# WA Kaolin Limited

**ABN 56 083 187 017**

**Annual Report**
**30 June 2025**

# Chairman's Letter

Dear Shareholders,

Welcome to the 2025 Annual Report for WA Kaolin Limited (WAK or the Company). Below, I outline our progress during the financial year ended 30 June 2025 as we continue to establish ourselves as a supplier of high-quality kaolin to global markets.

**Operational Milestones**

The 2025 financial year was a significant period for the Wickepin Kaolin Project. Our plant was extended with two new classifiers, and after dry commissioning, one unit was put into service. It achieved higher than expected production rates, by lifting yield when producing finer grades. In fact, it showed that up to 15 tonnes per hour is possible plus 5 tonnes per hour of our new course technical-grade kaolin, Kaosil (a combination of silica and courser Kaolin). This meant that potentially with ongoing improvements to plant systems we could expect to exceed nameplate by 20% or more when both classifiers are operating. The company commenced in-house mining capabilities providing improved quality control and reduced extraction costs. By June, we commenced training an expanded operational team to support a strong sales increase. While the Company maintained an accident-free record with focus on improving working conditions, it still needs more emphasis on safety procedures, compliance and training.

**Sales and Market Expansion**

Demand for WA Kaolin's premium-grade products remained robust, particularly in international markets. We achieved a strong sales growth of x% across the year, with notable growth in both Australian and export markets, particularly China. Our customer base has diversified across applications such as fibreglass, ceramics, bricks and plasterboard, with new kaolin grades developed for ceramics customers and successful re-entry into the Australian plasterboard market by substituting fly ash with our kaolin. Additionally, we are advancing the development of kaolin products for the paper market, with customer trials underway.

**Research and Development**

Our Research and Development efforts have strengthened our product portfolio. New engineered clay grades for the ceramics market, tailored for sanitary ware and tableware applications, have been well-received. R&D continues to support the development of finer grades for the paper and paint markets, and we are exploring the suitability of our kaolin for geopolymer concrete applications in collaboration with external partners.

**Financial**

The successful $7.0 million Accelerated Non-Renounceable Entitlement Offer (ANREO) in the March 2025 quarter, strongly supported by shareholders, bolstered our cash reserves.

On behalf of the Board, I thank our loyal shareholders for their ongoing support as we deliver on our strategy of sales growth and operational excellence.

Kind regards,

Alf Baker
Chairman

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## CORPORATE INFORMATION

**ABN 56 083 187 017**

### Directors

Mr Alfred Baker (Managing Director Chairman)

Mr Kenneth Hall (Non-Executive Director)

Mr Sean Hu (Non-Executive Director)

Mr Cameron Baker (Alternate)

Mr Brady Hall (Alternate)

### Company secretary

Mr Andrew Sorensen

### Registered office

330 Sparks Road
East Wickepin
Western Australia 6370

### Principal place of business

330 Sparks Road
East Wickepin
Western Australia 6370
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

EMK Lawyers
Suite 1, 519 Stirling Highway
COTTESLOE WA 6012



### Bankers

Westpac Banking Corporation
108 St George's Terrace
PERTH WA 6000

### Auditors

BDO Audit Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

## DIRECTORS' REPORT

The directors of WA Kaolin Limited (the "Company") submit the financial report for the year ended 30 June 2025. 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.

Dr John White (resigned 8 September 2025)
Mr Alfred Baker
Mr Kenneth Hall
Mr Sean Hu
Mr Cameron Baker (Alternate)
Mr Brady Hall (Alternate)

**Directors' Information**

*Dr John White (Non-Executive Chairman)* (resigned 8 September 2025)

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 Defence SA 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 Committee

Interests in shares: 1,133,333

Interests in options: 3,516,666

Interests in performance rights: None

*Mr Alfred Baker (Managing Director/Executive Chairman)*

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 Pty Ltd (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.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Managing Director

Interests in shares: 74,791,907

Interests in options: 19,731,250

Interests in performance rights: None

## DIRECTORS' REPORT (continued)

*Mr Kenneth Hall (Non-Executive Director)*

Mr Hall, an experienced electrician, established Kalgoorlie Power Systems (KPS) in 1981. In 2009, KPS was acquired by Pacific Energy, a company listed on the ASX. Mr. Hall has over 30 years of experience in the mining industry and has been involved in the contract power generation sector for more than 30 years.

Special responsibilities: None

Interests in shares: 159,259,140

Interests in options: 39,732,558

Interests in performance rights: None

*Mr Sean Hu (Non-Executive Director)*

Mr Hu serves as the Chief Executive Officer of Stanco International Corp (Stanco), a leading raw materials distribution company in the Asia Pacific region and is Stanco's representative on the WA Kaolin Board. As CEO of Stanco, Sean is committed to fostering trust and long-term relationships with stakeholders and enhancing operational excellence through teamwork and communication to achieve key objectives and positive financial outcomes. Since 1985, Stanco has been a prominent supplier of raw materials to the fiberglass, glassware, ceramic, paper making, construction, footwear, and iron and steel industries in the Asia Pacific region. The company has a global presence with offices in Asia, the Americas, and Europe, as well as self-owned factories in China. Sean has extensive experience in accounting, audit, finance, and corporate governance, gained through his previous roles in the banking industry and at KPMG USA and Switzerland.

Qualifications: Certified Public Accountant (US) and MBA qualifications
Special responsibilities: None
Interests in shares: 84,756,824
Interests in options: 10,594,603
Interests in performance rights: None

*Mr Michael Kenyon (Company Secretary) (resigned 11 December 2024)*

Mr Kenyon has held senior roles with both private and ASX-listed corporations over the past 27 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 also the CFO for Resource Development Group Ltd.

Interests in shares: 329,525

Interests in options: 1,000,000

Interests in performance rights: None

*Mr Andrew Sorensen (Company Secretary) (appointed 11 December 2024)*

With more than three decades experience in operations management, Andrew 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, Andrew 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.

Andrew'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.

Interests in shares: 9,518,124

Interests in options: 3,301,393

Interests in performance rights: None

## DIRECTORS' REPORT (continued)

### Directors' Meetings

The number of meetings of directors held during the year and the number of meetings attended by each director was as detailed below. Given the size of the Company, the committees were disbanded at the end of the previous financial year and any matters discussed by the Board at its meetings:

| | Directors' Meetings | Eligible to attend | Remuneration Committee | Disclosure Committee |
|---|---|---|---|---|
| **Number of meetings held:** | 10 | 10 | - | - |
| **Number of meetings attended:** | | | | |
| Dr John White | 9 | 10 | - | - |
| Mr Alfred Baker | 10 | 10 | - | - |
| Mr Cameron Baker | 4 | 10 | - | - |
| Mr Brady Hall | 9 | 10 | - | - |
| Mr Ken Hall | 10 | 10 | - | - |
| Mr Sean Hu | 7 | 10 | - | - |



### Review of operations

The Company's operations for the financial year resulted in a loss after tax of $7,806,878 (2024: $13,580,685). The loss includes an impairment expense of $Nil (2024: $3,485,000) and finance cost of $929,361 (2024: $1,461,407).

The Company is the sole owner of a mining lease, a general-purpose lease, a miscellaneous licence and retention licences which comprise the Wickepin Kaolin Mine. The mine, which is one of the largest known remaining primary kaolin resources in the world, contains an Ore Reserve of 64.9 million tonnes which is included in a Mineral Resource (reported in accordance with JORC 2012) of 643.0 million tonnes of high-grade premium kaolinized granite. The Company commenced commercial operation of the Wickepin processing plant and associated infrastructure and equipment on 1 July 2023.

The Company also has some minor operations in a leased facility previously owned by the Company, in East Rockingham, Western Australia. It is the research and development centre for the Company and operates a small-scale production plant producing various beneficiated and engineered kaolin products.

In August 2023, the Company established a wholly owned subsidiary in Malaysia, WA Kaolin (Asia) Sdn. Bhd., staffed by one sales and marketing person in Kuala Lumpur. The office was established in order to provide greater support and visibility to its customers throughout Asia.

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

- introducing an engineering solution to increase yield and capacity of its premium kaolin products at the Wickepin plant in order to ramp up finer grade production. This solution includes the installation of third stage separation using classifying equipment which will not only produce finer products but also improve yield losses and increase production rates;
- progressive increase in production to circa 200,000 tonnes per annum;
- negotiation of sales agreements for product on suitable commercial terms with acceptable counterparties; and
- investment in further processing to produce product suitable for use in premium paper and packaging markets. Some of this further processing is being negotiated with a partner in China. Additionally, the Company continues to improve the efficiency and reliability of the balance of the plant to match the increased capacity of the classifiers.

The Company has undertaken exploration activities to support the ongoing development of the Wickepin Kaolin Mine, including mine planning and drilling to set parameters for future mine expansion, particularly with the expansion of Pit 2. These efforts have enhanced the Company's understanding of its extensive Mineral Resource, ensuring sustainable ore supply for increased production targets.

In response to customer demand in the fibreglass industry for a finer kaolin product, WA Kaolin introduced classifier equipment to enhance product quality and meet market specifications. The classifiers were successfully installed during FY24–25, on schedule and within budget. This installation not only enables the production of finer-grade kaolin but also improves overall plant efficiency and throughput, supporting the company's strategic objective of expanding into higher-value markets. The company is now also focused on commercialising its paper-grade kaolin products to diversify its offerings and capture additional market opportunities

## DIRECTORS' REPORT (continued)

The Company has demonstrated strong and consistent growth in sales volumes, driven by increasing demand. This momentum culminated in sales exceeding $1,024,805 in June 2025, reflecting the successful expansion of the customer base and the growing market acceptance of the Company's products.

