



SPP Prospectus

WA Kaolin Limited

(ACN 083 187 017)

This Prospectus contains:

- (a) an offer of up to 8,333,333 Shares at an issue price of \$0.06 per Share (**SPP Shares**), together with up to 2,083,333 new unlisted Options (\$0.09 exercise price, 30 June 2027 expiry) (**SPP Options**) free attaching on the basis of one (1) SPP Option for every four (4) SPP Shares subscribed for and issued (together, the **SPP Securities**) to Eligible Shareholders under the Company's security purchase plan (**SPP**) to raise up to \$500,000 (before costs) (**SPP Offer**); and
- (b) an offer of up to 8,333,333 Shares at an issue price of \$0.06 per Share (**Shortfall Shares**) together with up to 2,083,333 new unlisted Options (\$0.09 exercise price, 30 June 2027 expiry) (**Shortfall Options**) free attaching on the basis of one (1) Shortfall Option for every four (4) Shortfall Shares subscribed for and issued (together, the **Shortfall Securities**) to make up any shortfall (**Shortfall**) under the SPP Offer (**Shortfall Offer**),

(together, the **Offers**).

Canaccord Genuity (Australia) Limited is acting as Lead Manager to the SPP Offer and Shortfall Offer.



The SPP Offer is currently scheduled to close at 5:00PM (AWST) on 13 August 2024. Valid applications must be received by that time. Details of how to apply for Securities are set out in the Application Form accompanying this Prospectus.

IMPORTANT NOTICE

This document is important and should be read in its entirety including the Application Form. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The Shares and Options offered by this Prospectus should be considered as highly speculative.

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1. Corporate Directory

Directors

Dr John White
Non-Executive Chair

Alfred Baker
Managing Director

Ken Hall
Non-Executive Director

Sean Hu
Non-Executive Director

Company Secretary

Michael Kenyon

Registered Office

Lot 3, Ward Road
East Rockingham WA 6168

Telephone

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Email

admin@wakaolin.com.au

Website

www.wakaolin.com.au

ASX Code

WAK

Solicitors

EMK Lawyers
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519 Stirling Hwy
Cottesloe WA 6011

Lead Manager to the Offers

Canaccord Genuity (Australia) Limited
Exchange Tower, Level 23
2 The Esplanade
Perth WA 6000

Auditor*

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

Share Registry*

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

Telephone: 1300 288 664

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Website: www.automicgroup.com.au

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

2. Timetable and Important Notices

2.1 Timetable

Event	Date
Record Date for SPP Offer	30 April 2024
Lodgement of this Prospectus with ASIC Opening date of the Offers under this Prospectus	24 July 2024
Issue of Tranche 2 Placement Securities (excluding Century Horse)*	29 July 2024
Closing Date of Offers**	13 August 2024
Announcement of results of the Offers / Issue date of Securities issued under the Offers / Lodgement of Appendix 2A with ASX	19 August 2024

* Completion of the Tranche 2 Placement (other than to Century Horse) on 26 July 2024 will result in the issue of 65,000,001 Shares and 16,250,000 Options to raise \$3.9m (before costs). The issue of Tranche 2 Placement Securities to Century Horse (comprising 17,505,500 Shares and 4,376,375 Options to raise ~\$1.05m before costs) is subject to FIRB Act approval which, as at the date of this Prospectus, has not been obtained.

If FIRB Act approval is not obtained by 23 October 2024 (being 3 months after Shareholder approval of the issue), the Company will need to seek a new Shareholder approval under Listing Rule 10.11 to issue Century Horse with its Tranche 2 Placement Securities. If that Shareholder approval is not obtained, or FIRB Act approval is not obtained by 20 December 2024 (or such later date as agreed with Century Horse) and Century Horse terminates its subscription agreement in respect of its Tranche 2 Placement Securities, the Company would not receive ~\$1.05m from Century Horse under the Tranche 2 Placement.

While the Company does not expect either of these events to occur, if they were to, the Company will have a reduced working capital/contingency from that proposed when the Placement was announced to ASX on 1 May 2024 and the Company may need to raise additional funding. While no assurance can be given that the Company will obtain any such additional funding (if required), the Company's Directors and major Shareholders (including Century Horse) have to date been very supportive of the Company by providing funding as and when required.

** Subscribers under the Offers must ensure that their Application payment is received by this date. The Shortfall Offer may be extended at any time by the Directors in their sole discretion without notice.

2.2 Important Notes

This Prospectus is dated 24 July 2024 and was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and options to acquire continuously quoted securities and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Certain capitalised words or expressions used in this Prospectus have defined meanings which are set out at the end of this Prospectus.

2.3 ASIC Instrument and ASX Listing Rule 7.2, Exception 5

In certain circumstances, a listed company may undertake a share purchase plan in accordance with the ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC Instrument**). The ASIC Instrument allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12-month period.

The Company is unable to rely on the relief granted by the ASIC Instrument in respect of the SPP Options as the relief only relates to offers of fully paid ordinary shares and the SPP Offer under this Prospectus includes free attaching unquoted Options. The Company is therefore undertaking the offer of SPP Securities pursuant to this Prospectus.

Similarly, ASX Listing Rule 7.2 (Exception 5) permits a listed company to issue securities under a share purchase plan without that issuance counting towards the Company's placement capacity under ASX Listing Rule 7.1 where the issuance satisfied the condition of the ASIC Instrument. Given the Company is unable to satisfy the conditions of the ASIC Instrument for the SPP, the issue of SPP Securities is subject to Shareholder approval for the purposes of ASX Listing Rule 7.1. This approval was obtained on 23 July 2024 and as such the issue of SPP Securities (and any Shortfall Securities) will not use up any of the Company's placement capacity under ASX Listing Rule 7.1.

2.4 Shares price risk

Eligible Shareholders and investors wishing to participate in the SPP and Shortfall should note that the issue price of Shares offered under this Prospectus, being \$0.06 per Share, is at a premium to the closing price of Shares on the ASX as at 23 July 2024, the date immediately before the date of this Prospectus (being \$0.044 per Share). This means at the date of this Prospectus you are able to acquire Shares on market at a lower price than the issue price under the Offers.

By applying for Securities under this Prospectus, an applicant accepts the risk that the market price of the Shares may change and may remain below the issue price under the Offers.

2.5 Target Market Determination

In accordance with the design and distribution obligations under the Corporations Act, the Company has determined the target market for the offer of SPP Options and Shortfall Options issued under this Prospectus. The Company and the Lead Manager will only distribute this Prospectus to those investors who fall within the target market determination (**TMD**) as set out on the Company's website (wakaolin.com.au) under the Investors tab. By making an application under the SPP Offer or Shortfall Offer, you warrant that you have read and understood the TMD and that you fall within the target market set out in the TMD.

2.6 Risk Factors

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

2.7 Eligible Shareholders

The SPP Offer is being made to Shareholders with a registered address in Australia who were registered holders of Shares on the Record Date (**Eligible Shareholders**).

2.8 Overseas investors

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of SPP Securities these Shareholders would be offered and the cost of complying with the regulatory requirements in each relevant jurisdiction. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. This Prospectus does not constitute an offer of Securities in any jurisdiction where, or to any person to whom, it would be unlawful to issue or circulate this Prospectus or to offer the Securities.

2.9 Not financial product advice

The information in this Prospectus is not financial product advice and has been prepared without taking into account your financial and investment objectives, financial situation or particular needs (including financial or taxation issues).

2.10 Taxation implications

The Directors do not consider it appropriate to give Shareholder's advice regarding the taxation consequences of applying for Securities under this Prospectus. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Shareholders should consult their professional tax adviser in connection with applying for Securities under this Prospectus.

2.11 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offers in this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offers.

2.12 Forward-looking statements

Some of the statements appearing in this Prospectus are in the nature of forward-looking statements, including statements of intention, opinion and belief and predictions as to possible future events. Such statements are not statements of fact and are subject to inherent risks and uncertainties (both known and unknown) which may or may not be within the control of the Company. You can identify such statements by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and are predictions or indicative of future events. Although the Directors believe these forward-looking statements (including the assumptions on which they are based) are reasonable as at the date of this Prospectus, no assurance can be given that such expectations or assumptions will prove to be correct. Actual outcomes, events and results may differ, including due to risks set out in Section 7 of this Prospectus.

