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SUVV



STRATEGIC MINERALS

Interim Report

31 December 2022

ABN 97 140 316 463

Directors' Report

The directors present their report, together with the financial statements, on the Group (referred to hereafter as the 'Group') consisting of Suvo Strategic Minerals Limited (referred to hereafter as the 'Company' or 'Suvo') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Suvo Strategic Minerals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Aaron Banks	Interim Non-Executive Chairman (appointed 7 March 2023) Executive Director (resigned 7 March 2023)
Mr Henk Ludik	Non-Executive Director (appointed 7 March 2023) Executive Chairman (resigned 7 March 2023)
Mr Oliver Barnes	Non-Executive Director
Dr Ian Wilson	Non-Executive Director

Principal activities

The principal activities of the Group during the period were refined kaolin production in Victoria and mineral exploration in Western Australia.

Review of operations

Pittong upgrade and optimisation project

In August 2022, the Company announced that an independent review on the Pittong processing plant had been completed. This independent review confirmed that if certain items were upgrade the nameplate processing capacity of the Pittong plant could reach ~60,000 tonnes per annum. Due to the increasing demand for Kaolin, from both domestic and international customers, and off the back of this independent review, the Board approved an upgrade and optimisation project to commence at Pittong to bring the plant back to nameplate processing capacity. At the completion of this project (forecast date end Q1 CY 2023) the Company forecasts that the Pittong plant would produce ~50,000 tonnes per annum of hydrous kaolin, based on an 83% utilisation rate.

In February 2023, subsequent to the half-year end, the Company announced that it had successfully completed, on time and on budget, the Pittong plant upgrade and optimisation project. The Pittong plant was operated continuously over a 6-day period, and produced in total, 1,004 tonnes of hydrous kaolin. This represents a 245% uplift in production when compared to average weekly production rates achieved in calendar year 2022 of 410 tonnes. This result validates Pittong's ability to produce ~50,000 tonnes per annum of hydrous kaolin. Production of kaolin at Pittong will now increase incrementally in line with sales orders.

New sales orders received, additional revenue to be generated in 2023

During the period 1 July 2022 to 31 December 2022, the Company generated revenue of \$5,889,470 from the sale of hydrous kaolin, achieving an average selling price of ~\$600/tonne.

Bolstering the Company's earnings, Suvo signed a major take or pay Offtake Agreement ("Agreement") with Chaozhou Chengcheng Industrial Co.,Ltd ("Chaozhou") in November 2022. This is a major supply agreement for the Company covering a minimum order quantity of 4,275 tonnes over a three-year term.

The hydrous kaolin to be supplied under this Agreement will primarily be used in the inks and pharmaceutical sectors, with the contract valued at between ~A\$3.25 million to A\$3.50 million, depending on delivery location and a forecast exchange rate of USD: AUD 0.65:1. An Offtake of this size is in line with the Company's growth strategy and justifies the upgrade of its Pittong plant.

Subsequent to the half-year end, the first binding purchase order was received from C&D Logistics Group Co Ltd ("C&D"). The purchase order covers up to 800 tonnes (+/-10%) of hydrous kaolin to be supplied over the remainder of calendar year 2023 and is valued at ~A\$0.66 million.

Importantly, the product supplied under this binding purchase order attracts a ~35% price premium compared to the weighted average selling price achieved in H2 CY2022, which is in line with a primary strategic focus of the Company, being the diversification of the Company's product offering and a focus on premium end user markets in the Asia Pacific Region.

Directors' Report

This binding purchase order from C&D comes off the back of the 80 tonnes of Pittong product supplied to C&D in late November 2022 for use in commercial-scale trials and demonstrates the quality of product and the Company's ability to turn product trials into sales orders.

The original cooperation agreement dated 25 May 2022 between Suvo and C&D set out terms for the Companies to focus on the development and growth of 'other kaolin related product' markets utilising Pittong Kaolin, with a view to developing long-term relationships with customers across a range of industries, products and locations.

C&D continue with both lab-scale testing and commercial trials on Pittong's other products supplied throughout H2 CY2022. Pending the results of these commercial-scale trials, Suvo anticipates receiving further purchase orders.