**Going Concern**
See note 1(b) for an assessment of the Company's ability to continue as a going concern.

**Principal Activities**
The principal activities of the Company were the development of its mineral resources of high-grade kaolinized granite, and the operation of its value adding proprietary production processes.

**Significant events after reporting date**

Subsequent to 30 June 2025, the Company has been engaged in the renegotiation of the terms of its lender debt facilities, which are not expected to be repaid from operating cash flows in the near term. Except for this matter, no other event or circumstance has arisen since the end of the reporting period that has materially affected, or may materially affect, the Company's operations, financial performance, or financial position in future periods.

**Likely developments and expected results**
As of 30 June 2025, the Company's operations at its Wickepin Processing Facility are fully operational.

**Risk management**
The Company's activities have inherent risks and the Board is unable to provide certainty of the expected results of its activities, or that any or all of these likely activities will be achieved. The material business risks faced by the Company that could influence its future prospects, and how the Company manages those risks, are outlined below.

***Operational risks***
The Company's activities include mining and supply of kaolin products, which are subject to operating risks that could impact the amount and quality of kaolin produced or increase the cost of production for varying lengths of time. Such difficulties include: increased costs of mining, processing, loading and equipment failures; safety incidents and accidents; freight capacity constraints; and a shortage of labour. If any of these or other conditions or events occur in the future, they may increase the cost of the Company's activities, which could adversely affect the Company's results or decrease the value of its assets. The Company has in place a framework for the management of operational risks and an insurance program which provides coverage for a number of these operating risks.

***Kaolin prices and foreign exchange***
As a significant portion of the Company's kaolin products are exported overseas, prices may fluctuate and may be affected by a number of factors beyond the control of the Company. Potential future production from the Company's mining tenements will be dependent upon the sustainable price of kaolin. The Company has certain agreements and orders with various customers including those in Australia and overseas. The Company's financing is denominated in Australian dollars and most of any future development and operational activities are also denominated in Australian dollars. A significant portion of its sales revenue will be dominated in US dollars and the Company's ability to fund activities and make debt repayments maybe adversely affected if the Australian dollar rises against the US dollar. The Company has a hedging policy in place and will undertake hedging of its foreign exchange risks to alleviate any pressure this may cause.

***The Company's activities may require further capital***
The further development of the Company's mine and mine plant, as well as any working capital needs may require additional funding. Whilst current funding levels are deemed to be appropriate, there can be no assurance that additional capital or other types of financing will be available if needed for development and operations or that, if available, the terms of such financing will be favourable to the Company.

***Global financial conditions may adversely affect the Company's growth and profitability***
Many industries, including the mineral resources industry, are impacted by these market conditions, the main issues such as inflationary pressures and global geopolitical tensions may result in contraction in credit markets resulting in a widening of credit risk, devaluations and high volatility in global equity, commodity, foreign exchange and precious metal markets, and a lack of market liquidity. Due to the nature of the Company's activities, a slowdown in the financial markets or other economic conditions may adversely affect the Company's growth and ability to finance its activities. If these increased levels of volatility were to continue, the Company's activities could be adversely impacted and the trading price of the Company's shares could be adversely affected.

## DIRECTORS' REPORT (continued)

**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 (2024: $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 2025. 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

<u>Directors and Key Management Personnel ("KMP")</u>

| | |
|---|---|
| Dr John White | Non-Executive Chairman (resigned 8 September 2025) |
| Mr Alfred Baker | Managing Director |
| Mr Cameron Baker | Alternate Director |
| Mr Brady Hall | Alternate Director |
| Mr Ken Hall | Non-Executive Director |
| Mr Sean Hu | Non-Executive Director |
| Mr Andrew Sorensen | Director, Sales & Marketing / Company Secretary |
| Mr Abhinav Anand | Chief Financial Officer |

***Remuneration Policy***

The Company does not 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.

## DIRECTORS' REPORT (continued)

**Remuneration report (Audited) (continued)**

**Remuneration Policy (continued)**

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 financial years:

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Net loss after tax | $7,806,878 | $13,580,685 | $3,749,841 | $7,551,269 | $20,673,297 |
| Share price | $0.040 | $0.043 | $0.13 | $0.205 | $0.200 |
| Basic loss per share ($ per share) | $0.01 | $0.03 | $0.01 | $0.03 | $0.09 |
| 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.

*CEO and executive director remuneration*

Remuneration currently consists of fixed remuneration with a small discretionary short-term incentive when appropriate.

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/ rights | Total | Perfor-mance related |
| **2025** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **%** |
| *Managing Director:* | | | | | | | | | |
| Mr A Baker* | 283,047 | - | - | - | - | - | - | 283,047 | - |
| *Total Managing Director* | *283,047* | - | - | - | - | - | - | *283,047* | - |
| *Non-Executive Directors:* | | | | | | | | | |
| Dr J White | 72,000 | - | - | 8,280 | - | - | - | 80,280 | - |
| Mr Ken Hall | 48,000 | - | - | 5,520 | - | - | - | 53,520 | - |
| Mr S Hu***** | 48,000 | - | - | - | - | - | - | 48,000 | - |
| *Total Non-Executive Directors* | *168,000* | - | - | *13,800* | - | - | - | *181,800* | |
| *Executives* | | | | | | | | | |
| Mr A Sorensen (Director, Sales & Marketing/ Company Secretary)** | 240,000 | - | - | 23,795 | 31,125 | - | - | 294,920 | - |
| Mr M Kenyon*** (CFO/ Company Secretary) | 27,135 | - | - | - | - | - | - | 27,135 | - |
| Mr A Anand**** (CFO) | 74,917 | - | - | 8,615 | 870 | - | - | 84,402 | - |
| *Total Executives* | *342,052* | - | - | *32,410* | *31,995* | - | - | *406,457* | - |
| **Total** | **793,099** | **-** | **-** | **46,210** | **31,995** | **-** | **-** | **871,304** | **-** |

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

** Mr A Sorensen was Appointed as Company Secretary on 11 December 2024

*** Mr M Kenyon was Resigned as CFO/Company Secretary on 11 December 2024

**** Mr A Anand was Appointed as CFO on 11 December 2024

**** Mr S Hu no payment has been made to date, only accrued

## 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/ rights | Total | Perfor-mance related |
| **2024** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **%** |
| *Managing Director:* | | | | | | | | | |
| Mr A Baker* | 228,166 | - | - | - | - | - | - | 228,166 | - |
| *Total Managing Director* | *228,166* | - | - | - | - | - | - | *228,166* | - |
| *Non-Executive Directors:* | | | | | | | | | |
| Dr J White | 72,000 | - | - | 7,920 | - | - | - | 79,920 | - |
| Ms C Moises | 20,000 | - | - | 2,200 | - | - | - | 22,200 | - |
| Mr Patrick Walta | 20,000 | - | - | 2,200 | - | - | - | 22,200 | - |
| Mr Ken Hall | 28,000 | - | - | 3,080 | - | - | - | 31,080 | - |
| Mr S Hu** | 16,000 | - | - | - | - | - | - | 16,000 | - |
| *Total Non-Executive Directors* | *156,000* | - | - | *15,400* | - | - | - | *171,400* | |
| *Executives* | | | | | | | | | |
| Mr A Sorensen (Director, Sales & Marketing) | 240,000 | - | - | 26,400 | - | - | - | 266,400 | - |
| Mr M Kenyon (CFO/ Company Secretary) | 82,589 | - | - | - | - | - | - | 82,589 | - |
| *Total Executives* | *322,589* | - | - | *26,400* | - | - | - | *348,989* | - |
| **Total** | **706,755** | **-** | **-** | **41,800** | **-** | **-** | **-** | **748,555** | **-** |

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

** Mr S Hu no payment has been made to date, only accrued

## 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:

<u>Dr J White (Chairman) (resigned 8 September 2025)</u>

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

<u>Mr K Hall (Non-executive Director)</u>

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

<u>Mr S Hu (Non-executive Director)</u>

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

**Managing 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 Managing Director is also formalised in the letter and is summarised below:

<u>Mr A Baker (Managing Director)</u>

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: $23,333 effective from 1st October 2023 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 (Director Sales & Marketing/ Company Secretary)

Commencement date: 1 October 2019 / 11 December 2024

Total remuneration package: Base salary $240,000 plus superannuation 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) (resigned 11 December 2024)

Commencement date: 4 June 2019

Fees: $1,350 per day (or part thereof) effective from 1 June 2022

Notice period: 8 weeks by either party

Mr A Anand (CFO (appointed 11 December 2024)

Commencement date: 11 December 2024

Total Remuneration Package: $160,000 plus superannuation per annum

Notice period: 3 months

**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[1] | Grant date | Vesting date and exercisable date | 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 J White | 3,000,000 | 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 |

[1]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.