The Company and its Directors, officers, employees and advisors cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

2.13 Website – Electronic Prospectus

A copy of this Prospectus can be downloaded from the Company's website at wakaolin.com.au. If you are accessing the electronic version of this Prospectus for the purpose of making an investment in the Company, you must be an Australian resident and must only access this Prospectus from within Australia.

2.14 Application Forms

Eligible Shareholders that have provided the Company with an e-mail address will be emailed a letter setting out instructions on how to access an electronic copy of the

Prospectus and personalised Application Form via the website of the Company's Share Registry, Automic Registry Services.

All other Eligible Shareholders will be sent a hard copy of a letter containing instructions about how to view and download a copy of the offer booklet for the SPP online and apply for SPP shares.

Application Forms for the Shortfall Offer will be provided to parties identified by the Company and Lead Manager. Applicants who wish to participate in the Shortfall Offer should therefore contact the Company on 08 9439 6300.

Hard copies of the Prospectus are also available free of charge upon request to the Company on (08) 9439 6300 or by email at admin@wakaolin.com.au.

Applications for Securities offered by this Prospectus can only be submitted in accordance with an Application Form which accompanies this Prospectus.

The Corporations Act prohibits any person passing onto another person an Application Form for Securities unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

The Company reserves the right not to accept an Application Form for any reason, including from a person if it has reason to believe that when that person was given access to the Application Form, it was not provided together with the Prospectus and any relevant supplementary or replacement Prospectus or any of those documents were incomplete or altered.

3. Background to the Offers

3.1 Two-tranche Placement and SPP

On 1 May 2024, the Company announced that it had received firm commitments for a two-tranche placement comprising a total of 116,705,502 Shares (**Placement Shares**) at an issue price of \$0.06 per Share to raise approximately \$7.0 million (before costs), together with 29,176,376 free-attaching unlisted Options (\$0.09 exercise price, 30 June 2027 expiry) (**Placement Options**) (together the **Placement Securities**) on the basis of one (1) Placement Option for every four (4) Placement Shares issued (**Placement**).

The Company also announced that it intended, subject to compliance with ASX Listing Rule requirements, to undertake a securities purchase plan (**SPP**) to raise up to \$500,000 (before costs) from Eligible Shareholders on the same terms as the Placement (**SPP Offer**).

The funds raised under the Placement and SPP are to be used to increase yield and capacity of the Company's premium kaolin products at its Wickepin plant, to ramp up finer grade production and working capital (refer to Section 5.2 of this Prospectus below for further details).

Tranche 1 of the Placement was completed on 7 May 2024 and raised \$2,052,000 (before costs) with the issue of 34,200,001 Placement Shares and 8,550,000 Placement Options to sophisticated and professional investors utilising the Company's placement capacity under ASX Listing Rule 7.1 (**Tranche 1 Placement**).

Tranche 2 of the Placement is conditional on Shareholder approval (which approval was obtained by the Company at a general meeting held on 23 July 2024) and FIRB Act approval (if required) and will involve the issue of 82,505,501 Placement Shares and 20,626,375 free attaching Placement Options to raise ~\$4.95m (before costs) (**Tranche 2 Placement**).

The Company expects to complete the Tranche 2 Placement (other than to major shareholder Century Horse, for the reason detailed below) on 29 July 2024, with the issue of 65,000,001 Placement Shares and 16,250,000 Placement Options to raise ~\$3.9m (before costs).

The Company understands Century Horse requires FIRB Act approval to be issued its 17,505,500 Placement Shares and 4,376,375 Placement Options in return for ~\$1.05m in subscription funds. As at the date of this Prospectus, this approval has not been obtained.

If FIRB Act approval is not obtained by 23 October 2024 (being 3 months after Shareholder approval of the issue), the Company will need to seek a new Shareholder approval under Listing Rule 10.11 to issue Century Horse with its Placement Securities (the Company has been granted a waiver of ASX Listing Rule 10.13.5 to allow Century Horse to be issued its Placement Securities up to 3 months after shareholder approval).

If that Shareholder approval is not obtained, or FIRB Act approval is not obtained by 20 December 2024 (or such later date as agreed with Century Horse) and Century Horse terminates its subscription agreement in respect of its Placement Securities, the Company would not receive ~\$1.05m from Century Horse under the Tranche 2 Placement.

While the Company does not expect either of these events to occur, if they were to, the Company will have a reduced working capital/contingency from that proposed when the Placement was announced to ASX on 1 May 2024 and the Company may need to raise additional funding. While no assurance can be given that the Company will obtain any such additional funding (if required), the Company's Directors and major Shareholders (including Century Horse) have to date been very supportive of the Company by providing funding as and when required.

The table below identifies the persons who (together with their associates) have a relevant interest in 5% or more of the Shares on issue in the Company as at the date of this Prospectus (**Substantial Holders**), and on completion of Tranche 2 of the Placement excluding Century Horse (based on information available to the Company through the Share Registry and assuming no other Shares, including under this Prospectus, are issued):

Shareholder	Securities currently held ¹	% share-holding	Securities held post Tranche 2 Placement ²	% share-holding
Scientific Management Associates (Victoria) Pty Ltd	68,644,334 Shares 4,166,667 Options ³	15.0%	68,644,334 Shares 4,166,667 Options	13.1%
Century Horse ⁴	63,567,618 Shares	13.9%	63,567,618 Shares	12.2%
Ken Hall ⁵	56,460,679 Shares	12.3%	103,127,346 Shares 11,666,667 Options	19.7%
Silver Tropic ⁶	53,396,074 Shares 13,200,000 Options ⁷	11.7%	70,062,741 Shares 17,366,667 Options	13.4%
Boneyard Investments Pty Ltd	27,000,000 Shares 4,166,667 Options ³	5.9%	27,000,000 Shares 4,166,667 Options	5.2%

Notes:

- 1 Based on 457,984,12 Shares on issue as at the date of this Prospectus. Includes Shares and Options held by associates as detailed below.
- 2 Prior to issue of any Securities under the Offers. Refer to section 5.6 for the effect on substantial shareholders of the issue of Securities under the Offers. Based on 522,984,123 Shares being on issue following completion of Tranche 2 Placement on 29 July 2024 excluding Century Horse's 17,505,500 Placement Shares and 4,376,375 Placement Options. Assuming Century Horse is ultimately issued these Placement Securities, and no other Shares are issued, its total Security holding will increase to 81,073,118 Shares and 4,376,375 Options, being a 15.0% shareholding based on 540,489,623 Shares being on issue, and other Shareholders will be diluted by 3.2%.

- 3 Tranche 1 Placement Options (\$0.09 exercise price, 30 June 2027 expiry).
- 4 Director Sean Hu is an associate of Century Horse, being its Chief Executive Officer and nominated by Century Horse to be its nominee Director of the Company.
- 5 55,661,231 Shares held as trustee for the Hall Park Trust. 350,000 Shares held by Brady Hall and 449,448 Shares held by Melany Hall, who are both children of Director Ken Hall.
- 6 Held as trustee for the WAMCO Industries Unit Trust other than 312,500 Shares held directly by Director Alf Baker. Alf Baker is a shareholder and a director of Silver Tropic and an indirect unit holder in the WAMCO Industries Unit Trust.
- 7 \$0.35 exercise price, 20 November 2025 expiry. 6,000,000 Options held by WAMCO Industries Pty Ltd (**WAMCO Industries**). 7,200,000 Options held by Silver Tropic ATF the WAMCO Industries Unit Trust. Alf Baker is a shareholder and the sole director of WAMCO Industries.