The Company continues to work on near term opportunities and commercial product trials to finalise offtakes for the additional hydrous kaolin capacity from the recent plant upgrade. If the Company can successfully achieve annual sales of ~50,000 tonnes per annum, at the weighted average selling price achieved in H2 CY2022 of ~A\$600/tonne, the Company expects to generate revenue of ~\$30 million per annum.

Highly experienced team appointed to support the next phase of operations

On 7 March 2023, subsequent to the half-year end, the Company announced the appointment of Mr Hugh Thomas as Chief Executive Officer of the Company, commencing 1 April 2023.

With over 35 years' industry experience, Mr Thomas brings a strong mix of commercial and operational experience to Suvo, having held several executive positions across the natural resources sector. Mr Thomas' previous positions include Managing Director and Head of Asia Pacific Natural Resources for both JP Morgan and Morgan Stanley in Hong Kong, Head of Natural Resources Investment Banking at Investec Bank in Sydney and Partner at Deloitte Corporate Finance Pty Ltd.

Mr Thomas has extensive experience working with a number of listed companies, having held both management and board positions with Robust Resources, Indochine Mining, NT Minerals Limited and unlisted International Base Metals.

The appointment of Mr Thomas as CEO rounds out a highly capable, dedicated, and experienced team. Chief Operating Officer - Mr Hanno Van Der Merwe, who was appointed during the half-year, has coordinated the 'on time and on budget' plant upgrade through the challenging times of COVID and will continue to manage the Pittong plant operations. The Company's Sales & Marketing Manager Mr Julian Anthony, also appointed during the half-year, has been travelling domestically and internationally since his appointment meeting with existing and potential customers, and importantly having now been with the Company for 3 months, is familiar with the Pittong products, potential products and overall market dynamics. Mr Anthony's focus now moves to filling the available plant capacity and optimising sales product mix.

Research and development

In November 2022, Suvo completed the acquisition of its 26 per cent interest in Dingo HPA Pty Ltd ("Dingo"), an Australian proprietary company aiming to produce high purity alumina ("HPA") from recycled feedstock, through a private placement ("placement").

Suvo acquired 220,000 fully paid ordinary shares in Dingo, at an issue price of \$1.00 per share (A\$220,000). Dingo's IP is currently at the concept study level and funds raised will assist Dingo in the advancement of a scoping study, in addition to providing working capital.

The scoping study, which has commenced subsequent to the half-year end, has been designed to assess the techno-economic viability of Dingo's proposed flowsheet to produce HPA and validate the feasibility of a near-term project.

Consistent with the terms outlined in the ASX announcement dated 29 September 2022, Suvo has a clear pathway to acquire up to 76% of the issued capital of Dingo, subject to various milestones being met.

At the end of the stage three earn-in agreement, Suvo will have an exclusive period to negotiate a share purchase acquisition of the remaining shares on issue in Dingo, subject to the Listing Rules and any further regulatory approvals.

Directors' Report

Corporate

In December 2022, the Company raised A\$2 million before costs via a share placement at \$0.04 per share (the 'Placement'). Participants in the Placement received a 1 for 4 free attaching unquoted option ('New Options'), exercisable at \$0.10, expiring 6 December 2025. In accordance with the terms of the Placement, if the New Options are exercised on or before 6 December 2023, the exercise price will be \$0.050, representing a 50% discount to the \$0.10 exercise price. If the New Options are exercised on or before 6 December 2024, the exercise price will be \$0.075, representing a 25% discount to the \$0.10 exercise price.

Amounts raised enable the Company to advance studies relating to the development of supporting infrastructure at Pittong, which will aid the potential development of a range of new premium products such as metakaolin and green cement, which is expected to play a meaningful role in the decarbonisation of the cement sector.

Funding is also earmarked for studies and test work on the bulk samples from the recent drilling campaign on the cleared private land at Eneabba. This test work will support the Company to refine its understanding of this asset. Finally, the successful Placement provides additional working capital and ensures that ongoing value is created across Suvo's wider portfolio.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Aaron Banks
Interim Non-Executive Chairman

16 March 2023
Perth

RSM Australia Partners

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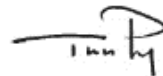
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Suvo Strategic Minerals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) Any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 16 March 2023

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Consolidated statement of profit or loss and other comprehensive income	6
Consolidated statement of financial position	7
Consolidated statement of changes in equity	8
Consolidated statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	19
Independent auditor's review report to the members of Suvo Strategic Minerals Limited	20

General information

The financial statements cover Suvo Strategic Minerals Limited as a Group consisting of Suvo Strategic Minerals Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Suvo Strategic Minerals Limited's functional and presentation currency.