## 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:

| *Ordinary shares* | Balance at the start of the year | Received as part of remuneration | Additions | Disposals | Net change other[1] | Balance at the end of the year |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Mr A Baker | 53,396,074 | - | 21,395,833 | - | - | 74,791,907 |
| Dr J White | 100,000 | - | 1,033,333 | - | - | 1,133,333 |
| Mr K Hall | 56,460,679 | - | 102,798,461 | - | - | 159,259,140 |
| Mr Sean Hu | 63,567,618 | - | 21,189,206 | - | - | 84,756,824 |
| | 173,524,371 | - | 146,416,833 | - | - | 319,941,204 |
| **Executives** | | | | | | |
| Mr A Sorensen | 7,448,668 | - | 2,069,456 | - | - | 9,518,124 |
| Mr M Kenyon* | 329,525 | - | - | - | (329,525) | - |
| | 7,778,193 | - | 2,069,456 | - | (329,525) | 9,518,124 |
| Totals | 181,302,564 | - | 148,486,289 | - | (329,525) | 329,459,328 |

* Mr M Kenyon held 329,525 shares at the time of resignation.

## DIRECTORS' REPORT (continued)

**Remuneration report (Audited) (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:

| *Options over shares* | Balance at the start of the year | Granted | Expired/ forfeited/ other | Placement | Balance at the end of the year | Vested and exercisable |
|---|---|---|---|---|---|---|
| **Directors** | | | | | | |
| Mr A Baker | 13,200,000 | - | - | 6,531,250 | 19,731,250 | 19,731,250 |
| Dr J White | 3,000,000 | - | - | 516,666 | 3,516,666 | 3,516,666 |
| Mr K Hall | - | - | - | 39,732,558 | 39,732,558 | 39,732,558 |
| Mr Sean Hu | - | - | - | 10,594,603 | 10,594,603 | 10,594,603 |
| | 16,200,000 | - | - | 57,375,077 | 73,575,077 | 73,575,077 |
| **Executives** | | | | | | |
| Mr A Sorensen | 2,266,667 | - | - | 1,034,726 | 3,301,393 | 3,301,393 |
| Mr M Kenyon* | 1,000,000 | - | (1,000,000) | - | - | - |
| | 3,266,667 | - | (1,000,000) | 1,034,726 | 3,301,393 | 3,301,393 |
| Totals | 19,466,667 | - | (1,000,000) | 58,409,803 | 76,876,470 | 76,876,470 |

*Mr M Kenyon held 1,000,000 options at the time of resignation.

## DIRECTORS' REPORT (continued)

**Remuneration report (Audited) (continued)**

***Other Transactions***

All options issued to directors & key management personnel during the 2025 financial year were not granted as remuneration but were issued as part of the Company's capital raising activities.

*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 and Mr. A Sorensen 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 and Mr. A Sorensen 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 $112,818 (2024: $26,777) were paid to Wamco during the year.

*Rental Income*

Mr. A Sorensen has leased his property located at 3 Central Avenue, Wickepin to the company at arm's length and received a rental income of $14,097 (2024: $24,425).

## DIRECTORS' REPORT (continued)

**Remuneration report (Audited) (continued)**

*Related party borrowings*

Mr A Baker is a director and major shareholder of the Company. During a prior reporting period, the Company had borrowed funds from an entity of which Mr Baker is a director and major shareholder.

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

**30 June 2025**

| Entities associated with: | **A Baker[1]** |
|---|---|
| Opening balance | 1,150,000 |
| Interest | - |
| Funds advanced | - |
| Converted to Equity | - |
| Funds repaid | - |
| Other – finance cost on related party borrowing | - |
| Closing balance (Note 5) | 1,150,000 |

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

**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 |
|---|---|---|---|---|
| Incentive options | 20 November 2020 | 20 November 2025 | $0.35 | 31,250,000 |
| Unquoted options | 7 May 2024 | 30 June 2027 | $0.09 | 8,550,000 |
| Unquoted options | 30 July 2024 | 30 June 2027 | $0.09 | 16,250,001 |
| Unquoted options | 19 August 2024 | 30 June 2027 | $0.09 | 162,502 |
| Unquoted options | 11 February 2025 | 30 June 2027 | $0.09 | 33,201,050 |
| Unquoted options | 12 March 2025 | 30 June 2027 | $0.09 | 64,071,045 |
| | | | | 153,484,598 |

**Shares issued on the exercise of options**
There were no shares issued during the year ended 30 June 2025 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, the Company completed a capital raising of $10,920,772 out of which $3,939,000 received in July 2024 and $6,981,772 in February & March 2025.

There were no other significant changes in the state of the affairs of the company throughout 2025.

**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.

**Rounding of amounts**
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor Independence**
Section 307C of the *Corporations Act 2001* requires our auditors, BDO Audit 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 20 and forms part of this directors' report for the year ended 30 June 2025.

**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 19 to the financial statements. An amount of $Nil (2024: $Nil) 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*.

## DIRECTORS' REPORT (continued)

The directors are of the opinion that the services as disclosed in note 19 to the financial statements do not compromise the external auditor's independence requirements of *the Corporations Act 2001* for the following reasons:

- 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.

Alf Baker, Chairman
Perth, Western Australia
30th September 2025

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Australia

DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF WA KAOLIN LIMITED

As lead auditor of WA Kaolin Limited for the year ended 30 June 2025, 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 and the entities it controlled during the period.

Ashleigh Woodley

Director

BDO Audit Pty Ltd

Perth

30 September 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

| | Notes | 2025 $ | 2024 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 3(a) | 4,897,592 | 2,575,821 |
| Other income | 3(b) | 850,710 | 806,803 |
| Changes in inventories of finished goods and other direct costs | | (5,340,765) | (3,800,569) |
| Rental expenses and outgoings | 3(c) | (331,480) | (286,917) |
| Employee benefits expense | 3(c) | (3,793,912) | (4,496,565) |
| Depreciation and amortisation | 3(c) | (979,912) | (923,372) |
| Impairment Losses | 10 | - | (3,485,000) |
| Other expenses | 3(c) | (2,188,542) | (2,510,275) |
| Results from operating activities | | (6,886,309) | (12,120,074) |
| Finance income | | 8,792 | 796 |
| Finance costs | 3(c) | (929,361) | (1,461,407) |
| Net finance costs | | (920,569) | (1,460,611) |
| **Loss before income tax** | | **(7,806,878)** | **(13,580,685)** |
| Income tax (expense)/benefit | 4 | - | - |
| **Loss after income tax from continuing operations** | | **(7,806,878)** | **(13,580,685)** |
| **Other comprehensive income** | | | |
| *Items that will not be reclassified subsequently to profit or losses (net of tax)* | | - | - |
| Total comprehensive income/(loss) for the year | | **(7,806,878)** | (13,580,685) |
| **Other comprehensive income/(loss) for the period, net of income tax** | | - | - |
| **Total comprehensive loss** | | **(7,806,878)** | **(13,580,685)** |
| Loss per share for the period attributable to the members of the Company | | | |
| Basic loss per share (cents per share) | 16 | **$(0.01)** | **$(0.03)** |
| Diluted loss per share (cents per share) | 16 | **$(0.01)** | **$(0.03)** |

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2025

| | | 2025 | 2024 |
|---|---|---|---|
| **Assets** | Notes | **$** | **$** |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 3,581,113 | 751,880 |
| Trade and other receivables | 6 | 1,619,890 | 1,359,422 |
| Inventory | 7 | 2,588,854 | 3,172,953 |
| **Total current assets** | | **7,789,857** | **5,284,255** |
| **Non-current assets** | | | |
| Right of use asset | 9 | 389,375 | 665,632 |
| Deposit paid | 12 | 20,433 | 1,208,371 |
| Property, plant and equipment | 8 | 2,333,257 | 2,563,400 |
| Mine development expenditure | 10 | 29,142,604 | 26,906,981 |
| **Total non-current assets** | | **31,885,669** | **31,344,384** |
| **Total assets** | | **39,675,526** | **36,628,639** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 11 | 3,174,568 | 2,999,150 |
| Lease liabilities | 9 | 53,844 | 53,600 |
| Borrowings | 13 | 25,401,228 | 21,550,587 |
| Provisions | 14 | 211,504 | 235,045 |
| **Total current liabilities** | | **28,841,144** | **24,838,382** |
| **Non-current liabilities** | | | |
| Borrowings | 13 | 253,348 | 3,656,875 |
| Lease liabilities | 9 | 133,608 | 187,453 |
| Provisions | 14 | 1,786,921 | 1,975,432 |
| **Total non-current liabilities** | | **2,173,877** | **5,819,760** |
| **Total liabilities** | | **31,015,021** | **30,658,142** |
| **Net assets** | | **8,660,505** | **5,970,497** |
| **Equity** | | | |
| Issued capital | 15(a) | 69,137,747 | 58,640,861 |
| Reserves | 15 | 37,385,293 | 37,385,293 |
| Accumulated loss | | (97,862,535) | (90,055,657) |
| **Total equity** | | **8,660,505** | **5,970,497** |