3.2 SPP Offer and Shortfall Offer (together the Offers)

Under the SPP Offer, Eligible Shareholders may apply for up to \$30,000 in Shares in the Company at \$0.06 per Share (**SPP Shares**), together with one (1) free attaching unlisted Option on the same terms of the Placement Options (\$0.09 exercise price, 30 June 2027 expiry) (**SPP Options**) for every four (4) SPP Shares subscribed for (together, the **SPP Securities**).

In accordance with the ASX required timetable, the Record Date for the SPP is 30 April 2024.

The SPP seeks to raise up to \$500,000 (before costs) and so comprises an offer of up to 8,333,333 SPP Shares and up to 2,083,333 SPP Options (**SPP Offer**).

Eligible Shareholders should refer to Section 4.6 of this Prospectus below for how to apply under the SPP Offer. By applying for SPP Securities you agree to be bound by the Constitution of the Company and the terms and conditions of the SPP Offer specified in the Application Form and as set out in this Prospectus.

The SPP is being undertaken by Prospectus as it includes an offer of Options and so the Company is unable to rely on ASIC Corporations (Share and Interest Purchase Plans) Instrument 2019/547 (**ASIC Instrument**) which allows a share purchase plan to be conducted without the use of a prospectus once in any consecutive 12-month period.

In addition:

- (a) one of the conditions of the ASIC Instrument is that the issue price of shares under the SPP is less than the market price of the shares during a specific period in the 30 days before either the date of the SPP or the date of issue of SPP shares (**Discount Issue Price Condition**);
- (b) the closing ASX market price of Shares in the 30 days before the date of this Prospectus has been below the SPP Share issue price of \$0.06 and it is uncertain if the market price of Shares will exceed the SPP Share issue price

by the date the SPP Shares are proposed to be issued. The closing price of Shares on the ASX on 23 July 2024 was \$0.44; and

- (c) as such, the Company is currently unable, and may remain unable, to satisfy the Discount Issue Price Condition of the ASIC Instrument, and so is conducting the SPP by way of this Prospectus.

The Company wishes to be able to place any SPP Securities not taken up by Eligible Shareholders under the SPP. To that end, this Prospectus includes an offer of up to 8,333,333 Shares at an issue price of \$0.06 per Share (**Shortfall Shares**) together with up to 2,083,333 new unlisted Options on the same terms as the SPP Options (\$0.09 exercise price, 30 June 2027 expiry) (**Shortfall Options**) free attaching on the basis of one (1) Shortfall Option for every four (4) Shortfall Shares subscribed for and issued (together, the **Shortfall Securities**) to make up any shortfall (**Shortfall**) under the SPP Offer (**Shortfall Offer**).

The Shortfall Offer is being made to parties identified by the Directors and Lead Manager. Applicants who wish to participate in the Shortfall Offer should therefore contact the Company on 08 9439 6300. Refer to Section 4.6 of this Prospectus below for how to apply under the SPP Offer.

The Company required Shareholder approval to undertake the SPP and Shortfall Offer without using up its placement capacity under ASX Listing Rule 7.1 (as a result of being unable to rely on the ASIC Instrument). Shareholder approval was obtained at the General Meeting held on 23 July 2024 as noted below.

Shareholder approval was not obtained under ASX Listing Rule 10.11 for any related parties to participate in the SPP or Shortfall Offer. The Directors have advised they do not intend to participate in the SPP. Directors Ken Hall, Alf Baker and Sean Hu are indirectly participating in the Tranche 2 Placement and so no Securities will be issued to any related parties under the Offers.

3.3 General Meeting

At the General Meeting held on 23 July 2024, Shareholder approval was obtained for the:

- (a) ratification of the previous issue of the Tranche 1 Placement Securities;
- (b) approval for the issue of the Tranche 2 Placement Securities;
- (c) approval for the issue of the SPP Securities under the SPP; and
- (d) approval for the issue of the Shortfall Securities under the Shortfall Offer.

4. Details of the Offers

4.1 Summary of the SPP Offer

The SPP Offer is an offer to each Eligible Shareholder to subscribe for new Shares up to a maximum value of \$30,000 at an issue price of \$0.06 per Share. In addition, Eligible Shareholders will also receive one (1) Option for every four (4) Shares subscribed for and issued under the SPP Offer. Fractional entitlements will be rounded up to the nearest whole number.

The purpose of the SPP Offer and the use of the funds raised pursuant to the SPP are set out in Section 5.2 of this Prospectus.

All of the Shares offered under the SPP Offer pursuant to this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.1 of this Prospectus for further information regarding the rights and liabilities attaching to the Shares.

The SPP Options issued under this Prospectus will be exercisable at \$0.09 on or before 5:00pm (WST) 30 June 2027 and otherwise on the terms set out in Section 6.2 of this Prospectus. All of the Shares issued upon exercise of the SPP Options will rank equally with the Shares on issue at the date of this Prospectus.

The SPP Offer is non-renounceable, meaning that Eligible Shareholders may not transfer their rights to any Securities offered under the SPP Offer.

No funds will be raised from the issue of SPP Options as they are free attaching to Shares issued under the SPP on a one (1) for four (4) basis.

4.2 Eligibility to participate in SPP Offer

Only Eligible Shareholders may participate in the SPP Offer. 'Eligible Shareholders' for the purpose of the SPP Offer are Shareholders:

- (a) who were registered holders of Shares on the Record Date; and
- (b) whose registered address is in Australia.

If you are the only registered Shareholder of a holding of Shares, but you receive more than one SPP Offer (for example because you hold Shares in more than one capacity), you may only apply for one parcel of Shares with a value of up to \$30,000.

The Company reserves the right to reject any application for Shares under this Prospectus to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

An Eligible Shareholder that holds Shares as a custodian (as defined in ASIC Instrument 2019/547 (**Custodian**)) may apply for up to the maximum value of Shares for each beneficiary for whom they act as custodian provided they complete and provide a certificate (**Custodian Certificate**). Custodians wishing to apply for SPP

Securities on behalf of more than one beneficiary should contact the Share Registry and request a Custodian Certificate and schedule.

Every applicant for SPP Securities acknowledges they are lawfully permitted to accept the SPP Offer in accordance with the laws applicable in Australia and any other applicable laws in the jurisdiction in which the beneficial owner of the registered holding is situated.

In the event of oversubscriptions by the SPP Closing Date, the Directors may, in their absolute discretion, scale-back applications on a pro rata equitable basis. Directors may also, in their absolute discretion, decide to increase acceptances in the event of oversubscriptions. Participation in the SPP Offer is optional and is subject to the terms and conditions set out in this Prospectus.

4.3 Opening and Closing Date of the SPP Offer

The Opening Date of the SPP Offer will be 24 July 2024 and the Closing Date for the SPP Offer will be 5:00pm WST on 13 August 2024.

The Directors reserve the right to close the SPP Offer early or extend the Closing Date (as the case may be), or withdraw the Offers, should it be considered by them necessary to do so.

4.4 Minimum and Maximum Subscription

There is no minimum subscription under the Offers. The minimum application amount for the SPP Offer is \$2,000.

The Company is seeking to raise a maximum of \$500,000 (before costs) under the SPP. The board reserves the right to accept oversubscriptions up to an additional \$500,000 at its discretion, subject to the Corporations Act and the ASX Listing Rules.

4.5 Not underwritten

The Offers are not underwritten.

4.6 Application for Securities under the SPP Offer

Eligible Shareholders may apply under the SPP Offer by following the instructions outlined on their personalised Application Form.

Pursuant to the SPP Offer, Eligible Shareholders may apply for Shares with a maximum value of \$30,000. Eligible Shareholders may participate by selecting one of the following options to purchase Shares under the SPP Offer:

	SPP Application Amount	Number of Shares which may be purchased	Number of Options to be received
Offer A	\$2,000	33,334	8,334

Offer B	\$5,000	83,334	20,834
Offer C	\$10,000	166,667	41,667
Offer D	\$15,000	250,000	62,500
Offer E	\$20,000	333,334	83,334
Offer F	\$25,000	416,667	104,167
Offer G	\$30,000	500,000	125,000

Where the amount applied for results in a fraction of a Security the number of Securities issued will be rounded up to the nearest whole Security.

