

December 2025 Quarterly Activities Report

WA Kaolin Ltd (“**WA Kaolin**” or the “**Company**”) (**ASX: WAK**) is pleased to provide an update on its activities for the December 2025 quarter.

Highlights

- **Sales for the December quarter were 13,315 tonnes for revenue of \$2.7m (an average of A\$203 per tonne)**
- **Schedule December 2025 plant maintenance and improvements shutdown was delayed in an effort to reduce backorder volume**
- **Multiple short shutdowns for temporary repairs constrained production to lower than forecast volumes**
- **Plant maintenance and improvements (see details below) rescheduled to Q3 and Q4 FY26**
- **Waste recovery initiatives commenced through the quarter**
- **As at mid-January 2026 forward orders stand at 24,271t, including Q2FY25 backorders of 8,807t**
- **Look ahead Q3FY26**
 - **Sales of higher value products to non-fibreglass applications – fine products’ samples being prepared for despatch to commercial partners through the current quarter**
 - **Completion of plant improvements - including live-plant and shut-down modifications**
 - **Company wide review of costs of operations being led by the Board of WAK to improve on current (negative) per tonne operating margins**

Overview

The company continues to focus significant energy on improving both the availability and throughput of the Wickepin processing plant. At the same time we acknowledge that operating margins on the high quality kaolin products produced by WAK have to improve significantly.

The support of our major customers and the continued development of the higher-value kaolin products the Wickepin deposit can produce, give us enormous confidence that we are on the right path to long-term, sustainable profitability.

However, costs in the Australian mining environment are challenging for all producers, and WAK is no different. The Board and management team are committed to reducing operational and other overheads as efficiently as possible. A dedicated multi-disciplinary team across governance, management and operations has been formed with the charter of improving operating margins.

Financial

For the quarter ended December 2026

Sales revenue	\$2.7m on sales of 13,315tonnes
Cash outflow from operations for the quarter	\$1.7m
Cash inflow from loans secured for the quarter	\$1.5m
Cash on hand at the end of the quarter	\$0.774m

Corporate

Board and Management Changes: During the quarter, the Company undertook a process of Board renewal. Key changes included:

- On 15 October 2025, the Company announced the appointment of Ms Catherine Lynch and Mr Matthew Shackleton as Non-Executive Directors (refer ASX Announcement 16 October 2025).
- On 20 October 2025, the Company announced the resignation of Non-Executive Director Mr Kenneth Hall & Alternate Director Mr Brady Hall (refer ASX Announcement 20 October 2025).
- On 24 November 2025, the Company announced the appointment of Mr Matthew Shackleton as Non-Executive Chairman and Mr Abhi Anand as Company Secretary (refer ASX Announcement 24 November 2025).
- On 24 November 2025, the Company announced the resignation of Non-Executive Director Mr Sean Hu (refer ASX Announcement 24 November 2025).
- On 11 December 2025, the Company announced the appointment of Mr Andrew Sorensen as Executive Director (refer ASX Announcement 11 December 2025).

Funding and Debt Restructure: As announced on 31 December 2025, the Company successfully executed binding agreements to restructure its debt and secure new working capital:

- **New Working Capital Facility:** An agreement was executed for a new \$1.5 million working capital facility with Wamco Industries, an entity associated with Managing Director Alf Baker, Executive Director Andrew Sorensen and major lender Scientific Management Associates (Victoria) Pty Ltd (SMAV) and Scientific Management Associates (Operations) Pty Ltd (SMAO), (jointly SMA). This facility was drawn down during the quarter.
- **Debt Restructure:** Existing debt facilities totalling approximately \$20.4 million held with major lenders SMAV and SMAO were restructured, extending maturity dates by 12 years to 31 December 2037.
- **Security Waiver (Post-Quarter):** Subsequent to the quarter end, on 15 January 2026, the Company announced it had been granted a waiver of ASX Listing Rule 10.1 to allow it to grant security over the assets of the Company in favour of the lenders without shareholder approval. The security is granted in favour of SMAV as first ranking and in favour of the Wamco Industries Unit Trust, an entity associated with Managing Director Alf Baker, Executive Director Andrew Sorensen and major lender SMA.