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## FOR THE YEAR ENDED 30 JUNE 2025

| | Issued capital $ | Accumulated losses $ | Asset revaluation reserve $ | Share-based payment reserve $ | Capital contribution reserve $ | Total equity $ |
|---|---|---|---|---|---|---|
| **Balance as at 1 July 2023** | 48,890,169 | (76,474,972) | 5,846,007 | 13,658,359 | 17,880,927 | 9,800,490 |
| Loss for the year | - | (13,580,685) | - | | - | (13,580,685) |
| Revaluation of land | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | (13,580,685) | - | - | - | (13,580,685) |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Issue of shares – Net of costs | 9,750,692 | - | - | - | - | 9,750,692 |
| Fair value of options | - | - | - | - | - | - |
| **Balance at 30 June 2024** | 58,640,861 | (90,055,657) | 5,846,007 | 13,658,359 | 17,880,927 | 5,970,497 |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| **Balance as at 1 July 2024** | 58,640,861 | (90,055,657) | 5,846,007 | 13,658,359 | 17,880,927 | 5,970,497 |
| Loss for the year | - | (7,806,878) | - | | - | (7,806,878) |
| Revaluation of land | - | - | - | - | - | - |
| **Total comprehensive loss for the year** | - | (7,806,878) | - | - | - | (7,806,878) |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Issue of shares – Net of costs | 10,496,886 | - | - | - | - | 10,496,886 |
| Fair value of options | - | - | - | - | - | - |
| **Balance at 30 June 2025** | 69,137,747 | (97,862,535) | 5,846,007 | 13,658,359 | 17,880,927 | 8,660,505 |

The accompanying notes form part of these financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2025

| | Notes | 2025<br>$ | 2024<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from product sales | | 4,671,133 | 2,171,819 |
| Payments to suppliers and employees | | (10,281,281) | (13,076,909) |
| Interest received | | 5,976 | 176 |
| Government grants and tax incentives | | 812,335 | 208,380 |
| **Net cash outflow from operating activities** | 5(ii) | (4,791,837) | (10,696,534) |
| | | | |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | | (456,717) | (1,114,871) |
| Sale of property, plant and equipment | | - | 7,700,000 |
| Mine development | | (1,561,158) | (1,752,947) |
| **Net cash inflow/(outflow) from investing activities** | | (2,017,875) | 4,832,182 |
| | | | |
| **Cash flows from financing activities** | | | |
| Loan interest paid | | (175,310) | (538,920) |
| Repayment of Borrowings – Interest & Capital | | (640,497) | (5,685,244) |
| Issue of shares | | 10,454,752 | 9,746,620 |
| **Net cash inflow from financing activities** | | 9,638,945 | 3,522,456 |
| | | | |
| Cash and cash equivalents at the beginning of the year | | 751,880 | 3,093,776 |
| Net Increase(decrease) in cash held | | 2,829,233 | (2,341,896) |
| **Cash and cash equivalents at the end of the year** | 5 | 3,581,113 | 751,880 |

The accompanying notes form part of these financial statements

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

### (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 330, Sparks Road, East Wickepin, Western Australia 6370. 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 2025 were authorised for issue in accordance with the resolution of the directors on 30 September 2025.

*Compliance with IFRS*

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

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

*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.

**Adoption of new and revised standards**

*Standards and Interpretations applicable to 30 June 2025*

In the year ended 30 June 2025, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the company and effective for the current annual reporting period. The Directors have determined that there is no material impact of revised Standards on the company and, therefore, no material change is necessary to company's accounting policies.

*New Accounting standards and interpretations not yet mandatory or early adopted*

Australian Accounting Standards and Interpretations that recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2025.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**(b) Going concern**

For the year ended 30 June 2025 the Company recorded a loss from continuing operations after income tax of $7,806,878 (2024: $13,580,685) and had net cash outflows from operating activities of $4,791,837 (2024: $10,696,534) and working capital deficit of $21,051,287 (2024: working capital deficit of $19,554,126).

The ability of the Company to continue as a going concern is dependent on maintaining the support of its existing and potentially new financiers, the increased operating cash flows from sales of kaolin products and securing additional funding through raising of debt or equity to continue to fund the development activities and expansion of its business.

During September 2025, the Company commenced discussions with its lenders in respect of the renewal of loan facilities totalling $20,493,290. An interim extension of four months has been granted to allow time for the parties to agree longer-term terms. While this shorter extension requires further negotiations, the Board is confident that constructive discussions with lenders and other funding options will provide the necessary financial flexibility.

The Company's operating cash flows from kaolin sales are now supported by the successful completion of the Classifier Project, which has enhanced production efficiency and increased the output of finer products to better serve the currently tight Asian markets. The Company is now focused on introducing its new technical grades and engineered ceramic grades to the market, which are expected to be critical drivers of future sales. The cash position will continue to be closely monitored in the coming months as these new products are launched, and additional working capital may be required to support this growth.

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 Company'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:

- Existing and new orders will be filled as production is ramped up during financial year 2026;
- Support from borrowers to extend $20,493,290 of loans for a further 4 months.
- Support from borrowers to extend $4,647,227 of loans for a further 12 months
- The successful completion of the classifier project has enhanced production efficiency and product quality, supporting stronger market demand. Since June 2025, the Company has consistently achieved monthly sales exceeding $1 million, reflecting the positive impact of this operational upgrade and the growing acceptance of its products in the market.

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.

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# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### (d) 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 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.

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) Other revenue*

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

### (e) 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 (e.g., 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.

### (f) 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 2025

**NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**(g) 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 expense line item. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

**(h) 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.

**(i) 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 2025

### NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Provisions (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.

**(j) 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).

Contingent Consideration related to the acquisition of individual assets outside of a business combination is classified as a financial liability only when the consideration is dependent on future events that are beyond the entity's control. Conversely, if the payment of contingent consideration is within the entity's control, the liability is recognized only from the date the contingent payment crystallizes, such as in the case of royalties for the company.

**(k) 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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**(l) 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*

*<u>Financial assets at amortised cost</u>*

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 2025

### NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**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.

**(m) 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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### (n) 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 benefits 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. 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.

A regular review is undertaken of the mine property to determine the appropriateness of continuing to carry forward costs in relation to the mine property. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

The recoverable amount is calculated based on estimates of reserves, the sales price of Kaolin, operating and capital costs, discount rate and production start date.

*The following indicators were assessed during the FY25 to test the impairment:*

a) Decline in asset market value
b) Significant changes with an adverse effect (technology, market, economic)
c) Increase in interest rates
d) Asset carrying amount exceeds market capitalisation
e) Significant changes which may have an adverse effect on recoverable value of the asset (idle plant, restructure, commodity price, revision in ore reserve or grade, Capital expenditure, operating costs)
f) Economic feasibility of the asset

*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 judgement, 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.

*Determining the beginning of commercial production*

Judgement is required to determine when capitalisation of development costs ceases, and amortisation of mine assets commences upon the start of commercial production. This is based on the specific circumstances of the project and considers when the specific asset is substantially complete and becomes ‘available for use’ as intended by management which includes consideration of completion of reasonable testing of the mine plant and equipment, throughput levels at or near expected levels, the ability to produce Kaolin in saleable form and other factors such as cashflow. As of June 30, 2025, the plant has successfully transitioned into commercial production. It has not only produced but also sold the full range of products it was designed to manufacture, meeting market demand and fulfilling customer orders. This milestone underscores our commitment to operational excellence and positions the plant as a key contributor to our ongoing growth and success.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Development expenditure (continued)**

**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.

**(o) 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 the amount that would have been recognised is based on an estimate on the date of cancellation-i.e. estimating how many instruments are expected to vest at the original (future) vesting date. This approach is based on the view that on an ongoing basis the entity would have recognised only the grant-date fair value of those instruments that were expected to vest.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)**

**(p) 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.

**(q) Inventories**

Inventories are carried at a lower of cost or net realisable value. Cost is based on weighted average cost method and includes expenditure incurred in acquiring the inventories and bringing them to the existing condition and location. Cost is determined by using the weighted-average method and comprises direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity.

**(r) 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.

*Impairment of Property, Plant and Equipment and Mine Development*

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.

During the financial year 2025, management reviewed the carrying values of its mine development assets in accordance with AASB 136 – Impairment of Assets. Based on this assessment, no indicators of impairment were identified and therefore no impairment loss has been recognised.

**Impairment Loss Recognized:** $Nil (2024: $3,485,000)

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Critical accounting estimates and judgements (continued)

*Inventory*

In preparing the financial statements, management is required to make critical accounting estimates and judgements that affect the reported amounts of inventory and related costs.

**1. Inventory Valuation:**

The valuation of inventory is determined using the lower of cost or net realizable value (NRV). Management assesses the cost of production, which includes direct costs such as mining, energy, transport, and labor, as well as allocated overheads. The estimation of NRV involves forecasting future selling prices and costs to complete the inventory, which can be influenced by market fluctuations and demand.

**2. Cost Assessment:**

The cost of production for kaolin ore encompasses several critical components, including mining costs—comprising fixed extraction fees and rehabilitation contributions—energy costs based on actual electricity and gas consumption, transport costs for freight and export fees, and direct labor costs allocated according to the time and effort of production staff. Additionally, maintenance and consumables cover fixed expenses, while packaging costs are determined by supplier pricing. These elements are carefully calculated to ensure an accurate valuation of finished goods, reflecting the comprehensive expenses incurred throughout the production process. Furthermore, the allocation of costs to inventory necessitates careful judgement in determining the appropriate basis for allocation, which involves estimating the proportion of direct labor and overheads attributable to finished goods production, a process that can vary based on operational efficiency and production volume.

**3. Estimates of Wastage and Strip Ratios:**

The estimation of wastage and strip ratios during the mining process is critical in determining the cost of inventory. These estimates are based on historical performance and operational data, and any changes can significantly impact the cost allocation and overall inventory valuation.