To participate in the SPP Offer, payment of the application moneys must be made per the instructions set out on the Application Form, with sufficient time to be received by or on behalf of the Company by **no later than 5.00pm (WST) on the SPP Closing Date**.

The Company reserves the absolute discretion to scale back applications under the SPP Offer to the extent and in the manner it sees fit. If the Company undertakes a scale back, you will receive the number of SPP Securities determined by the Company in its absolute discretion which may be less than the number of Securities applied for. In this case, the difference between the application moneys received and the number of SPP Shares allocated to you multiplied by the issue price per SPP Share may be refunded to you by direct credit (to your nominated account recorded on the Company's share register) as soon as practicable, without interest.

If you require assistance in accepting the SPP Offer, please contact the Company on +61 8 9439 6300.

4.7 Summary of the Shortfall Offer

The Shortfall Offer is a conditional offer of up to 8,333,333 Shares at \$0.06 per Share and 2,083,333 Options on the basis of one (1) Option for every four (4) Shares subscribed for and issued to raise up to \$500,000 (before costs).

Shares and Options issued under the SPP Offer will be deducted from the number of Shares and Options to be issued under the Shortfall Offer so that the total number of Shares and Options issued under both the SPP Offer and the Shortfall Offer is 8,333,333 Shares and 2,083,333 Options.

There is no minimum subscription under the Shortfall Offer, which is not underwritten.

All of the Shares offered under the Shortfall Offer pursuant to this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. The Shortfall Options issued under this Prospectus will be exercisable at \$0.09 on or before 5:00pm (WST) 30 June 2027 and otherwise on the terms set out in Section 6.2 of this Prospectus. All of the Shares issued upon exercise of the Shortfall Options will rank equally with the Shares on issue at the date of this Prospectus.

4.8 Eligibility to participate in Shortfall Offer

The Shares and Options under the Shortfall Offer will be placed to parties identified by the Company and the Lead Manager. Applicants who wish to participate in the Shortfall Offer should contact the Company on 08 9439 6300.

4.9 Application for Securities under the Shortfall Offer

Completed Application Forms under the Shortfall Offer must be returned to the address set out in the Application Form with sufficient time to be received by or on behalf of the Company by no later than the date specified by the Company when providing Applicants with a copy of this Prospectus and an Application Form.

4.10 Payment – SPP Offer and Shortfall Offer

Payment for SPP Securities or Shortfall Securities must be by EFT or BPAY® in accordance with the instructions on the Application Form.

Payments will **not** be accepted by cheque.

You can make a payment via:

- (a) EFT if you are a holder of an account that supports EFT transactions to an Australian bank account; or
- (b) BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

By paying by EFT or BPAY®:

- (a) you do not need to submit the Application Form but are taken to have made the declarations on that Application Form; and
- (b) you will be deemed to have applied for such whole number of Securities which is covered in full by your application monies.

It is your responsibility to ensure that your EFT or BPAY® payment is received by the Share Registry by no later than 5:00pm (WST) on the applicable Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment. Any application monies received for more than your final allocation of Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

Please note that to pay by EFT or BPAY® you must make payment to the specified bank account using your unique reference number for payment as shown on your Application Form, as your payment reference. You must quote your unique reference number as your payment reference/ description when processing your EFT or BPAY® payment. Failure to do so may result in your funds not being allocated to your Application and the Securities not being issued (and the funds refunded).

Applications for Shares under the SPP Offer must be made for a minimum of 33,334 Shares.

4.11 Issue of Securities

The issue of Securities offered under the Offers will take place in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus.

The Directors, in consultation with the Lead Manager, will determine the allottees of all the Securities the subject of the Offers. The Directors reserve the right to decline any applications received, or to issue a lesser number of Securities than that applied for. Where the number of Securities issued is less than the number applied for, or where no issue is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date of the Offers.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offers will be mailed as soon as practicable after the issue of the Securities.

4.12 ASX Listing – Shares

Application for Official Quotation of the Shares offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Shares offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.13 Restrictions on distribution of Prospectus

The Offers do not, and are not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

The Offers are not being extended and Securities will not be issued to investors with a registered address which is outside Australia.

Residents of countries outside Australia should consult their professional advisers as to whether any government or other consents are required, or whether any formalities need to be observed should they wish to make an application to take up Securities on the basis of this Prospectus. The payment of Application Monies in accordance with

an Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all approvals and consents have been obtained.

4.14 Enquiries

Any questions concerning the Offers should be directed to the Company Secretary, Michael Kenyon, on +61 41 795 8059 or by email to mkenyon@wakaolin.com.au.

5. Purpose and Effect of the Offers

5.1 Purpose of the Offers

The purpose of the SPP Offer is to raise up to a \$500,000 (before costs) from Eligible Shareholders. The Shortfall Offer is an offer to raise any Shortfall that exists under the SPP Offer, such that the maximum that may be raised under the SPP Offer and the Shortfall Offer is \$500,000.

5.2 Use of funds

The funds raised from the Offers are planned to be used in accordance with the table set out below:

Proceeds of the Offers	Full Subscription (\$500,000)	%
Working Capital/Contingency	\$445,000	89%
Expenses of the Offers	\$55,000	11%
Total	\$500,000	100%

Refer to Section 8.11 of this Prospectus for further details relating to the estimated expenses of the Offers.

The table above is a statement of current intentions of the Board as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

If there is a shortfall under the SPP Offer, the Directors have reserved the right to place the shortfall pursuant to the Shortfall Offer.

5.3 Effect of the Offers

The principal effect of the Offers, assuming the Company issues the maximum number of Securities, will be to:

- (a) increase the cash reserves of the Company by \$500,000 (less the estimated expenses of the Offers) immediately after completion of the Offers;
- (b) increase the number of Shares on issue from 522,954,123 Shares (assuming Tranche 2 Placement Shares, other than Century Horse's Placement Shares, are issued on 29 July 2024) to 531,317,456 Shares following completion of the Offers (subject to rounding); and
- (c) increase the number of Options on issue from 60,300,001 (assuming Tranche 2 Placement Options, other than Century Horse's Placement

Options, are issued on 29 July 2024) to 62,383,334 following completion of the Offers (subject to rounding).

5.4 Effect of Offers on capital structure

The effect of the Offers on the capital structure of the Company assuming the Company issues the maximum number of Securities is set out below.

Shares	Number
Shares currently on issue	457,984,122
Tranche 2 Placement Shares (expected issue date 29 July 2024, excluding Century Horse Placement Shares)	65,000,001
Shares offered pursuant to the Offers	8,333,333
Total Shares on issue after completion of the Offers ¹	531,317,456

Notes:

1. Century Horse has agreed to subscribe for 17,505,500 Placement Shares subject to FIRB Act approval which has not been received by the date of this Prospectus.

Options	Number
Options currently on issue	
- WAKAD: (\$0.30, 20 November 2024)	5,000,000
- WAKAF: (\$0.35, 20 November 2025)	30,500,000
- \$0.09, 30 June 2027	8,550,000
- Total	44,050,000
Tranche 2 Placement Options (\$0.09, 30 June 2027) (expected issue date 29 July 2024, excluding Century Horse Placement Options)	16,250,000
Options under the Offers	2,083,333
Total Options on issue after completion of the Offers	62,383,334

Notes:

1. The issue of 4,376,375 Placement Options to Century Horse is subject to FIRB Act approval which has not been received by the date of this Prospectus.

The capital structure on a fully diluted basis as at the date of this Prospectus comprises 502,034,122 Shares and on completion of the Tranche 2 Placement (excluding to Century Horse) will comprise 583,284,124 Shares. On completion of the Offers, assuming the maximum number of Securities are issued, the capital structure of the Company on a fully diluted basis will comprise 593,700,790 Shares.

5.5 Pro-forma statement of financial position

Shown below is the unaudited statement of financial position as at 30 June 2024, an unaudited pro-forma statement of financial position as at 30 June 2024 adjusted to show the effect of Tranche 2 of the Placement (excluding Century Horse) and an unaudited pro-forma statement of financial position as at 30 June 2024 adjusted to show the effect of Tranche 2 of the Placement (excluding Century Horse) and the Offers.