Suvo Strategic Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11, 40 The Esplanade
Perth Western Australia 6000

Principal place of business

3610 Glenelg Hwy
Pittong Victoria 3360

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 16 March 2023.

Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated	
		31 Dec 2022	31 Dec 2021
		\$	\$
Revenue from continuing operations	3	5,889,470	7,004,333
Cost of sales		(5,719,192)	(5,410,306)
Gross profit before depreciation and amortisation		170,278	1,594,027
Depreciation and amortisation relating to kaolin production		(123,006)	(84,978)
Gross profit after depreciation and amortisation		47,272	1,509,049
Other income		171,101	53,569
Foreign exchange gain		61,751	20,616
Expenses			
Share-based payments		(465,915)	(207,504)
Other depreciation and amortisation expenses		(147,513)	(97,679)
Administration and corporate		(2,087,307)	(1,596,368)
Share of loss of associate accounted for using the equity method	10	(1,426)	-
Loss before income tax expense		(2,422,037)	(318,317)
Income tax expense		-	-
Loss after income tax expense for the half-year		(2,422,037)	(318,317)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>		-	-
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(2,422,037)	(318,317)
Loss for the half-year is attributable to:			
Owners of Suvo Strategic Minerals Limited		(2,422,037)	(318,317)
		Cents	Cents
Loss per share for loss attributable to owners of Suvo Strategic Minerals Limited			
Basic earnings per share		(0.35)	(0.05)
Diluted earnings per share		(0.35)	(0.05)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position

		Consolidated	
	Note	31 Dec 2022	Restated 30 June 2022 ¹
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	4	4,975,104	6,687,336
Trade and other receivables		1,635,694	2,039,517
Inventories	5	1,771,250	1,896,215
Other financial assets	6	71,000	71,000
Other		578,924	488,562
Total current assets		9,031,972	11,182,630
Non-current assets			
Property, plant and equipment	7	5,604,234	4,631,652
Mineral interest acquisition and exploration expenditure	8	5,829,896	5,591,674
Mine properties	9	2,103,045	2,002,842
Right-of-use assets		476,833	611,985
Investment in associate	10	218,574	-
Other financial assets	6	2,184,230	2,184,230
Other		-	30,996
Total non-current assets		16,416,812	15,053,379
Total assets		25,448,784	26,236,009
Liabilities			
Current liabilities			
Trade and other payables		2,007,305	3,407,957
Lease liabilities		412,693	407,927
Provisions		650,746	731,102
Interest-bearing liabilities		141,756	-
Total current liabilities		3,212,500	4,546,986
Non-current liabilities			
Lease liabilities		293,645	499,955
Provisions	11	2,617,028	2,504,467
Interest-bearing liabilities		603,562	-
Total non-current liabilities		3,514,235	3,004,422
Total liabilities		6,726,735	7,551,408
Net assets		18,722,049	18,684,601
Equity			
Issued capital	12	40,714,212	38,732,317
Reserves	13	6,854,513	6,376,923
Retained profits		(28,846,676)	(26,424,639)
Total equity		18,722,049	18,684,601

¹ Restated – refer to note 14

The above statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	31,191,948	5,641,496	(24,473,632)	12,359,812
Loss after income tax expense for the half-year	-	-	(318,317)	(318,317)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive loss for the half-year	-	-	(318,317)	(318,317)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	207,504	-	207,504
Balance at 31 December 2021	<u>31,191,948</u>	<u>5,849,000</u>	<u>(24,791,949)</u>	<u>12,248,999</u>