4. **Physical Measurement:**

The physical measurement of kaolin ore inventory involves several key processes: during extraction, the quantity of ore is accurately measured using calibrated equipment; stockpiles are assessed through volume calculations or weight measurements; samples are taken to determine quality and yield; and the conversion to finished goods includes weighing and recording dimensions.

Management believes that the estimates and judgements applied are reasonable and reflect the best available information.

*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.

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### Critical accounting estimates and judgements (continued)

*Carrying value of mine development assets*

In order to assess the recoverable amount of the mine development asset, the company conducted a Definitive Feasibility Study (DFS) in 2020. The financial analysis within the DFS provides a detailed examination of the initial 12 years of project operations. However, the calculation of Net Present Value (NPV) and Internal Rate of Return (IRR) is based on the Life of Mine (LOM) concept, where the LOM assumes the depletion of the 2020 Ore Reserves. For FY25, critical financial parameters related to production, sales, and gross profit were scrutinized, and these parameters align closely with the figures published in the LOM model.

The key estimates used in the Life of Mine (LOM) model are:

1. **Mineral Resource Estimates**: The total kaolinized granite resource is 109.1 Mt, with an average kaolin yield of 50%.
2. **Ore Reserves**: The probable ore reserve is 30.5 Mt, characterized by an ISO brightness of 83.7% and a yield of 51.8%.
3. **Mining Method**: Open-pit mining will be employed using conventional load and haul equipment. The mining recovery is estimated at 98%, with negligible dilution due to the clear ore contact.
4. **Processing and Production Capacity**: The proprietary K99 process will achieve an estimated recovery of 88% for kaolin, with an initial production capacity of 200,000 tpa planned to expand to 400,000 tpa.
5. **Financial Estimates**: The initial phase's Net Present Value (NPV) is projected at AU$119 million, with an expanded phase NPV of AU$257 million and an Internal Rate of Return (IRR) of 47%. The project is most sensitive to changes in commodity prices.

*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.

*Rehabilitation Cost:*

The provision for rehabilitation and restoration costs is based on the net present value of the estimated cost of rehabilitating and restoring the environmental disturbance that has occurred up to the reporting date. Significant estimates and assumptions are made in determining the provision for mine rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

**Critical accounting estimates and judgements (continued)**

*Contingent liabilities*

The Company has a Royalty Deed with Wamco Industries Group Pty Ltd. The Wickepin Kaolin Project ("Project") is now in production, and royalty payments are being made under the agreement. While current royalties are being paid, future royalty payments remain contingent on production levels, kaolin prices, and the economic feasibility of the Project.

### NOTE 2: SEGMENT REPORTING

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. With the incorporation of Malaysian entity on 9 August 2023, the Company now operates in multiple geographical locations, however for segment reporting purposes, these locations are not identified as separate operating segments based on the immaterial nature of transactions in Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 3: REVENUE AND EXPENSES

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **(a) Revenue** | | |
| Sale of products – domestic | 116,255 | 277,467 |
| Sale of products – export | 4,781,337 | 2,298,354 |
| | 4,897,592 | 2,575,821 |
| **Revenue Location** | | |
| Australia | 116,255 | 277,467 |
| China | 4,032,132 | 1,920,318 |
| Others | 749,205 | 378,036 |
| | 4,897,592 | 2,575,821 |

Revenue is recognised at the point when control of the product passes to the customer.

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **(b) Other income** | | |
| R&D Tax refund | 563,737 | 550,984 |
| Other income | 286,973 | 255,819 |
| | 850,710 | 806,803 |

**(c) Expenses**

Loss before income tax includes the following specific expenses:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| *Rental expenses and outgoings* | | |
| Property rental | 16,619 | 20,123 |
| Landowner's payments | 102,110 | 71,719 |
| Tenement rentals | 181,210 | 160,801 |
| Tenement rates | 31,541 | 34,274 |
| Total rental expenses and outgoings | 331,480 | 286,917 |

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| *Employee benefits expense* | | |
| Directors' fees | 192,000 | 180,000 |
| Salaries and wages | 3,125,628 | 3,731,019 |
| Superannuation | 186,888 | 314,645 |
| Payroll tax | 191,676 | 204,256 |
| Fringe Benefits Tax | 12,774 | 16,136 |
| Staff other expenses | 84,946 | 50,509 |
| Total employee benefits expenses | 3,793,912 | 4,496,565 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 3: REVENUE AND EXPENSES (continued)

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| *Depreciation and amortisation* | | |
| Plant & equipment | 609,689 | 560,083 |
| Leased asset | 276,257 | 309,792 |
| Leasehold improvements | 3,447 | 2,973 |
| Motor vehicles | 48,864 | 30,176 |
| Mine development | 41,655 | 20,348 |
| Total depreciation | 979,912 | 923,372 |
| | | |
| *Finance costs* | | |
| Interest and finance charges paid/payable on borrowings | 929,361 | 1,461,407 |
| | 929,361 | 1,461,407 |
| | | |
| *Other expenses* | | |
| Accounting and administration fees | 170,577 | 219,022 |
| Consulting fees | 15,724 | 75,067 |
| Corporate expenses | 107,058 | 98,672 |
| Repairs and maintenance | 373,886 | 383,793 |
| Materials and consumables | 64,227 | 74,259 |
| Motor vehicle expenses | 27,228 | 31,341 |
| Utilities | 29,743 | 27,051 |
| Fuel | 32,380 | 37,598 |
| Mining royalties | 322,682 | 151,208 |
| Insurance | 258,390 | 407,715 |
| Freight | 8,452 | 100,459 |
| Research & development costs | 127,362 | 78,837 |
| ASX filing fees | 42,734 | 49,957 |
| Legal fees | 65,730 | 67,543 |
| Other | 542,369 | 707,753 |
| | 2,188,542 | 2,510,275 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 4: INCOME TAX

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **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 | (7,806,878) | (13,580,685) |
| Tax at the Australian tax rate of 25% (2024 25%) | (1,951,720) | (3,395,171) |
| Tax effect of amounts which are non-deductible (taxable) in calculating taxable income: | | |
| Other permanent differences | - | 150,689 |
| Research and development credit | (140,934) | (137,746) |
| Timing movements not recognised | 5,541 | (333,398) |
| Deferred tax assets not brought to account | 2,087,112 | 3,715,626 |
| Income tax expense/(benefit) | - | - |
| The applicable weighted average effective tax rates | 0% | 0% |

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **Unrecognised deferred tax asset** | | |
| Tax losses | 15,451,647 | 13,025,596 |
| Provisions and accruals | (5,541) | 333,398 |
| Net deferred tax assets unrecognised | 15,446,106 | 13,358,994 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**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**

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Cash at bank and on hand | 3,581,113 | 751,880 |

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 | 3,581,113 | 751,880 |
| Bank overdraft | - | - |
| Balance as per statement of cash flows | 3,581,113 | 751,880 |

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

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Net loss for the year | (7,806,878) | (13,580,685) |
| Depreciation and amortisation | 979,912 | 923,372 |
| Impairment Losses | - | 3,485,000 |
| Financing costs | 929,361 | 1,461,407 |
| Interest Income Accrued | 2,816 | - |
| *(Increase)/decrease in operating assets:* | | |
| Trade and other prepayments | 222,352 | 474,663 |
| *(Decrease)/increase in operating liabilities:* | | |
| Inventory | 584,099 | (1,268,350) |
| Trade and other payables | 84,449 | (3,194,131) |
| Provisions | 212,052 | 1,002,190 |
| Net cash used in operating activities | (4,791,837) | (10,696,534) |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 5: CASH AND CASH EQUIVALENTS (continued)

**(iii) Changes in liabilities arising from financing activities**

| | Related party borrowings $ | Other borrowings $ | Total $ |
|---|---|---|---|
| Balance at 1 July 2023 | 1,150,000 | 28,325,590 | 29,475,590 |
| Capital repayments – Cash | - | (5,685,244) | (5,685,244) |
| Interest payments | - | (538,920) | (538,920) |
| Accrued interest | - | 858,653 | 858,653 |
| Funds advanced – Non-Cash | - | 735,682 | 735,682 |
| Interest amortisation/ PV Adjustment | - | 602,754 | 602,754 |
| Balance at 30 June 2024 | 1,150,000 | 24,298,515 | 25,448,515 |
| | | | |
| Balance at 1 July 2024 | 1,150,000 | 24,298,515 | 25,448,515 |
| Capital repayments – Cash | - | (640,497) | (640,497) |
| Interest payments | - | (175,310) | (175,310) |
| Accrued interest | - | 821,886 | 821,886 |
| Funds advanced – Non-Cash | - | 387,434 | 387,434 |
| Interest amortisation/ PV Adjustment | - | - | - |
| Balance at 30 June 2025 | 1,150,000 | 24,692,028 | 25,842,028 |

**(iv) Non-cash investing and financing activities**

| | **2025** **$** | **2024** **$** |
|---|---|---|
| Accrued interest / interest amortisation | (646,576) | (922,487) |
| Other non-cash items | (387,434) | (735,682) |
| | (1,034,010) | (1,658,169) |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 6: CURRENT TRADE AND OTHER RECEIVABLES

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Trade receivables | 748,695 | 510,159 |
| Allowance for impairment | - | - |
| | 748,695 | 510,159 |
| | | |
| Sundry debtors | 603,851 | 565,735 |
| Other receivables | 1,850 | - |
| Prepayments | 265,494 | 283,528 |
| | 871,195 | 849,263 |
| Total trade and other receivables | 1,619,890 | 1,359,422 |

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Analysis of other receivables | | |
| *Within initial terms* | 748,695 | 510,159 |
| | | |
| *Ageing of past due but not impaired* | | |
| 30 – 60 days | - | - |
| 60 – 90 days | - | - |
| 90+ days | - | - |
| | - | - |
| Gross amount of other receivables | 748,695 | 510,159 |

<u>Impairment of receivables</u>

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 2024 and 2025.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 7: INVENTORY

| | 2025 | 202 |
|---|---|---|
| | $ | $ |
| Raw materials | 2,097,043 | 1,887,681 |
| Finished Goods | 220,300 | 636,391 |
| Packaging & Consumables | 271,511 | 648,881 |
| Total Inventory | 2,588,854 | 3,172,953 |

Stockpiles recognised within raw materials are measured by estimating the number of tonnes added and removed from the stockpile, and the estimated recovery percentage. Stockpiles tonnages are verified to periodic surveys. Such estimates and assumptions may change as new information becomes available and could impact on the carrying value of inventories.