The pro-forma statement of financial position assumes the maximum number of Securities offered under this Prospectus are issued (i.e. \$500,000 is raised under the SPP Offer and the Shortfall Offer), no existing Options are exercised and including expenses of the Offers). The statements of financial position have been prepared on the basis of the accounting policies normally adopted by the Company.

The pro-forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

	UNAUDITED 30/06/24	UNAUDITED PRO- FORMA 30/06/24 post Tranche 2	UNAUDITED PRO- FORMA 30/06/24 post Tranche 2 and Offers
Current assets			
Cash and cash equivalents	2,067,953	5,885,953	6,330,953
Receivables	690,276	690,276	690,276
Other current assets	3,201,710	3,201,710	3,201,710
Total current assets	5,959,939	9,777,939	10,222,939
Non-current assets			
Plant and equipment	2,888,595	2,888,595	2,888,595
Other non-current assets	1,750,949	1,750,949	1,750,949
Exploration and evaluation expenditure	28,630,059	28,630,059	28,630,059
Total non-current assets	33,269,604	33,269,604	33,269,604
TOTAL ASSETS	39,229,543	43,047,543	43,492,543
Current liabilities			
Creditors and borrowings	2,973,417	2,973,417	2,973,417
Total current liabilities	2,973,417	2,973,417	2,973,417

	UNAUDITED 30/06/24	UNAUDITED PRO- FORMA 30/06/24 post Tranche 2	UNAUDITED PRO- FORMA 30/06/24 post Tranche 2 and Offers
Non-current liabilities			
Borrowings	25,797,079	25,797,079	25,797,079
Total non-current liabilities	25,797,079	25,797,079	25,797,079
TOTAL LIABILITIES	28,770,496	28,770,496	28,770,496
NET ASSETS (LIABILITIES)	10,459,046	14,277,046	14,722,046
Equity			
Contributed equity	58,636,789	62,536,789	63,036,789
Reserves	37,385,293	37,385,293	37,385,293
Accumulated losses	(85,563,035)	(85,645,035)	(85,700,035)
TOTAL EQUITY	10,459,046	14,277,046	14,722,046

5.6 Effect on substantial shareholders

Based on the information available to the Company through the Share Registry as at the date of this Prospectus, the Shareholders who (together with their associates) have a relevant interest in 5% or more of the Shares on issue:

- (a) as at the date of this Prospectus and on completion of Tranche 2 of the Placement (excluding Century Horse) are set out in Section 3.1; and
- (b) on completion of the Offers are set out below (assuming the Tranche 2 Placement is completed (other than to Century Horse), the SPP Offer is fully subscribed, existing substantial shareholders do not subscribe for the Offers and no other Shares are issued).

Substantial Shareholder	Securities held post Tranche 2 Placement and SPP	% share-holding
Scientific Management Associates (Victoria) Pty Ltd	68,644,334 Shares 4,166,667 Options	12.9%
Century Horse	63,567,618 Shares	12.0%
Ken Hall	103,127,346 Shares 11,666,667 Options	19.4%
Silver Tropic	70,062,741 Shares 17,366,667 Options	13.2%
Boneyard Investments Pty Ltd	27,000,000 Shares 4,166,667 Options	5.1%

6. Rights and Liabilities attaching to Shares and Options

6.1 Shares

General

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules, the ASX Settlement Operating Rules and the general law. A copy of the Company's constitution may be inspected during normal business hours at the registered office of the Company.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of shareholders in the Company. To obtain such a statement, persons should seek independent legal advice.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

A poll may be demanded before a vote for a show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

Dividends

Subject to the Corporations Act, the ASX Listing Rules, and the Constitution, the Directors may pay interim, special or final dividends as, in their judgment, the financial position of the Company justifies.

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

Issue of shares

Subject to the Constitution, the ASX Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit. Such shares may have preferred, deferred or other special

rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors think fit.

Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- (a) with the written consent of the holders of 75% of the shares of the class; or
- (b) by a special resolution passed at a separate meeting of the holders of shares of the class.

Transfer of shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may ask ASX Settlement to apply a holding lock, or decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the ASX Listing Rules or the ASX Settlement Operating Rules. If the Directors request a holding lock or, decline to register a transfer, the Company must give the holder of the shares (in circumstances of a holding lock request), or the party lodging the transfer (in circumstances of a refusal to register), written notice of the refusal and the reason for refusal. The Directors decision to decline to register the transfer or to apply for a holding lock is not invalidated if that notice is not given.

Small holdings

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the ASX Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

Restricted Securities

In the event of a breach of the ASX Listing Rules or a breach of a restriction agreement entered into by the Company under the ASX Listing Rules relating to Restricted Securities (as defined in the ASX Listing Rules), the Shareholder holding the Restricted Securities in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

General meetings and notices

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive

all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act. Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

Winding up

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

Directors – appointment and removal

The minimum number of Directors is three and the maximum is twelve or such lower number as the Directors are authorised to determine. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that one third of the Directors and any Director who has held office for three or more years or three or more annual general meetings (excluding the managing director or, if there is more than one managing director, the first of them to be appointed) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the existing Directors who will then hold office until the next annual general meeting of the Company.

Directors – voting

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chair has a second or casting vote. Where only two directors are present or qualified to vote at a meeting of directors and there is a tied vote, the Chair does not have a second or casting vote.

Directors' remuneration

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, but the remuneration of non-executive Directors may not exceed in any year the amount fixed in general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions. The total aggregate fixed sum per annum to be paid to Directors (excluding salaries of executive Directors) shall be set by the Company in a general meeting.

Reduction of share capital

Subject to the ASX Listing Rules, the Constitution and the Corporations Act, the Company may reduce its share capital including by way of an in-specie distribution of the assets of the Company.

Preference shares

The Company may issue preference shares including preference shares which have certain redemption and conversion rights. The rights attaching to preference shares are those set out in the Constitution.

Variation of the Constitution

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least 75% of the votes cast by members present and entitled to vote at a general meeting of the Company. From Listing, the Company must give at least 28 days' written notice of its intention to propose the special resolution.

Share buy-backs

The Company may buy back shares in accordance with the provisions of the Corporations Act.

Dividend reinvestment plan

The Constitution contains a provision allowing Directors, on the terms and conditions they think fit, to implement a dividend reinvestment plan (under which any Shareholder or any class of shareholders may elect that the dividends payable by the Company be reinvested by a subscription for Shares in the Company).

ASX Listing Rules

The Constitution provides that notwithstanding anything in the Constitution, if the ASX Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the ASX Listing Rules require to be done. If the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the ASX Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the ASX Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.

6.2 Options

The Options entitle the holder to subscribe for Shares on the terms and conditions set out below.

- (a) Each Option gives the Option Holder the right to subscribe for one Share. To obtain the right given by each Option, the Option Holder must exercise the Options in accordance with the terms and conditions of the Options.
 - (b) The Options will expire at 5.00 pm (WST) on 30 June 2027 (**Expiry Date**). Any Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
 - (c) The amount payable upon exercise of each Option will be \$0.09 (**Exercise Price**).
 - (d) The Options held by each Option Holder may be exercised in whole or in part, and if exercised in part, multiples of 5000 must be exercised on each occasion. Where less than 5000 Options are held, all Options must be exercised together.
 - (e) An Option Holder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;
- (Exercise Notice).**
- (f) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
 - (g) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Options specified in the Exercise Notice.
 - (h) The Options are transferable.
 - (i) All Shares allotted upon the exercise of Options will upon allotment rank pari passu in all respects with other Shares.
 - (j) If at any time the issued capital of the Company is reconstructed, all rights of an Option Holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
 - (k) There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.
 - (l) An Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.

