO, executed by WA Kaolin and the assignee. Encumbrances: WA Kaolin may grant an encumbrance over the Tenements, its rights under the Royalty Deed or any rights in relation to kaolin ore or products, without the prior written consent of WAMCO, provided that the Company gives WAMCO written notice of any such grant. WAMCO shall promptly do anything which WA Kaolin may reasonably request (including signing documents or supplying information) to ensure or enable any encumbrances to which it is a party is fully effective and enforceable. Termination: Unless otherwise agreed by the parties, the Royalty Deed terminates (with the exception of certain provisions, for example in relation to rehabilitation obligations) and has no further force or effect upon the earlier of 1 July 2049 and the date WA Kaolin relinquishes, surrenders or conveys to WAMCO all of the Tenements (other than L70/156 and G70/251).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 18: COMMITMENTS AND CONTINGENCIES (continued)

Security Interest

As a result of a loan agreement between the Company and its major lender, Scientific Management Associates (Victoria) Pty Ltd (SMA), a security interest was previously granted in favour of SMA granted. The security interest was a fixed charge (in respect of freehold and leasehold land, fixtures, plant, equipment, intellectual property and fixed assets, among other things), a floating charge in regard to all other assets and has a maximum prospective liability of \$12,000,000.

The above security interest was formally released on 9 October 2020.

No other contingencies were noted as at 30 June 2021 (2020: Nil).

NOTE 19: EVENTS AFTER THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while there has not been any financially material impact on the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

NOTE 20: RELATED PARTIES

Key management personnel compensation

The key management personnel compensation is as follows:

	2021 \$	2020 \$
Short-term employee benefits	772,889	453,338
Post-employment benefits	38,360	15,987
Share-based payments	3,917,603	-
	4,728,852	469,325

Other key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Mr A Baker is a director and major shareholder of the Company. During the reporting period, the Company has borrowed funds from several entities of which Mr Baker is a director and major shareholder. Details of those loans can be found in the table below and at Note 10(i).

Mr K Snell was a director and major shareholder of the Company. During the reporting period, the Company has borrowed funds from several of entities of which Mr Snell was a director and major shareholder. Details of those loans can be found in the table below and at Note 10(i).

Mr A Sorensen is a key management person of the Company and has advanced funds to the Company, as detailed below.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: RELATED PARTIES (continued)

Related party borrowings

30 June 2021

Entities associated with:	A Baker ¹	K Snell (estate) ²	A Sorensen ³
Opening balance	3,751,440	16,644,246	95,000
Interest	-	492,558	-
Funds advanced	3,064	-	-
Funds repaid	(1,076,000)	(1,969,403)	-
Other – finance cost on related party borrowing (Note 5)	238,461	1,812,371	-
Closing balance	2,916,965	16,979,822	95,000

30 June 2020

Entities associated with:	A Baker ¹	K Snell (estate) ²	A Sorensen ³
Opening balance	3,520,566	15,013,332	5,000
Interest	10,258	490,014	-
Funds advanced	356,116	-	95,000
Funds repaid	(348,410)	-	(5,000)
Other – finance cost on related party borrowing (Note 5)	212,910	1,140,900	-
Closing balance	3,751,440	16,644,246	95,000

Entities associated with the following key management personnel are as follows:

¹ A Baker : Wamco Industries Group Pty Ltd, Wamco Industries Pty Ltd, Pacific Polymers R&D Pty Ltd, Pacific Polymers Pty Ltd, EMC Pacific Pty Ltd

² K Snell (estate): Scientific Management Associates (Victoria) Pty Ltd, Scientific Management Associates (Operations) Pty Ltd

³ A Sorensen : Loans are held in Wamco Industries Group Pty Ltd on behalf of Mr Sorensen

Full details of the lenders can be found at Note 11 (Borrowings).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

NOTE 20: RELATED PARTIES (continued)

Fees and salaries

Director / Other Fees

Mr. A Baker, Mr. A Sorensen and Mr. K Snell chose not to be paid any director / other fees during previous financial years, instead allowing the Company to accrue such amounts, including amounts accrued in prior financial years, to be paid at a later date as the Company's cash flow allows. Details of the amounts owing can be found in the table below and are recorded in Trade and other payables within the Statement of Financial Position.