	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	38,732,317	6,376,923	(26,424,639)	18,684,601
Loss after income tax expense for the half-year	-	-	(2,422,037)	(2,422,037)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive (loss) for the half-year	-	-	(2,422,037)	(2,422,037)
<i>Transactions with owners in their capacity as owners:</i>				
Issue of share capital	2,151,300	-	-	2,151,300
Share issue costs	(169,405)	-	-	(169,405)
Share-based payments	-	477,590	-	477,590
Balance at 31 December 2022	<u>40,714,212</u>	<u>6,854,513</u>	<u>(28,846,676)</u>	<u>18,722,049</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

	Note	Consolidated	
		31 Dec 2022	Restated 31 Dec 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers		6,389,341	7,410,643
Payments to suppliers and employees		(8,163,291)	(7,138,083)
Interest received		50,452	1,659
Interest paid		(50,225)	-
Grants received		24,600	-
Income taxes received		-	153,769
Net cash (used in)/from operating activities		(1,749,123)	427,988
Cash flows from investing activities			
Payments for exploration and evaluation		(431,036)	(712,473)
Payments for property, plant and equipment		(1,790,978)	(843,866)
Payments for mine properties		(29,968)	(177,798)
Payments for investments in associates		(220,000)	-
Other financial assets - term deposits at bank		-	(40,000) ¹
Net cash used in investing activities		(2,471,982)	(1,774,137)
Cash flows from financing activities			
Proceeds from issue of shares		2,000,000	-
Proceeds from exercise of options		74,500	-
Payments of share issue costs		(109,930)	-
Financed equipment		801,353	-
Repayment of lease liabilities		(201,013)	(128,653)
Repayment of interest-bearing liabilities		(56,037)	-
Net cash from/(used in) financing activities		2,508,873	(128,653)
Net decrease in cash and cash equivalents		(1,712,232)	(1,474,802)
Cash and cash equivalents at the beginning of the financial half-year		6,687,336	4,985,550
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial half-year	4	4,975,104	3,510,748

¹ Restated – refer to note 14

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Investment in Associates Accounting Policy

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Operating segments

Identification of reportable operating segments

The Group is organised into three operating segments: kaolin production, exploration and evaluation, and corporate. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information is reported to the CODM on a monthly basis.

Types of products and services

The principal products and services of the kaolin production operating segment are the manufacture and sale of refined kaolin in Australia and overseas.

Major customers

During the half-year ended 31 December 2022 approximately \$2,634,149 of the Group's external revenue was derived from sales to three major Australian customers.

Notes to the financial statements

Operating segment information

	Corporate \$	Exploration & Evaluation \$	Kaolin Production \$	31 Dec 2022 Total \$
Revenue				
Sales to external customers	-	-	5,889,470	5,889,470
Total segment revenue	-	-	5,889,470	5,889,470
EBITDA	(1,919,051)	(678)	(232,016)	(2,151,745)
Depreciation and amortisation	(113,477)	(367)	(156,675)	(270,519)
Interest revenue	13,642	-	36,810	50,452
Finance costs	(20,903)	(1,780)	(27,542)	(50,225)
Loss before income tax expense	(2,039,789)	(2,825)	(379,423)	(2,422,037)
Income tax expense	-	-	-	-
Loss after income tax expense	(2,039,789)	(2,825)	(379,423)	(2,422,037)
Assets				
Segment assets	4,594,249	5,849,419	15,005,116	25,448,784
Liabilities				
Segment liabilities	824,973	91,778	5,809,984	6,726,735

	Corporate \$	Exploration & Evaluation \$	Kaolin Production \$	31 Dec 2021 Total \$
Revenue				
Sales to external customers	-	-	7,004,333	7,004,333
Total segment revenue	-	-	7,004,333	7,004,333
EBITDA	(1,489,583)	(3,498)	1,371,149	(121,932)
Depreciation and amortisation	(67,557)	(735)	(114,365)	(182,657)
Interest revenue	2,596	-	1,430	4,026
Finance costs	(16,940)	-	(814)	(17,754)
Loss before income tax expense	(1,571,484)	(4,233)	1,257,400	(318,317)
Income tax expense	-	-	-	-
Loss after income tax expense	(1,571,484)	(4,233)	1,257,400	(318,317)
Assets				
Segment assets	1,837,957	5,122,895	12,366,494	19,327,346
Liabilities				
Segment liabilities	1,044,247	84,296	5,949,804	7,078,347

Notes to the financial statements

Note 3. Revenue

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>From continuing operations</i>		
Revenue from contracts with customers		
Sale of goods	5,889,470	7,004,333
Revenue from continuing operations	5,889,470	7,004,333

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2022	31 Dec 2021
	\$	\$
<i>Geographical regions</i>		
Australia and New Zealand	3,819,702	4,416,207
Asia	1,713,854	2,444,676
Rest of the World	355,914	143,450
	5,889,470	7,004,333

All revenue from contract with customers is recognised at a point in time.