### NOTE 8: PROPERTY, PLANT AND EQUIPMENT

| | Plant and equipment | Motor vehicles | Land and buildings | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Year ended 30 June 2025 | | | | |
| At 1 July 2024, net of accumulated depreciation and impairment | 1,990,523 | 167,404 | 405,473 | 2,563,400 |
| Additions | 279,659 | 152,197 | - | 431,856 |
| Disposals | - | - | - | - |
| Depreciation charge for the year | (609,688) | (48,864) | (3,447) | (661,999) |
| At 30 June 2025, net of accumulated depreciation and impairment | 1,660,494 | 270,737 | 402,026 | 2,333,257 |
| At 30 June 2025 | | | | |
| Cost or fair value | 11,901,091 | 437,739 | 796,105 | 13,134,935 |
| Accumulated depreciation and impairment | (10,240,597) | (167,002) | (394,079) | (10,801,678) |
| Net carrying amount | 1,660,494 | 270,737 | 402,026 | 2,333,257 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 8: PROPERTY, PLANT AND EQUIPMENT (continued)

| | Plant and equipment | Motor vehicles | Land and buildings | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Year ended 30 June 2024 | | | | |
| At 1 July 2023, net of accumulated depreciation and impairment | 747,854 | 186,216 | 7,870,570 | 8,804,640 |
| Additions | 1,802,752 | 11,364 | 137,876 | 1,951,992 |
| Disposals | - | - | (7,600,000) | (7,600,000) |
| Depreciation charge for the year | (560,083) | (30,176) | (2,973) | (593,232) |
| At 30 June 2024, net of accumulated depreciation and impairment | 1,990,523 | 167,404 | 405,473 | 2,563,400 |
| | | | | |
| At 30 June 2024 | | | | |
| Cost or fair value | 11,621,432 | 285,542 | 796,105 | 12,703,079 |
| Accumulated depreciation and impairment | (9,630,909) | (118,138) | (390,632) | (10,139,679) |
| Net carrying amount | 1,990,523 | 167,404 | 405,473 | 2,563,400 |

The useful life of the assets was estimated as follows for both 2025 and 2024:

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

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 9: RIGHT OF USE ASSET AND LEASE LIABILITIES

#### RIGHT OF USE OF ASSET

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Right of use asset – Opening Cost | 665,632 | 92,810 |
| Right of use asset - Additions | - | 925,151 |
| Accumulated Amortisation | (276,257) | (352,329) |
| | 389,375 | 665,632 |

| LEASE LIABILITIES | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Balance at beginning of period | 241,053 | 55,097 |
| Additions | - | 269,977 |
| Interest | 10,169 | 10,470 |
| Lease Payments | (63,770) | (94,491) |
| Total Lease Liability | 187,452 | 241,053 |

| 2025 | 8 Rainier Cres | 513 Hay St | Total |
|---|---|---|---|
| | $ | $ | $ |
| Current | 53,844 | - | 53,844 |
| Non-current | 133,608 | - | 133,608 |
| | 187,452 | - | 187,452 |

| 2024 | 8 Rainier Cres | 513 Hay St | Total |
|---|---|---|---|
| | $ | $ | $ |
| Current | 49,271 | 4,329 | 53,600 |
| Non-current | 187,453 | - | 187,453 |
| | 236,724 | 4,329 | 241,053 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 10: MINE DEVELOPMENT EXPENDITURE

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Balance at beginning of period | 26,906,981 | 28,395,734 |
| Additions | 2,277,279 | 2,016,595 |
| Impairment Losses | - | (3,485,000) |
| Depreciation | (41,656) | (20,348) |
| Total mine development expenditure | 29,142,604 | 26,906,981 |

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Cost or fair value | 32,689,608 | 30,412,329 |
| Accumulated depreciation and impairment | (3,547,004) | (3,505,348) |
| Total mine development expenditure | 29,142,604 | 26,906,981 |

### NOTE 11: TRADE AND OTHER PAYABLES

| | 2025 | 2024 |
|---|---|---|
| **Current** | $ | $ |
| Trade payables | 2,015,556 | 2,120,581 |
| Accruals | 984,702 | 794,810 |
| Other employment-related payables | 174,310 | 83,759 |
| | 3,174,568 | 2,999,150 |

### NOTE 12: DEPOSIT PAID

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Balance at beginning of period | 1,208,371 | 683,779 |
| Net Movements | (1,187,938) | 524,592 |
| Total Deposit Paid | 20,433 | 1,208,371 |

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Lease Deposit – 8 Rainier Cres | 20,433 | 20,433 |
| Supplier Deposits – Prepaid for goods and services | - | 1,187,938 |
| Total Deposit Paid | 20,433 | 1,208,371 |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 13: BORROWINGS

| | 2025 | 2024 |
|---|---|---|
| **Current** | **$** | **$** |
| Loans from related parties (i) | 1,150,000 | 1,150,000 |
| Loans from other parties (ii) | 24,251,228 | 20,400,587 |
| | 25,401,228 | 21,550,587 |
| **Non-current** | | |
| Loans from related parties (i) | - | - |
| Loans from other parties (ii) | 253,348 | 3,656,875 |
| | 253,348 | 3,656,875 |
| **Total borrowings** | **25,654,576** | **25,207,462** |

(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 Limited
Agreement date: 20 September 2019
Expiry date: 30 June 2027
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: $1,150,000
The lender has confirmed they will not call on the entire debt 12 months from the date of the approval of the financial statements

(ii) The Company has the following executed loan agreements in place from other parties at the reporting date with the respective terms and conditions:

(a) Toyota Finance on equipment $514,060

(b) Lender: Scientific Management Associates (Operations) Pty Ltd
Agreement date: 20 September 2019
Expiry date: 30 June 2027
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: $8,000,000 (20 September 2023)
The lender has confirmed they will not call on the entire debt 12 months from the date of the approval of the financial statements

(c) Lender: Scientific Management Associates (Victoria) Pty Ltd
Agreement date: 20 September 2019
Expiry date: 30 June 2028
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: $4,635,000 (20 September 2023)
Amount due in less than 1 year: $7,405,000 (20 September 2024)
The lender has confirmed they will not call on the entire debt 12 months from the date of the approval of the financial statements

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 13: BORROWINGS (continued)**

(d) Lender: Boneyard Investments Pty Ltd
Agreement date: 30 June 2023
Expiry date: 30 June 2026
Interest rate: 8% per annum (Interest will accumulate unpaid for a period of two years, following which it will be disbursed on a quarterly basis.
Repayments: The loan amount will be repaid in one lump sum on the expiry date or can be converted to equity.
Collateral securities: None
Repayments: The entire loan amount will be settled in a single payment upon the expiry date, or it can be converted into equity, contingent upon shareholders' approval.
Conversion: Number of shares determined by dividing the outstanding loan amount by conversion price. Conversion price is calculated by 20% discount to the value of weighted average market price on the ASX.
Amount due in 1 year: $3,497,228 (30 June 2026)

**NOTE 14: PROVISIONS**

| **Employee Entitlements:** | **2025** | **2024** |
|---|---|---|
| | **$** | **$** |
| At 1 July | 251,399 | 254,422 |
| Net movements | (19,474) | (3,023) |
| At 30 June | 231,925 | 251,399 |

| **Rehabilitation provision:** | **2025** | **2024** |
|---|---|---|
| | **$** | **$** |
| At 1 July | 1,959,078 | 953,864 |
| Net movements | (192,578) | 1,005,214 |
| At 30 June | 1,766,500 | 1,959,078 |

| **2025** | **Employee benefits** | **Rehabilitation provision** | **Other** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Current | 211,504 | - | - | 211,504 |
| Non-current | 20,421 | 1,766,500 | - | 1,786,921 |
| | 231,925 | 1,766,500 | - | 1,998,425 |

| **2024** | **Employee benefits** | **Rehabilitation provision** | **Other** | **Total** |
|---|---|---|---|---|
| | **$** | **$** | **$** | **$** |
| Current | 235,045 | - | - | 235,045 |
| Non-current | 16,354 | 1,959,078 | - | 1,975,432 |
| | 251,399 | 1,959,078 | - | 2,210,477 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 15: CAPITAL AND RESERVES

| | 30 June 2025 | | 30 June 2024 | |
|---|---|---|---|---|
| | Number of shares | $ | Number of shares | $ |
| **(a) Paid up capital** | 698,178,419 | 69,137,747 | 457,984,122 | 58,640,861 |