Annual General Meeting: The Company's Annual General Meeting was held on 21 November 2025. All resolutions put to the meeting were decided in the affirmative by way of a poll (refer ASX Announcement 21 November 2025).

Cost Base Review: The Board and management are conducting a business-wide review of the Company's cost base to address the current negative operating margins. This strategic initiative ensures that cost management remains a primary focus of the Company's governance and operational strategy. In line with this initiative the board will work cooperatively with the management team to develop first-principles costs and sales budgets to which it will report at the end of Q3FY26.

Sales

Binding 2026 Offtake Agreement

In December 2025, management executed a binding offtake agreement for the 2026 calendar year with Dak Tai Trading Limited, an established distributor within the Stanco group.

Key commercial features include:

- Total contract value of approximately US\$5.57 million (A\$8.6 million) for calendar year 2026, based on agreed pricing and meeting minimum committed volumes;
- Firm ordering commitments, subject to customary termination provisions;
- A delivery milestone requiring 15,000 tonnes to be delivered by 31 March 2026, failing which Dak Tai has the right to terminate its minimum volume obligations; and

A back-order and pricing linkage, whereby accepted purchase orders retain their original agreed price if delivery is delayed, and failure to substantially clear contracted back orders by 1 July 2026 may limit WAK's ability to fully realise higher H1FY27 pricing. The agreement provides the Company with meaningful revenue visibility and underpins production planning for 2026, while maintaining flexibility to pursue additional sales outside the minimum committed volumes.

In addition to the 2026 offtake agreement, the Company enters the March 2026 quarter with a strong immediate demand profile, supported by:

- as of mid-January 2026 a total order book of approximately 24,271 tonnes, including
- existing CY2025 backorders of approximately 8,807 tonnes.

The current sales profile of the Company is heavily dependent on our key commercial partner, Stanco. The Company is focusing on building sales diversity, supported by its expanding product range, improving brand recognition, and long-standing distributor relationships.

- Total sales of WAK products in the December quarter: \$2,678,735
- Sales to Stanco in the December quarter: \$2,046,006
- Proportion of total sales to Stanco in the December quarter 76%

The Company's sales strategy remains focused on expanding into higher-value applications such as ceramics, paper, coatings and specialty industrial uses and diversifying geographic exposure across China, Southeast Asia and domestic Australian markets. The Board is working with management to develop a first-principles sales budget incorporating these new sales lines, with detailed time-lines to product delivery and revenue, and rational, market based sales growth assumptions.

Export Sales

Sales to long-term distribution partner Stanco and affiliated entities continue to underpin volumes into China, particularly for ceramic and industrial grades.

- Total sales of WAK products in the December quarter: \$2,678,735
- Sales to China in the December quarter: \$2,234,567
- Proportion of total sales to China in the December quarter 83%

Engagement with Chinese ceramics customers progressed during the quarter, with ongoing trials across multiple grades and applications. These programs are designed to support conversion to longer-term supply arrangements once consistent delivery performance is demonstrated.

Repeat orders from customers in Vietnam and Malaysia continued, particularly for higher-purity ceramic grades. These markets remain strategically attractive due to proximity to Australia, lower logistics complexity, and increasing demand for premium kaolin in construction materials, ceramics and industrial applications.

Domestic Sales

Domestic sales remained steady, supported by repeat ordering from existing customers in construction materials, ceramics and industrial sectors. The Company continues to view the Australian market as an important base-load contributor, providing diversification and shorter lead times.

- Domestic sales in the September 2025 quarter: \$108,839
- Domestic sales in the December 2025 quarter: \$93,955
- Proportion of Total sales in the December quarter: 3.5%

During the period, customer engagement increased across:

- Higher-purity ceramic grades, where performance consistency is a key differentiator;
- Finer particle size products suited to paper and coating applications; and
- Specialty grades for industrial uses requiring brightness, purity and controlled particle distribution.