7. Risk Factors

7.1 Introduction

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors consider the risk factors described below, together with information contained elsewhere in this Prospectus, publicly available information, circumstances peculiar to them and that they consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are general risks, many if not all of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company specific risks

(a) Shares issued at a premium

Eligible Shareholders and investors wishing to participate in the SPP and Shortfall should note that the issue price of Shares offered under this Prospectus, being \$0.06 per Share, is at a premium to the closing price of Shares on the ASX as at the date immediately before the date of this Prospectus (being \$0.44 per Share on 23 July 2024). This means at the date of this Prospectus you are able to acquire Shares on market at a lower price than the issue price under the Offers.

By applying for Securities under this Prospectus, an applicant accepts the risk that the market price of the Shares may change and may remain below the issue price under the Offers.

(b) Production ramp up

WAK intends to ramp up its mining and processing operations. There is a risk that any ramp up may take longer than planned, not achieve desired kaolin product levels, revenues may be less than anticipated or costs may be higher than anticipated.

(c) Going concern

The Company has relied on the support of its shareholders to complete its capital expenditure and to fund its ongoing operations. The Company

expects to achieve positive operating cashflow however is reliant upon its shareholders to ensure this position is achieved. In the event that positive operating cashflow is not achieved or shareholders do not continue to support the Company, the Company may not be able to continue as a going concern.

(d) Additional requirements for capital

The Company believes that the funds raised under the Offer, together with existing cash flow, will be sufficient to pay for the required capital expenditure, increase production and guide the Company toward positive operating cash flow.

However, further capital may be required at an earlier stage if production is somehow thwarted, sales revenue does not increase and positive operating cash flow is not achieved.

The further development of the Company's mine and mine plant, as well as any working capital needs, may require additional funding. The Company's future capital requirements, and the Company's ability to satisfy those requirements, depend on numerous factors, many of which are beyond the control of the Company.

Any additional equity financing may dilute shareholdings. Any debt financing, if available, may involve restrictions on the Company's activities. If the Company is unable to obtain additional funding as needed, it may be required to reduce the scope of its operations or dispose of assets, as the case may be.

The Company's ability to raise funds through the issue of Shares or other securities is subject to share market conditions from time to time.

There is no certainty that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company and its Shareholders.

(e) Operational activities

The Company's operational 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 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.

(f) 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 denominated in US dollars and the Company's ability to fund activities and make debt repayments may be 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.

A material and extended fall in kaolin prices will likely affect the timing, viability and profitability of WA Kaolin's future operations, earnings and financial position (because the cost of extraction is higher than the likely return).

(g) Tenure risks and native title

Mining tenements are only granted for a specified term and subject to periodic renewal. The renewal of the term of granted tenements is also subject to the discretion of the Minister and the Company's ability to meet the conditions imposed on the relevant licence, including payment of annual rents and meeting prescribed expenditure commitments which, in turn, is dependent on the Company being sufficiently funded. The inability of the Company to meet those conditions may have a materially adverse effect on the operations, financial position and/or overall performance of the Company.

(h) Metallurgy

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) developing an economic process route to produce a saleable product; and
- (ii) changes in mineralogy in the ore deposit can result in inconsistent product recovery, affecting the economic viability of the project.

If the Company does not meet agreed product specifications, the Company's ability to sell kaolin to those distributors or customers, or to sell the kaolin at the anticipated price, will be adversely affected.

(i) Technology

Any failure or delay in developing new technology or an inability to exploit technology as successfully or cost-effectively as competitors, could result in a decrease in customer demand, which could have a material adverse effect on the Company's business and cash flows, prospects for growth, financial condition and results of its operations.

(j) Executive Management

The responsibility of overseeing the day-to-day operations and the Company's strategic management depends substantially on its senior management and key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(k) Financial Indebtedness

WAK owes approximately \$24.2 million to loan creditors of which approximately 60% is on an interest-free basis. It also owes \$1.0m to asset financiers (hire purchase) and approximately \$2.9 million to trade creditors (including related parties). WAK has entered agreements with those creditors that have loaned it money and certain trade creditors to document the manner in which its debts will be repaid, which includes repayments in pre-defined instalments in quarterly repayments when WAK achieves free cash flow in the previous quarter. Certain of the agreed repayments are conditional on WAK having free cash flow. Asset financing payments continue to occur in the ordinary course of business.

(l) Unforeseen expenses

The Company's cost estimates and financial forecasts include appropriate provisions for material risks and uncertainties and are considered to be fit for purpose for proposed activities of the Company. If risks and uncertainties prove to be greater than expected, or if new currently unforeseen material risks and uncertainties arise, the expenditure proposals of the Company are likely to be adversely affected.

(m) Customers

WAK is currently negotiating offtake agreements for its intended expanded production. WAK has customers in place for current production and letters of intent for a certain quantity of the intended expanded production. However, there is a risk that WAK may not secure offtake agreements in respect of any, or all, of its intended expanded production or that any offtake agreement may not be on favourable terms having regard to the differing grades of product. If the customers reneged on their contractual obligations or otherwise failed to pay for kaolin product delivered, or declined to receive further kaolin product, this would have a consequential effect on WAK's financial position.

(n) Counterparty

The Company's ability to receive payment for kaolin product produced, sold and delivered will depend on the continued creditworthiness of and contractual performance by its distributors, customers and other counterparties. If deterioration of the creditworthiness of these counterparties occurs, or if they otherwise fail to adhere to or terminate arrangements, the Company's business could be adversely affected.

7.3 Industry specific risks

(a) Resource and reserve estimates

Any resource or reserve estimates released by the Company in the future will be expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and financial performance.

(b) Development, mining, processing and production

The business of minerals development, mining, processing and production involves many risks and may be impacted by factors including ore tonnes, yield, input prices (some of which are unpredictable and beyond the Company's control), overall availability of free cash to fund continuing development activities, labour force disruptions, cost overruns, change in the regulatory environment and other unforeseen contingencies.

Other risks also exist such as environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents and occupational and health hazards. Such occurrences could result in damage to, or destruction of, production and processing facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of a mine or processing plant. The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities in an area for which it was not responsible.

(c) Infrastructure and transport

The Company's ability to achieve production targets, receive goods and services and export products may be restricted by access to power networks, roads and other infrastructure.

(d) Environmental

The Company's current and proposed activities are subject to state and federal laws and regulations concerning the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining and processing operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

(e) Safety legislation

Mines and processing plants are subject to a range of safety legislation which may change in a manner that may include requirements in addition to those now in effect, and a heightened degree of responsibility for companies and their directors and employees.

(f) Competition risk

The industry in which the Company is involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operation and financial performance of the Company's projects and business.

(g) Industrial action

The Company is subject to the risk of industrial action and work stoppages by employees and contractors who provide services which are necessary for the continued operation of the Company's businesses.

(h) Pandemic

Outbreaks of pandemics or diseases, including, for example, the outbreak of the coronavirus disease (COVID-19), may have a material adverse effect on the Company's business. The Company's share price may be adversely affected by economic uncertainty caused by pandemics such as COVID-19.

(i) Climate change

There has been increasing concern by the public and regulators globally on climate change issues. As a mining company, the Company is exposed to both transition risks and physical risks associated with climate change. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for kaolin declines, the Company will find it difficult to commercialise any resources it discovers. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves. The transition and physical risks associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect the Company's operating and financial performance.

7.4 General Risks

(a) Stock market fluctuations and economic conditions

The Shares to be issued under this Prospectus will be quoted on the ASX. The price of Shares may rise or fall and there is no certainty in respect of profitability, dividends, return of capital, or the price at which the Shares may trade on the ASX.

The selling value of the Shares will be determined by the stock market and will be subject to a range of factors beyond the control of the Company, and the Directors and officers of the Company. Such factors include, but are not limited to:

- (i) the demand for and availability of Shares;
- (ii) movements in domestic interest rates;
- (iii) exchange rates;
- (iv) general and domestic economic activity; and
- (v) fluctuations in the Australian and international stock markets.

Returns from an investment from the Shares may also depend on general stock market conditions as well as the performance of the Company. There can be no guarantee that there will be an active market in the Shares.