Note 4. Cash and cash equivalents

	Consolidated	
	31 Dec 2022	Restated 30 June 2022
	\$	\$
Cash at bank and on hand	4,975,104	6,687,336

Restatement

Refer to note 14 for details of a restatement of the 30 June 2022 balance to reclassify restricted cash consisting of a bank card guarantee, a rental guarantee, and a rehabilitation bond.

Note 5. Inventories

	Consolidated	
	31 Dec 2022	30 June 2022
	\$	\$
Raw materials	928,725	1,037,907
Packaging	272,560	324,217
Work in progress	76,617	74,101
Finished goods	493,348	459,990
	1,771,250	1,896,215

Notes to the financial statements

Note 6. Other financial assets

	Consolidated 31 Dec 2022 \$	Restated 30 June 2022 \$
<i>Current</i>		
Bank card guarantee	40,000	40,000
Rental guarantee	31,000	31,000
	71,000	71,000
<i>Non-current</i>		
Rehabilitation bond	2,086,000	2,086,000
Rental guarantee	98,230	98,230
	2,184,230	2,184,230

The rehabilitation bond was lodged with the Department of Jobs, Precincts and Regions in Victoria. It serves as surety for compliance with the conditions of the mining licenses relating to rehabilitation.

Restatement

Refer to note 14 for details of a restatement of the 30 June 2022 balance to reclassify restricted cash to other financial assets.

Note 7. Property, plant and equipment

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Land and Buildings \$	Leasehold Improvement \$	Plant and Equipment \$	Total \$
Balance at 1 July 2022	509,834	190,035	3,931,783	4,631,652
Additions	-	-	1,100,243	1,100,243
Disposals	-	-	(492)	(492)
Depreciation expense	(29,350)	(10,964)	(86,855)	(127,169)
Balance at 31 December 2022	480,484	179,071	4,944,679	5,604,234

Note 8. Mineral interest acquisition and exploration expenditure

	Consolidated 31 Dec 2022 \$	30 Jun 2022 \$
Mineral interest acquisition and exploration expenditure - at cost	5,829,896	5,591,674

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Exploration and Evaluation \$
Balance at 1 July 2022	5,591,674
Additions	238,222
Balance at 31 December 2022	5,829,896

Notes to the financial statements

Note 9. Mine properties

	Consolidated	
	31 Dec 2022	30 June 2022
	\$	\$
Mining properties - at cost	2,103,045	2,002,842

Reconciliations

Movements in the carrying amount during the current half-year, is set out below:

	Mining Reserves	Rehabilitation Asset	Total
	\$	\$	\$
Balance at 1 July 2022	819,813	1,183,029	2,002,842
Additions	29,968	-	29,968
Change in present value of rehabilitation provision	-	78,433	78,433
Amortisation expense	(3,430)	(4,768)	(8,198)
Balance at 31 December 2022	846,351	1,256,694	2,103,045

Note 10. Investment in associate

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Investment in associate accounted for using the equity method:		
Initial investment at cost	220,000	-
Share of associate's loss	(1,426)	-
	218,574	-

During the half-year, the Company acquired a 26% share in Dingo HPA Pty Ltd ("Dingo") through a private placement. The Company purchased 220,000 fully paid ordinary shares in Dingo, at an issue price of \$1.00 per share (\$220,000). This investment in associate was initially recognised at cost, under the equity method, in accordance with Accounting Standards. The carrying amount of the investment has decreased to recognise the Company's 26% share of the loss generated by Dingo (\$1,426) from the date of acquisition up to the half-year ended 31 December 2022.