Development of the paper-market kaolin products progressed, with customer feedback to date supporting management's view that this segment represents a significant medium-term growth opportunity.

Looking ahead to calendar year 2026, the Company's sales pipeline is underpinned by the binding 2026 offtake agreement with Dak Tai along with a robust forward order book entering the March quarter. As mentioned above, the Board are working with management to develop a first-principles sales budget that will incorporate the existing offtake agreement and the emergence of the new, higher-value kaolin products the plant is targeting to produce.

Management's immediate focus is on aligning production capability with demand, with the objective of progressively reducing backorders and capturing upside beyond minimum offtake commitments.

Table 1. Kaolin Sales Revenue

	Q3 FY 2025	Q4 FY2025	Q1 FY2026	Q2 FY2026	Q3 FY2026 Orders
Kaolin sales (dmt)	5,525	9,876	13,858	13,315	24,271 ¹
Revenue from sales (A\$)	\$1,236,943	\$2,142,375	\$2,739,313	\$2,678,735	\$4,854,200 ²

1 – As at mid January 2026, including 8,807 tonnes of backorders

2 – Estimate based on selling price of \$200 per tonne

WA Kaolin Ltd Sales Volume, MT

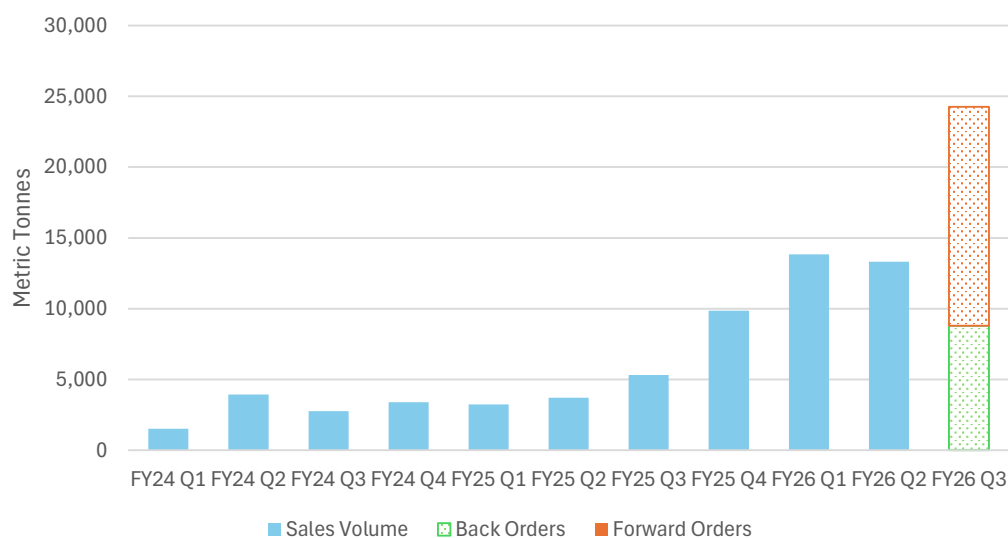


Figure 2 – Quarterly sales volume

Operations

Mining

The Department of Mines, Industry Regulation and Safety (DMIRS) inspected the mining operations of the Company through the quarter, identifying several matters for compliance and improvement. DMIRS issued several improvement notices and a prohibition notice for covering the continued mining of the open pit.

DMIRS subsequently permitted re-entry to the pit and recommencement of quarrying. Several of the improvement notices have been rectified, with the following still to be addressed by the operational team:

1. Principal Mining Hazard Plan
2. Statutory Supervisor registration and qualification

Subsequent to quarter end, mining operations continued within the existing approved mining area. Run of Mine (ROM) stockpiles and the balance of available ore in the existing approved mining area hold sufficient process ready material to continue the processing operation for approximately 8 weeks, by which time it is anticipated that the Mining Proposal and Project Management Plan will have been amended and approved to include a cut-back to the southern side of the existing pit.