Changes in economic and business conditions or government policies in Australia or internationally may affect the fundamentals which underpin the projected growth of the Company's target markets or its cost structure and

profitability. Adverse changes in such things as the level of inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), consumer spending and employment rates, amongst others, are out of the control of the Company and may result in material adverse impacts on the business or its operating results.

(b) Taxation

The acquisition and disposal of Securities will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of subscribing for Securities from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability and responsibility with respect to the taxation consequences of subscribing for Securities under this Prospectus.

(c) Liquidity of Shares

There may be relatively few potential buyers or sellers of the Shares on the ASX at any time. This may increase the volatility of the price of the Shares. It may also affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in a market price being received which is less than the price that Shareholders paid to acquire their Shares.

(j) Investment risks

As with any stock market investment, there are various risks associated with investing in the Company. Potential investors should consider whether the Shares offered under this Prospectus are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out in this section. Many of these risk factors are outside the Directors' control. Whilst some common risk factors are set out in this section, it is not possible to produce an exhaustive list. The Directors recommend that potential investors consult their professional advisers before deciding whether to apply for Securities.

(k) Adverse changes to government policy and taxation

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies, may have an adverse effect on the assets, operations and ultimately the Company's financial performance. These factors may ultimately affect the Company's financial performance and the market price of the Securities.

(l) Insurance risks

The Company's operations are insured in accordance with industry practice, however in certain circumstances, the Company's insurance may not be of

a nature or the level to provide adequate insurance cover. The occurrence of an event that is not covered or not fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

(m) Claims, liability and litigation

Although the Company is not currently involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company, the risk of litigation remains a general risk to the Company. The Company may incur costs in making payments to settle any such claims which may not be adequately covered by insurance or at all. Any litigation or settlement may have an adverse impact on the Company's financial position.

7.5 Speculative investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

8. Additional Information

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

Under section 677 of the Corporations Act, a reasonable person is taken to expect information to have a material effect on the price or value of the Company’s quoted securities if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company’s quoted securities.

The Offers are an offer of Shares which are ‘continuously quoted securities’ for the purposes of the Corporations Act, and Options to acquire Shares.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities (and, if the securities are options, the rights and liabilities attaching to the options and the underlying securities). It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is issued in circumstances where significant publicly available information in relation to the Company exists by virtue of disclosures to ASX. This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors are encouraged to have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Information that is already in the public domain has not generally been included in this Prospectus other than certain information required to be included in this Prospectus by the Corporations Act.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;

- (b) copies of documents lodged with the ASIC in relation to the Company or may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report most recently lodged by the Company with the ASIC;
 - (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act or any document lodged in relation to the Company under section 675 of the Corporations Act which are given or lodged with ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC or ASX in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

	Description of announcement
24 July 2024	Correction to June 2024 Quarterly Activities Report
24 July 2024	June 2024 Quarterly Activities Report and Appendix 5B
23 July 2024	Results of Meeting
26 June 2024	Update - Proposed issue of securities - WAK
24 June 2024	Update - Proposed issue of securities - WAK
21 June 2024	Notice of General Meeting and Notice Letter to Shareholders
20 June 2024	WAK - Market Update
14 May 2024	Becoming a substantial holder
9 May 2024	Change in substantial holding
8 May 2024	Cleansing Notice under Section 708A(5)(e) of the Corps Act
7 May 2024	Notification regarding unquoted securities - WAK
7 May 2024	Application for quotation of securities - WAK
1 May 2024	Proposed issue of securities - WAK
1 May 2024	Proposed issue of securities - WAK
1 May 2024	Proposed issue of securities - WAK
1 May 2024	WAK - Equity Raising Presentation

	Description of announcement
1 May 2024	WAK Secures \$7m Placement
30 April 2024	Becoming a substantial holder
30 April 2024	March 2024 Quarterly Activities Report and Appendix 5B
29 April 2024	Trading Halt
22 March 2024	Change of Director's Interest Notice
22 March 2024	Notification of cessation of securities - WAK
19 March 2024	Response to ASX Appendix 3Y Query
15 March 2024	Appendix 4D and Half Year Accounts
8 March 2024	Change of Director's Interest Notice
8 March 2024	Final Director's Interest Notice
8 March 2024	Initial Director's Interest Notice
7 March 2024	Appointment of Non-Executive Director
14 February 2024	Notification regarding unquoted securities - WAK
14 February 2024	Notification of cessation of securities - WAK
14 February 2024	Cleansing Notice under Section 708A(5)(e) of the Corps Act
13 February 2024	Investor Presentation - RIU Explorers Conference
13 February 2024	Application for quotation of securities - WAK
1 February 2024	Correction to Appendix 5B December 2023 Qtr Cashflow Report
31 January 2024	December 2023 Quarterly Activities Report and Appendix 5B
25 January 2024	Cleaning Notice under Section 708A(5)(e) of the Corps Act
25 January 2024	Application for quotation of securities - WAK
28 December 2023	Management Changes
27 December 2023	Cleansing Notice under Section 708A(5)(e) of the Corps Act
22 December 2023	Application for quotation of securities - WAK
7 December 2023	Initial Director's Interest Notice
7 December 2023	Initial Director's Interest Notice
1 December 2023	Board Changes
27 November 2023	Notification of cessation of securities - WAK
27 November 2023	Final Director's Interest Notice
27 November 2023	Change of Director's Interest Notice
24 November 2023	Resignation of Non-Executive Director
24 November 2023	Results of Annual General Meeting
24 November 2023	WAK - Annual General Meeting Investor Presentation
21 November 2023	Cleansing Notice Under Section 708A(5)(e) of the Corps Act
21 November 2023	Application for quotation of securities - WAK
20 November 2023	Notification of cessation of securities - WAK
20 November 2023	Expiry of Unlisted Options
27 October 2023	September 2023 Quarterly Activities Report and Appendix 5B

	Description of announcement
24 October 2023	2023 Corporate Governance Statement
24 October 2023	Appendix 4G

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours or via the ASX's web site at www.asx.com.au.

The announcements are also available through the Company's website www.wakaolin.com.au.

8.3 Market price of shares

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Type	Price	Date
Highest	\$0.057	1 May 2024
Lowest	\$0.033	19 June 2024
Last	\$0.044	23 July 2024

8.4 Lead Manager Mandate

Canaccord Genuity was appointed lead manager to the Placement and the Offers under a mandate dated 26 April 2024 and under which Canaccord is entitled to be paid a 2% management fee on proceeds and a 4% selling fee less proceeds received from mutually agreed existing shareholders.

8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services provided in connection with:
 - (i) the formation or promotion of the Company; or
 - (ii) the Offer.

8.6 Director Security holdings

The relevant interest of each of the Directors (and their associates) in the Securities of the Company as at the date of this Prospectus is set out in the table below based on information available to the Company through the Share Registry. Please refer to Section 3.1 for the effect on completion of Tranche 2 of the Placement.

Director	Current Security Holdings	
	Shares	Options
Dr John White ¹	Nil	3,000,000 Options ²
Ken Hall ³	56,460,679	-
Alf Baker	53,396,074 ⁴	13,200,000 Options ^{2, 5}
Sean Hu ⁶	63,567,618	-

Notes:

1. 3,000,000 Options are held by JJIS Pty Ltd ATF The White Family Settle Account of which Mr White is a director of the trustee company and a beneficiary of the trust.
2. \$0.35 exercise price, 20 November 2025 expiry.
3. 55,661,231 Shares held as trustee for the Hall Park Trust. 350,000 Shares held by Brady Hall and 449,448 Shares held by Melany Hall, who are both children of Ken Hall
4. 53,083,574 Shares held by Silver Tropic Pty Ltd (**Silver Tropic**) ATF the WAMCO Industries Unit Trust. 312,500 Shares held directly by Alf Baker. Alf Baker is a shareholder and director of Silver Tropic and an indirect unit holder in the WAMCO Industries Unit Trust.
5. 6,000,000 Options held by WAMCO Industries Pty Ltd (**WAMCO Industries**). 7,200,000 Options held by Silver Tropic ATF the WAMCO Industries Unit Trust. Alf Baker is a shareholder and the sole director of WAMCO Industries.
6. Held by Century Horse of which Mr Hu is an associate as its Chief Executive Officer and its nominee Director of the Company.