30 June 2021

	A Baker	K Snell (estate)	A Sorensen
Opening balance	368,000	447,000	234,000
Director / Other fees	205,800	3,000	-
Payments	(208,800)	-	-
Closing balance	365,000	450,000	234,000

30 June 2020 (restated¹)

	A Baker	K Snell (estate)	A Sorensen
Opening balance	339,000	411,000	234,000
Director / Other fees	173,000	36,000	-
Payments	(144,000)	-	-
Closing balance	368,000	447,000	234,000

¹ Mr A Baker's 2020 opening balance was incorrectly stated as \$663,000 in the Company's 2020 accounts and has now been correctly restated

Other transactions

Remuneration arrangements of key management personnel are disclosed in the annual financial report.

During the period ended 30 June 2021, the Company paid:

- Director fees and superannuation of \$196,424
- Salary and superannuation of \$39,628 to a part-time sales executive, who is the daughter of the Company's executive director
- Consulting fees of \$181,800 (ex GST) for services rendered by the Company's executive director through his associated entity
- Ordinary business expense reimbursements of \$73,595 to an entity associated with the Company's executive director
- Royalties of \$22,994 to an entity associated with the Company's executive director
- Building supplies (at arm's length or better) to an entity associated with the son of the Company's executive director
- Plant and equipment (at arm's length or better) to an entity associated with the Company's executive director

As outlined in the Company's prospectus dated 11 October 2020, the Company repaid loans of \$1,076,000 during the period to companies associated with the Company's executive director.

Finally, 30,500,000 Incentive options were granted to directors and key management personnel on 20 November 2020 with a fair value of \$4,050,405 for the purchase of 30,500,000 ordinary shares at a price of \$0.35 for a period of five years from date of grant. The Incentive options vested immediately on the grant date. The share price at the date of grant was \$0.20.

DIRECTORS' DECLARATION

1. In the opinion of the directors of WA Kaolin Limited ("the 'Company'):
 - a. the accompanying financial statements and notes thereto, as set out on pages 20 to 63, are in accordance with the Corporations Act 2001, including:
 - i. complying with Australian Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
 - ii. as stated in Note 1 the financial statements also comply with International Financial Reporting Standards; and
 - iii. give a true and fair view of the financial position of the Company as at 30 June 2021 and of its performance for the year ended on that date.
 - b. there are reasonable grounds to believe that WA Kaolin Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors, in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

This declaration is signed in accordance with a resolution of the Board of Directors.



Dr John White

Chairman

Dated this 29 September 2021

INDEPENDENT AUDITOR'S REPORT

To the members of WA Kaolin Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of WA Kaolin Limited (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of WA Kaolin Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of mine development properties

Key audit matter	How the matter was addressed in our audit
During the year the company transitioned its Wickepin Project from the exploration to the development phase. As outlined in Note 8, following the decision to enter development, the company transferred exploration and evaluation assets to mine development properties. On transition, the company was required to test the carrying value of the asset transferred for impairment. Further to this, the company is required to assess for indicators of impairment of mine development properties at 30 June 2021. The carrying value of mine development properties was determined to be a key audit matter due to the carrying value representing a significant asset of the company, the key judgements involved in undertaking the impairment test on transition and assessing for indicators of impairment at 30 June 2021.	Our procedures included, but were not limited to the following: • Reviewing management's basis of transfer of exploration and evaluation assets to mine development properties; • Reviewing Board minutes and ASX announcements to confirm the date of transfer to mine development properties; • Verifying on a sample basis mine development expenditure capitalised during the year for compliance with the measurement and recognition criteria of the relevant accounting standards; • Evaluating management's impairment assessment of the asset transferred to mine development properties in accordance with Australian Accounting Standards; • Evaluating management's assessment of indicators of impairment as at 30 June 2021 under Australian Accounting Standards; and • Assessing the adequacy of the related disclosures in Note 1(w), Note 1(aa), Note 8 and Note 9 to the financial report.

Accounting for Convertible Notes

Key audit matter	How the matter was addressed in our audit
During the year, the company issued convertible notes as disclosed in Note 11. Accounting for convertible notes was considered to be a key audit matter due to the complexity involved in assessing whether to account for the notes as equity, a liability or combination of both as well as the subsequent measurement of the individual components of the liability based on the terms and conditions of the agreement. The assessment includes significant judgement in determining the fair value of the separate components of the liability.	Our procedures included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreements to determine if the convertible notes are to be accounted for as equity, a liability or a combination of both; • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard; • Considering the reasonableness of the inputs to the valuation; and • Assessing the adequacy of the related disclosures in Note 1(u) and Note 11 of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 16 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of WA Kaolin Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 29 September 2021

Additional Information for Listed Public Companies

Additional information included in accordance with the Listing Rules of the Australian Securities Exchange Limited.
The information is current as at 28 September 2021.