**(b) Movements in ordinary share capital**

| | Year to 30 June 2025 | | Year to 30 June 2024 | |
|---|---|---|---|---|
| | Number of shares | $ | Number of shares | $ |
| Balance at beginning of year | 457,984,122 | 58,640,861 | 378,258,170 | 48,890,169 |
| Issue of shares to third parties- Net of costs | 240,194,297 | 10,496,886 | 79,725,952 | 9,750,692 |
| Balance at end of year | 698,178,419 | 69,137,747 | 457,984,122 | 58,640,861 |

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 options**

| | Year to 30 June 2025 | | Year to 30 June 2024 | |
|---|---|---|---|---|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Balance at beginning of financial period | $0.295 | 44,800,000 | $0.27 | 168,732,813 |
| Options expired during the year | $0.30 | (5,000,000) | $0.25 | (132,482,813) |
| Issue of options – Others | $0.09 | 35,974,795 | $0.09 | 8,383,333 |
| Issue of options to KMP | $0.09 | 77,709,803 | $0.09 | 166,667 |
| Balance at end of financial period | $0.137 | 153,484,598 | $0.295 | 44,800,000 |

The Company issued 113,684,598 free attaching options as part of a capital raising in this financial year, of which 77,709,803 were issued to key management personnel. These options carry an exercise price of $0.09 each and are set to expire on 30 June 2027.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 15: CAPITAL AND RESERVES (continued)

| **(d) Asset revaluation reserve** | **2025** | **2024** |
|---|---|---|
| | **$** | $ |
| Opening balance | 5,846,007 | 5,846,007 |
| Movement | - | - |
| Closing balance | 5,846,007 | 5,846,007 |
| | | |
| **(e) Capital contribution reserve** | | |
| Opening balance | 17,880,927 | 17,880,927 |
| Closing balance | 17,880,927 | 17,880,927 |
| | | |
| **(f) Share-based payment reserve** | | |
| Opening balance | 13,658,359 | 13,658,359 |
| Fair value of Incentive options | - | - |
| Performance Rights | - | - |
| Closing balance | 13,658,359 | 13,658,359 |
| Total reserves | 37,385,293 | 37,385,293 |

**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 based payment reserve*

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

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 16: EARNINGS PER SHARE

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Loss after income tax attributable to owners of WA Kaolin Limited used to calculate basic loss per share | (7,806,878) | (13,580,685) |

| | $ per share | $ per share |
|---|---|---|
| Basic loss per share | (0.01) | (0.03) |
| Diluted loss per share | (0.01) | (0.03) |

| | Number | Number |
|---|---|---|
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 576,080,791 | 413,161,220 |

## NOTE 17: 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.

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| **(b) Categories of financial instruments** | | |
| **Financial assets** | | |
| Cash and cash equivalents | 3,581,113 | 751,880 |
| Trade and other receivables | 1,354,395 | 1,075,894 |
| **Financial liabilities** | | |
| Trade and other payables | 2,189,871 | 2,204,341 |
| Borrowings | 25,842,028 | 25,448,515 |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 17: FINANCIAL INSTRUMENTS (continued)**

**(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 Company 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:

| | 2025 | 2024 |
|---|---|---|
| | $ | $ |
| Trade Receivables (in AUD) | 727,509 | 488,230 |
| United States Dollar Cash denominated (in AUD) | 1,961,804 | 425,000 |
| | 2,689,313 | 913,230 |

*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 2024 and 2025.

**(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.

**(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.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 17: FINANCIAL INSTRUMENTS (continued)**

| **Financial instruments** | **Interest bearing** | **Non-interest bearing** | **Total carrying amount** | **Fixed / variable rate** |
|---|---|---|---|---|
| **30 June 2025** | **$** | **$** | **$** | |
| *(i) Financial assets* | | | | |
| Cash | - | 3,581,113 | 3,581,113 | Variable |
| Total financial assets | - | 3,581,113 | 3,581,113 | |
| *(ii) Financial liabilities* | | | | |
| Borrowings | 12,652,028 | 13,190,000 | 25,842,028 | Fixed |
| Total financial liabilities | 12,652,028 | 13,190,000 | 25,842,028 | |
| **30 June 2024** | | | | |
| *(i) Financial assets* | | | | |
| Cash | - | 751,880 | 751,880 | Variable |
| Total financial assets | - | 751,880 | 751,880 | |
| *(ii) Financial liabilities* | | | | |
| Borrowings | 12,258,515 | 13,190,000 | 25,448,515 | Fixed |
| Total financial liabilities | 12,258,515 | 13,190,000 | 25,448,515 | |

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 2025 and 2024, 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 2025

**NOTE 17: 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 2025** | **$** | **$** | **$** | **$** | **$** | |
| Payables | 3,174,568 | - | - | 3,174,568 | 3,174,568 | Nil |
| Borrowings | 156,759 | 17,893,313 | 7,791,956 | 25,842,028 | 25,842,028 | 3.23% |
| | 3,331,327 | 17,893,313 | 7,791,956 | 29,016,596 | 29,016,596 | |
| **30 June 2024** | | | | | | |
| Payables | 2,999,150 | - | - | 2,999,150 | 2,999,150 | Nil |
| Borrowings | 187,148 | 14,012,039 | 11,249,328 | 25,448,515 | 25,448,515 | 2.14% |
| | 3,186,298 | 14,012,039 | 11,249,328 | 28,447,665 | 28,447,665 | |

# NOTES TO THE FINANCIAL STATEMENTS
# FOR THE YEAR ENDED 30 JUNE 2025

## NOTE 17: FINANCIAL INSTRUMENTS (continued)

### (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**

There are no company's assets and liabilities, to be 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

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.

## NOTE 18: DIVIDENDS

No dividends were paid, declared or recommended since the start of the financial year (2024: $Nil).

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 19: AUDITOR'S REMUNERATION

| | 2025 | 2024 |
|---|---|---|
| **Amounts paid and payable to BDO for:** | **$** | **$** |
| *(i) Audit and other assurance services* | | |
| Audit of financial statements | 146,495 | 135,504 |
| Total audit and other assurance services | 146,495 | 135,504 |



### NOTE 20: COMMITMENTS AND CONTINGENCIES

**Capital commitments**

At 30 June 2025, the Company had no capital commitments $Nil (2024: $357,521)

**Contractual commitments**

On 26 May 2021, the Company entered into a 15-year LNG Supply Agreement, scheduled to commence from the start of operations at its Wickepin plant. Under the terms of the agreement, the Company is committed to payments of approximately $3,588,000 up to 31 December 2036 (inclusive) as fixed charge.

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 20: 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<br>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.<br>The royalty is the greater of:<br>(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<br>(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 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** | 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.<br>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. |

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 20: COMMITMENTS AND CONTINGENCIES (continued)

Security Interest
No other contingencies were noted as at 30 June 2025 (2024: Nil).

### NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Dr John White resigned from his position, effective 8 September 2025. Mr Alf Baker has assumed the role of Chairman on an interim basis while the Board undertakes a process to identify a suitable replacement.

During September 2025, the Company commenced discussions with its lenders regarding the renewal of loan facilities totalling $20,493,290. An interim four-month extension has been granted while longer-term terms are negotiated.

No other matter or circumstance has arisen since 30 June 2025 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 22: RELATED PARTIES

**Key management personnel compensation**

The key management personnel compensation is as follows:

| | 2025<br>$ | 2024<br>$ |
|---|---|---|
| Short-term employee benefits | 793,099 | 706,755 |
| Post-employment benefits | 78,205 | 69,211 |
| Share-based | - | - |
| | 871,304 | 775,966 |

**Other key management personnel and director transactions**

A number of key management personnel, 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 continued to maintain certain borrowings from an entity of which Mr Baker is a director and major shareholder. Details of this loan can be found in the table below and at Note 13(i).

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

**NOTE 22: RELATED PARTIES (continued)**

***Related party borrowings***

**30 June 2025**

| Entities associated with: | **A Baker[1]** |
|---|---|
| Opening balance | 1,150,000 |
| Closing balance | 1,150,000 |

**30 June 2024**

| Entities associated with: | **A Baker[1]** |
|---|---|
| Opening balance | 1,150,000 |
| Closing balance | 1,150,000 |

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

Full details of the lenders can be found at Note 13 (Borrowings).

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2025

### NOTE 22: RELATED PARTIES (continued)

***Fees and salaries***

*Director / Other Fees*

The table below outlines the total outstanding director and other fees for Mr. A Baker, Mr. S Hue, and Mr. A Sorensen. Mr. A Baker and Mr. A Sorensen have received partial payments of their outstanding fees during the financial year. The Company continues to accrue these amounts, including those from previous financial years, to be settled when cash flow permits. The details of the amounts owed are provided in the table below and are recorded under Trade and Other Payables in the Statement of Financial Position.