8.7 Director Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The current amount has been set at an amount not to exceed \$400,000 per annum.

A Director may be paid a fee or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors. This does not include any reimbursements that the Directors may receive for work related expenses.

Director	Current Financial Year	Financial year ending 30 June 2023	Financial year ending 30 June 2022
Dr John White ¹	\$72,000	\$79,560	\$79,200
Alfred Baker ²	\$224,166	\$231,664	\$339,000
Ken Hall ³	\$28,000	Nil	Nil
Sean Hu ⁴	Nil	Nil	Nil

Notes:

1. Annual fixed salary of \$72,000 (plus statutory superannuation), increasing to \$96,000 on the Company's first operational cash flow positive quarter.
2. Comprising consultancy fees under a consultancy agreement with WAMCO Industries, an entity controlled by Mr Baker, and \$24,000 per annum for director's fees (increasing to \$33,000 on the Company's first operational cash flow positive quarter).
3. Ken Hall was appointed on 1 December 2023.
4. Sean Hu was appointed on 6 March 2024.

As at the date of this Prospectus, Alf Baker has agreed to defer \$301,000 in past director and consulting fees until such time as the Company's cash flow allows repayment.

8.8 WAMCO benefits

The Company must pay two royalties to WAMCO Industries Group Pty Ltd (of which Director Alf Baker is a director and the sole shareholder) (**Royalties**) until the earlier of 1 July 2049 and the date the Company relinquishes, surrenders or conveys to WAMCO all of the Company's tenements ((M70/1143, R70/40, R70/42, R70/43 and R70/44 other than L70/156 and G70/251).

The first 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; and

- (b) 1.5% of the price received for the sale of kaolin ore or product in a quarter.

The second 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.

As at the date of this Prospectus, the Company has paid WAMCO Industries Group Pty Ltd a total of \$128,793 (plus GST) under the two Royalties.

As at the date of this Prospectus, the Company owes \$1,150,000 to WAMCO Industries Group Pty Ltd, of which Alf Baker is a director and sole shareholder, with nil interest, and several principal payments now overdue, however they are nonetheless only repayable out of the Company's free cash flow and ultimately to be agreed by the directors acting reasonably, but no later than 30 June 2027.

WAMCO Industries Group Pty Ltd as trustee for Wamco Industries Unit Trust is the legal and beneficial owner of Lot 7495 on DP 233525 and Lot 14431 on DP 155015, over which the Company holds a mining lease (M70/1143). Director Alf Baker is a director and beneficial interest holder in the Wamco Industries Unit Trust. Pursuant to an Access Agreement and Landowner Compensation letter dated 11 June 2020, the Company has the sole and exclusive right to access and use that part of the land to conduct its mining operations. The Company must pay WAMCO Industries Group Pty Ltd nominal compensation of \$525 per hectare per annual for land used for mining. To date, accrued amounts have been waived and no amounts have been paid.

8.9 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

EMK Lawyers has acted as the solicitors to the Company in relation to the Offers. The Company estimates it will pay EMK Lawyers \$10,000 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, EMK Lawyers has been paid fees totalling \$65,281 (excluding GST and disbursements) for legal services provided to the Company.

The Canaccord Genuity (Australia) Limited will be paid a fee of 6% of funds raised under the Offers, being up to \$30,000 in respect of the Offers (assuming the maximum number of Securities are issued and excluding GST). During the 24 months preceding lodgement of this Prospectus with the ASIC, the Lead Manager has been paid fees totalling \$40,720 by the Company, and will be entitled to a fee totalling up to \$116,377.62 plus GST on funds raised from Tranche 2 of the Placement (inclusive of Century Horse's subscription).

8.10 Consents

Each of the parties referred to in this Section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section;
- (b) has not authorised or caused the issue of this Prospectus; and
- (c) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and any statement included in this Prospectus with the consent of that party as specified in this Section;

EMK Lawyers has given its written consent to being named as the solicitors to the Company in this Prospectus. EMK Lawyers has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

Canaccord Genuity (Australia) Limited has given its written consent to being named as Lead Manager to the Company in this Prospectus. Canaccord Genuity (Australia) Limited has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.11 Estimated Expenses of Offer

The estimated expenses of the Offer are estimated to be approximately \$55,000 (excluding GST) if the SPP Offer is fully subscribed and are expected to be applied towards the items set out in the table below:

Item	Costs (SPP fully subscribed)
ASIC Lodgement Fees	\$3,206
ASX Listing Fees	\$9,218
Legal Costs	\$10,000
Lead Manager Fees	\$30,000
Printing and distribution	\$2,000
Miscellaneous	\$576
Total	\$55,000

8.12 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

8.13 Clearing House Electronic Sub-Register System (“CHESS”) and Issuer Sponsorship

The Company will not be issuing Security certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

8.14 Taxation

The Company does not propose to give any taxation advice and neither the Company, its Directors nor its officers accept any responsibility or liability for any taxation consequence to Applicants. Applicants should consult their own professional tax advisers in regard to taxation implications of the Offers.

8.15 Privacy Act

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

9. Directors' Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.



Alf Baker
Managing Director
For and on behalf of
WA Kaolin Limited

10. Glossary

Applicant means an investor that applies for Securities under an Offer using the relevant Application Form pursuant to this Prospectus.

Application Form means the Application Form as relevant to each Offer (accompanying this Prospectus).

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Canaccord Genuity means Canaccord Genuity (Australia) Limited (ACN 075 071 466).

Century Horse means Century Horse Limited, a company incorporated in British Virgin Islands.

Company or **WA Kaolin** means WA Kaolin Limited (ACN 083 187 017).

Constitution means the Company's Constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means directors of the Company at the date of this Prospectus.

Dollar or "**\$**" means Australian dollars.

Eligible Shareholders means Shareholders with a registered address in Australia who were registered holders of Shares on the Record Date.

FIRB Act means the *Foreign Acquisitions and Takeovers Act 1976* (Cth).

Lead Manager means Canaccord Genuity.

Offers means the SPP Offer and Shortfall Offer.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Placement means has the meaning given to that term in Section 3.1 of this Prospectus.

Placement Options means the Options offered pursuant to the Placement on the terms and conditions set out in Section 6.2 of this Prospectus.

Placement Shares means the Shares offered pursuant to the Placement.

Placement Securities means Placement Shares and Placement Options.

Prospectus means this Prospectus.

Record Date means the record date for the SPP Offer as set out in the indicative timetable in this Prospectus.

Section means a section of this Prospectus.

Security means a Share or an Option.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means the holder of a Share.

Share Registry means the company noted in the Corporate Directory in Section 1 of this Prospectus.

Shortfall has the meaning given to that term on the cover page of this Prospectus.

Shortfall Offer has the meaning given to that term on the cover page of this Prospectus.

Shortfall Options means the Options offered pursuant to the Shortfall Offer on the terms and conditions set out in Section 6.2 of this Prospectus.

Shortfall Securities means the Shortfall Shares and Shortfall Options offered pursuant to the Shortfall Offer.

Shortfall Shares means the Shares offered pursuant to the Shortfall Offer.

SPP means securities purchase plan.

SPP Closing Date means the closing date for the SPP Offer as specified in the timetable set out in the indicative timetable in this Prospectus.

SPP Offer has the meaning given to that term on the cover page of this Prospectus.

SPP Opening Date means the opening date for the SPP Offer as specified in the timetable set out in the indicative timetable in this Prospectus.

SPP Options means the Options offered pursuant to the SPP Offer on the terms and conditions set out in Section 6.2 of this Prospectus.

SPP Securities means the SPP Shares and SPP Options offered pursuant to the SPP Offer.

SPP Shares means the Shares offered pursuant to the SPP Offer.

Tranche 1 Placement has the meaning given in Section 3.1 of this Prospectus.

Tranche 2 Placement has the meaning given in Section 3.1 of this Prospectus.

WST means Western Standard Time as observed in Perth, Western Australia.