1. Shareholdings

Substantial shareholders of WA Kaolin Limited:

Name of shareholder	Shares held
	49,883,574
SILVER TROPIC PTY LTD <WAMCO INDUSTRIES UNIT A/C> SCIENTIFIC MANAGEMENT ASSOCIATES (VICTORIA) PTY LTD <WAMCO INDUSTRIES UNIT A/C>	48,844,333
MR KENNETH JOSEPH HALL <HALL PARK A/C>	19,261,189
	117,989,096

Distribution of equity – Listed securities:

above 0 up to and including 1,000	17	2,907	0.00%
above 1,000 up to and including 5,000	278	994,086	0.35%
above 5,000 up to and including 10,000	214	1,709,988	0.60%
above 10,000 up to and including 100,000	744	30,649,340	10.84%
above 100,000	215	249,465,564	88.21%
Totals	1,468	282,821,885	100.00%

At the date of this report there were 64 shareholders, with a total of 98,481 shares, who held less than a marketable parcel of shares.

Listed securities in WA Kaolin Limited (WAK) are quoted on all member exchanges of the Australian Securities Exchange.

Additional Information for Listed Public Companies (continued)

Updated as at 28 September 2021

Position	Holder Name	Holding	% IC
1	SILVER TROPIC PTY LTD <WAMCO INDUSTRIES UNIT A/C>	49,883,574	17.64%
2	SCIENTIFIC MANAGEMENT ASSOCIATES (VICTORIA) PTY LTD <WAMCO INDUSTRIES UNIT A/C>	48,844,333	17.27%
3	MR KENNETH JOSEPH HALL <HALL PARK A/C>	19,261,189	6.81%
4	CENTURY HORSE LIMITED	9,375,000	3.31%
5	BONEYARD INVESTMENTS PTY LTD	7,000,000	2.48%
6	MR HAN SWEE TAN	6,425,600	2.27%
7	STEPHEN RICE <A/C THE RICE FAMILY TRUST>	5,366,452	1.90%
7	MR JAMES WOULFE & MRS CATHERINE MARIA WOULFE <DEBHULBH FAMILY A/C>	5,366,452	1.90%
7	PAUL LOWRY & KIM WATSON <THE PAUL LOWRY FAMILY A/C>	5,366,452	1.90%
8	CITICORP NOMINEES PTY LIMITED	4,362,356	1.54%
9	MR ANDREW BRIAN SORENSEN <WAMCO INDUSTRIES UNIT A/C>	4,156,964	1.47%
10	MR BENG GIM TAN	3,500,000	1.24%
11	CAJWM PTY LTD <CAJWM RETIREMENT FUND A/C>	3,000,000	1.06%
12	TYNONG PASTORAL CO PTY LTD <TYNONG PASTORAL A/C>	2,500,000	0.88%
13	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	2,321,545	0.82%
14	MS LAY HOON LEE	2,202,000	0.78%
15	ANDREW SORENSEN HOLDINGS PTY LTD <SORENSEN FAMILY SUPER A/C>	2,030,592	0.72%
16	JASPER HILL RESOURCES PTY LTD <SUPERANNUATION ACCOUNT>	1,975,000	0.70%
17	G & N LORD SUPERANNUATION PTY LTD <GNR SUPERANNUATION FUND A/C>	1,750,000	0.62%
18	T T NICHOLLS PTY LTD <SUPERANNUATION ACCOUNT>	1,687,500	0.60%
19	MR KENNETH BIDDICK & MRS CATHERINE BIDDICK <CONQUEST SPORTS PL SFBEN A/C>	1,625,000	0.57%
19	MRS LAY HOON LEE	1,625,000	0.57%
20	EXHIBITIONS PLUS PTY LTD <YARINGA LODGE UNIT A/C>	1,516,667	0.54%
	Total	191,141,676	67.58%
	Total issued capital - selected security class(es)	282,821,885	100.00%