Figure 1: Aerial view of new roadways for Traffic Management System – 28 January 2026

Plant and Production

During the quarter improvement to the transfer system from silos to bagging operations were completed and are operating successfully.

The December maintenance and improvement shutdown was cancelled in an effort to reduce the backlog of orders for the fibreglass industry. Sales to this sector accelerated after the China-USA tariff developments as China sought to replace US supply with WAK supply. This cancellation of maintenance and improvements resulted in many short interruptions to the plant for temporary repairs, with little improvement in the backlog.

DMIRS also issued two notices to the company with respect to processing operations. One was for an independent engineering company to report on the integrity of the plant structures, this has subsequently been provided and closed out. Another one related to airborne dust and its effect on health. The company has carried out multiple airborne tests using external testing consultants and improved dust masks have been procured and improved working conditions are being addressed.

The plant improvement list has been refreshed and 2 x 3-day shutdowns are scheduled during January and further shutdowns later in Q3 and Q4 FY26.

A longer shutdown may be scheduled for Easter time or earlier subject to attending to the backlog and inventory build.

Safety

No Accidents nor lost time injuries for the quarter.

Research & Development (R&D)

Product Development and Market Diversification

As announced on 26 November 2025, a successful trial was conducted under the leadership of the technical and R&D manager to produce the new 'Wicefine' grade at the Wickepin plant. Post quarter, samples have been sent to potential commercial partners. This product does not undergo any grinding but will have a position in the paint and paper/board markets where super-fineness is not required.

R&D Kwinana installed new ceramic testing apparatus to assist in reporting specifications for green strength and modulus of rupture in engineered clay mixtures.

Demand for WAK's engineered ceramics products is steadily increasing and relocation of the production equipment to Wickepin is being considered later this year.

The grinding trials in China continue to refine the processes required to produce super fine products for premium paper coating.

Financial Details

As of 31 December 2025, WA Kaolin's cash position stood at \$0.774 million.

In accordance with Listing Rule 5.3.1, the Company confirms that further exploration activities were undertaken during the quarter ended 31 December 2025.

In accordance with Listing Rule 5.3.2, the Company advises that it spent approximately \$2.54m during the quarter on production costs, largely related to freight costs (\$0.75m), mining costs (\$0.34m) and cost of gas, diesel & inventory (\$1.24m). No funds were spent during the quarter on development costs, as this cost was expended in previous quarters.

In accordance with Listing Rule 5.3.5, \$208,445 was paid to related parties or their associates during the quarter. The payments comprise the following:

- Directors' fees and superannuation (including all executive and non-executive directors): \$28,690.
- Fees, reimbursements and royalties paid to the Managing Director or associates of the Managing Director:
 - Fees paid to the Managing Director in lieu of salary: \$70,000 (per executed consultancy deed)
 - Business expense reimbursements & contractor payments paid to an entity associated with the Managing Director (at cost): \$56,900
 - Royalties paid to an entity associated with the Managing Director and the Executive Director: \$21,452
 - Salary, superannuation, vehicle allowance and expenses reimbursements to the daughter of the Managing Director (per arm's length contract of employment as the Company's Territory Sales Executive): \$17,750
- Salary, superannuation, and expenses reimbursements to the Executive Director appointed 10 December 2025 (per contract of employment as the Company's Director, Sales & Marketing): \$13,653.

Mining Tenements

In accordance with Listing Rule 5.3.3, the Company advises that it held the following tenements at the end of the quarter are listed in table 2.