**30 June 2025**

| | A Baker | S Hue | A Sorensen |
|---|---|---|---|
| Opening balance | 157,000 | 16,000 | 64,000 |
| Director / Other fees | 24,000 | 48,000 | - |
| Payments | (181,000) | - | (64,000) |
| Closing balance | - | 64,000 | - |

**30 June 2024**

| | A Baker | S Hue | A Sorensen |
|---|---|---|---|
| Opening balance | 301,000 | - | 189,000 |
| Director / Other fees | - | 16,000 | - |
| Payments | 144,000 | - | 125,000 |
| Closing balance | 157,000 | 16,000 | 64,000 |

***Other transactions***

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

During the period ended 30 June 2025, the Company paid:

- Salary and superannuation of $66,705 to a part-time sales executive, who is the daughter of the Company's executive director (2024: $91,825)
- Consulting fees of $259,047 (ex GST) for services rendered by the Company's managing director through his associated entity (2024: $204,166)
- Royalties of $112,818 (2024: $26,777) to an entity associated with the Company's executive director
- Building supplies of $Nil (2024: $19,766) (at arm's length or better) to an entity associated with the son of the Company's managing director
- Plant and equipment $Nil (2024: $54,882) (at arm's length or better) to an entity associated with the Company's managing director
- Landholder Compensation of $27,825 (2024: Nil) (at arm's length or better) to an entity associated with the Company's managing director
- Reimbursement of expenses (at cost) of $5,798 (2024: Nil) at arm's length or better) to an entity associated with the Company's managing director
- Payment of contractors supplies of $135,126 (2024: Nil) at arm's length or better) to an entity associated with the Company's managing director
- Company's sales with Stanco $3,104,514 (2024: 1,794,030) and year-end balance $652,962 ($378,970)

During the year ended 30 June 2025, the Company repaid no loans (2024: Nil) to any companies associated with the Company's executive director.

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

| Name of entity | Type of entity | Trustee, partner or participant in JV | % of Share Capital | Country of Incorporation | Australian resident | Foreign jurisdiction(s) in which the entity is a resident for tax purposes (according to the law of the foreign jurisdiction) |
|---|---|---|---|---|---|---|
| WA Kaolin Limited | Body Corporate | - | 100% | Australia | Yes | n/a* |
| WA Kaolin (Asia) Sdn. Bhd | Body Corporate | - | 100% | Malaysia | Yes | n/a* |

*The entity is a tax resident in their respective country of incorporation. However, they are assessed as an Australian resident under the *Income Tax Assessment Act 1997* and therefore not classified as a foreign resident under that Act.

**Basis of preparation**

This consolidated entity disclosure statement (CEDS) has been prepared in accordance with the Corporations Act 2001 and includes information for each entity that was part of the consolidated entity as at the end of the financial year in accordance with AASB 10 Consolidated Financial Statements.

**Determination of tax residency**

Section 295 (3A) (vi) of the Corporation Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

**Australian tax residency**

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/5

**Foreign tax residency**

The consolidated entity has used independent tax advisers in foreign jurisdictions to assist in its determination of tax residency to ensure applicable foreign tax legislation has been complied with (see section 295(3A) (vii) of the Corporations Act 2001).

# 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 61 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

      ii. give a true and fair view of the financial position of the Company as at 30 June 2025 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 subject to the disclosures in note 1(b).

   c. the consolidated entity disclosure statement on page 61 is true and correct.

This declaration has been made after receiving the declarations required to be made by Chief Financial Officer to the Directors, in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2025.

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

.................................................................

Alf Baker

Chairman

Dated this 30th September 2025

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Australia

# 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) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i) Giving a true and fair view of the Group's financial position as at 30 June 2025 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 Group 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 group's ability to continue as a going concern and therefore the group 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.

BDO

## 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 properties

| Key audit matter | How the matter was addressed in our audit |
| --- | --- |
| The Group's carrying value of mine property as disclosed in Note 10 represents a significant asset to the Group. The Australian Accounting Standards require the Group to assess indicators of impairment on the Cash Generating Unit ("CGU") to which the assets are allocated on an annual basis.<br><br>The assessment of impairment indicators involves significant judgement in evaluating a range of external and internal factors to determine if assets held within the CGU require impairment testing to be undertaken in accordance with Australian Accounting Standard AASB 136 *Impairment of assets*.<br><br>Given the material nature of the asset, the estimates and judgements applied by management in assessing mine property for impairment indicators, we have assessed this as a key audit matter. | Our procedures included, but were not limited to the following:<br><br>• Evaluating management's assessment of indicators of impairment as at 30 June 2025 under Australian Accounting Standards, including consideration of the following factors:<br>- Comparing the carrying amount of the company's net assets against its market capitalisation as at 30 June 2025;<br>- Reviewing the definitive feasibility study that was undertaken prior to the development of the project and considering whether there were any material changes between current conditions and the judgments made in this study;<br>- Evaluating the experience and qualifications of management experts; and<br>- Reviewing the company's cash flow projections for the kaolin mine, including the expected timing and amount of future cash flows.<br><br>• Assessing the adequacy of the related disclosures in Note 1 and Note 10 to the financial report. |

BDO

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## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2025, but does not include the financial report and the 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 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, 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:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group 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 Group 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/media/bwvjcgre/ar1_2024.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 7 to 16 of the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of WA Kaolin Limited, for the year ended 30 June 2025, 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 Pty Ltd

BDO

Ashleigh Woodley

Director

Perth, 30 September 2025

**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 30 September 2025

1. Shareholdings

Substantial shareholders of WA Kaolin Limited:

| Name of shareholder | Shares held | % held |
|---|---|---|
| Mr Kenneth Joseph Hall <Hall Park A/C> | 158,193,197 | 22.66 |
| Scientific Management Associates (Victoria) Pty Ltd <Wamco Industries Unit A/C> | 89,193,211 | 12.78 |
| Century Horse Ltd | 84,756,824 | 12.14 |
| Silver Tropic Pty Ltd <Wamco Industries Unit A/C> | 74,375,241 | 10.65 |
| Boneyard Investments Pty Ltd | 52,572,885 | 7.53 |

2. Distribution of equity – Listed securities:

| Holding Ranges | Holders | Total Units | % Issued Share Capital |
|---|---|---|---|
| above 0 up to and including 1,000 | 32 | 7,923 | 0.00% |
| above 1,000 up to and including 5,000 | 192 | 683,104 | 0.10% |
| above 5,000 up to and including 10,000 | 180 | 1,474,868 | 0.21% |
| above 10,000 up to and including 100,000 | 512 | 21,475,106 | 3.08% |
| above 100,000 | 275 | 674,537,418 | 96.61% |
| **Totals** | 1,191 | 698,178,419 | **100.00%** |

At the date of this report there were 437 shareholders, with a total of 2,535,843 shares, who held less than a marketable parcel of shares, representing 0.36% of the issued capital.

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 30 September 2025**

| Position | Holder Name | Holding | % IC |
|---|---|---|---|
| 1 | MR KENNETH JOSEPH HALL<br><HALL PARK A/C> | 158,193,197 | 22.66% |
| 2 | SCIENTIFIC MANAGEMENT ASSOCIATES (VICTORIA) PTY LTD<br><WAMCO INDUSTRIES UNIT A/C> | 89,193,211 | 12.78% |
| 3 | CENTURY HORSE LIMITED | 84,756,824 | 12.14% |
| 4 | SILVER TROPIC PTY LTD<br><WAMCO INDUSTRIES UNIT A/C> | 74,375,241 | 10.65% |
| 5 | BONEYARD INVESTMENTS PTY LTD | 52,572,885 | 7.53% |
| 7 | MR HAN SWEE TAN | 10,528,378 | 1.51% |
| 8 | MR KANISHKA RATHORE | 7,000,024 | 1.00% |
| 9 | MR MICHAEL JOHN HORN | 7,000,000 | 1.00% |
| 10 | TRADEFOG GLOBAL CO LIMITED | 6,660,667 | 0.95% |
| 11 | MS LAY HOON LEE | 7,516,726 | 1.08% |
| 12 | MR STEPHEN GARRY RICE<br><THE RICE FAMILY A/C> | 5,328,952 | 0.76% |
| 13 | CITICORP NOMINEES PTY LIMITED | 5,055,218 | 0.72% |
| 14 | PAUL BERNARD LOWRY &<br>KIM WATSON<br><PAUL LOWRY FAMILY A/C> | 4,766,452 | 0.68% |
| 15 | G & N LORD SUPERANNUATION PTY LTD<br><GNR SUPERANNUATION FUND A/C> | 4,416,667 | 0.63% |
| 16 | MR ANDREW BRIAN SORENSEN<br><WAMCO INDUSTRIES UNIT A/C> | 4,390,297 | 0.63% |
| 17 | CHEMCO SUPERANNUATION FUND PTY LTD<br><CHEMCO SUPER FUND NO 2 A/C> | 4,269,422 | 0.61% |
| 18 | BNP PARIBAS NOMINEES PTY LTD<br><HUB24 CUSTODIAL SERV LTD> | 4,259,978 | 0.61% |
| 19 | MR BENG GIM TAN | 3,500,000 | 0.50% |
| 20 | MR MENG LUO &<br>MRS LAN LIU<br><LUO & LIU FAMILY A/C> | 3,317,500 | 0.48% |
| | **Total** | **537,101,639** | **76.93%** |
| | **Total issued capital - selected security class(es)** | **698,178,419** | **100.00%** |