Table 2. Tenements

Tenement	Prospect	Ownership (%)	Change
M70/1143	South West Kaolin	100%	Nil
R70/40	Balgulpinn	100%	Nil
R70/42	Levi	100%	Nil
R70/43	Walters Hill	100%	Nil
R70/44	Doraking	100%	Nil
L70/156	Wickepin	100%	Nil
G70/251	Wickepin	100%	Nil

M – Mining Lease (granted)

R – Retention Licence (granted)

L – Miscellaneous Licence (granted)

G – General Purpose Lease (granted)

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

For further information, please contact:

Alf Baker

Managing Director

abaker@wakaolin.com.au

Andrew Sorensen

Executive Director, Sales & Marketing

asorensen@wakaolin.com.au

Forward Looking Statements

This ASX announcement may include forward-looking statements. These forward-looking statements are not historical facts but rather are based on WAK's current expectations, estimates and assumptions about the industry in which WAK operates, and beliefs and assumptions regarding WAK's future performance. Any forward-looking statements, which are inconsistent with previous forward-looking statements made by the Company supersede those previous statements or prevail to the extent of any inconsistency. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "potential" and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are only predictions and are not guaranteed, and they are subject to known and unknown risks, uncertainties and assumptions, some of which are outside the control of WAK. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statements or other forecast. Actual values, results or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law, WAK does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward looking statement is based.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

WA KAOLIN LIMITED

ABN

56 083 187 017

Quarter ended ("current quarter")

31 Dec 2025

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	2,526	5,091
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(2,538)	(5,432)
	(d) staff costs	(1,453)	(2,986)
	(e) administration and corporate costs	(435)	(883)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(8)	(146)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	187	875
1.8	Other (provide details if material)	20	34
1.9	Net cash from / (used in) operating activities	(1,701)	(3,447)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(355)	(581)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(355)	(581)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	1,500	1,500
3.6	Repayment of borrowings	(146)	(267)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,354	1,233

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,473	3,581
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,701)	(3,447)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(355)	(581)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,354	1,233

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	3	(12)
4.6	Cash and cash equivalents at end of period	774	774

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	774	1,473
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	774	1,473

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	152
6.2	Aggregate amount of payments to related parties and their associates included in item 2	57

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	4,500	4,150
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	4,500	4,150
7.5 Unused financing facilities available at quarter end		350
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
1) Toyota Fleet Management – 6 x Hire Purchase agreements at varying fixed interest rates for mobile equipment and motor vehicle (secured) 2) \$3m Convertible Loan Agreement with Boneyard Investments Pty Ltd, 3-year term from June 2023, 8% interest rate however interest accrued (not paid) until 31 December 2025 (unsecured).		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,701)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,701)
8.4 Cash and cash equivalents at quarter end (item 4.6)	774
8.5 Unused finance facilities available at quarter end (item 7.5)	350
8.6 Total available funding (item 8.4 + item 8.5)	1,124
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.66
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

No. The Company expects operating cash flows to improve in the coming quarters but acknowledges that at current production levels and overall cost base, the Company is generating a negative operating margin.

Reduced plant availability and throughput results in fixed production costs being spread over lower volumes, which combined with the current high operating costs and business overheads elevates the produced unit cost per tonne above profitable levels.

The Company is addressing these structural issue through a targeted operational turnaround plan which includes a combination of plant optimisation, first-principles rebudgeting, operational and overhead cost savings initiatives and completion of the implementation programs for automated inventory and sales control.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Yes. The Company has taken steps to stabilise its balance sheet and secure immediate working capital, as announced on 31 December 2025:

New Working Capital Facility: During the quarter, the Company secured and drew down a new \$1.5 million loan facility to support immediate working capital requirements.

Debt Restructure: In addition, the Company restructured its major debt facilities, extending maturities to December 2037, providing improved balance sheet stability and supporting ongoing operations.

Ongoing Funding Assessment: The Directors are currently evaluating various funding assessments and options to ensure the Company remains sufficiently funded. No final decision has been made regarding the specific structure or timing of any additional funding initiative.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Yes. The Directors believe the Company will continue its operations and meet business objectives on the following basis:

The Company has secured a new \$1.5 million working capital facility. This provides immediate liquidity and removes short-term debt repayment pressure and is indicative of the level of support the Company receives from its major shareholders; and

The Company is in discussions with its advisors and stakeholders as part of the assessment of various funding options referred to at 8.8.2 and considers it likely these discussions will result in a positive outcome for the business.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 20 February 2026

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.