Note 11. Non-current provisions

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
Long service leave	42,262	53,809
Rehabilitation	2,574,766	2,450,658
	2,617,028	2,504,467

Notes to the financial statements

Rehabilitation

The provision represents the present value of estimated costs for future rehabilitation of land explored or mined by the Group at the end of the exploration or mining activity.

Movements in rehabilitation provision

Movements in the rehabilitation provision during the current half-year, is set out below:

	Rehabilitation Provision \$
Balance at 1 July 2022	2,450,658
Additional provisions recognised	78,433
Unwinding of discount	45,675
Balance at 31 December 2022	<u>2,574,766</u>

Note 12. Equity - issued capital

	Consolidated			
	31 Dec 2022 Shares	30 June 2022 Shares	31 Dec 2022 \$	30 June 2022 \$
Ordinary shares - fully paid	<u>735,191,627</u>	680,407,120	<u>40,714,212</u>	38,732,317

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	30 Jun 2022	680,407,120		38,732,317
Shares issued - Options exercised		2,483,333	0.030	74,500
Shares issued - Performance rights exercised		600,000	-	-
Shares issued - Placement		50,000,000	0.040	2,000,000
Shares issued - Advisory fees		931,174	0.049	46,000
Shares issued - Capital raising fees		770,000	0.040	30,800
Share issue costs		-		(169,405)
Balance	31 Dec 2022	<u>735,191,627</u>		<u>40,714,212</u>

Note 13. Equity - reserves

	Consolidated	
	31 Dec 2022 \$	30 Jun 2022 \$
Share based payments reserve	<u>6,854,513</u>	<u>6,376,923</u>

Notes to the financial statements

Reconciliations

Movements in equity reserves during the current half-year, is set out below:

	Performance Rights \$	Options \$	Total \$
Balance at 1 July 2022	735,427	5,641,496	6,376,923
Share-based payments	465,915	11,675	477,590
Balance at 31 December 2022	1,201,342	5,653,171	6,854,513

Share-based payments reserve

The reserve is used to recognise increments and decrements in the fair value of share-based payments. The amounts recognised in relation to performance rights during the period takes into account the probabilities of vesting criteria being met and the expected vesting date, with the unrecognised amount to be expensed over the vesting period. The expense realised in respect to performance rights is intended to reflect the best available estimate of the number of performance rights expected to vest.

Note 14. Restatement

	Consolidated	
	30 June 2022 \$	31 Dec 2021 \$
<i>Current assets – cash and cash equivalents</i>		
Balance reported	8,844,336	4,441,748
Reclassification of bank guarantees and term deposits	(2,157,000)	(931,000)
Restated balance	6,687,336	3,510,748
<i>Current assets – other financial assets</i>		
Balance reported	-	-
Reclassification of bank guarantees and term deposits	71,000	71,000
Restated balance	71,000	71,000
<i>Non-current assets – other financial assets</i>		
Balance reported	-	-
Reclassification of bank guarantees and term deposits	2,184,230	958,230
Restated balance	2,184,230	958,230
<i>Non-current assets – other</i>		
Balance reported	129,226	227,789
Reclassification of bank guarantees and term deposits	(98,230)	(98,230)
Restated balance	30,996	129,559

The balances above were restated to reclassify bank guarantees held in term deposits.

Notes to the financial statements

Consolidated
31 Dec 2021
\$

Consolidated statement of cash flows

Cash and cash equivalents at the beginning of the financial half-year

Balance reported	5,876,550
Reclassification of bank guarantees and term deposits	<u>(891,000)</u>
Restated balance	<u>4,985,550</u>

Cash and cash equivalents at the end of the financial half-year

Balance reported	4,441,748
Reclassification of bank guarantees and term deposits	<u>(931,000)</u>
Restated balance	<u>3,510,748</u>

The balances above were restated to reclassify bank guarantees held in term deposits.

Note 15. Fair value measurement

Fair value hierarchy

The method and valuation techniques used for the purpose of measuring fair value are unchanged compared to previous reporting period. The carrying value of financial assets and financial liabilities are considered to be a reasonable approximation of their fair value. There were no transfers between levels during the financial half-year.

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

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

Note 16. Contingent liabilities

As at the date of this report there are no claims or contingent liabilities.

Note 17. Dividends

There were no dividends paid, recommended or declared during the period.

Note 18. Events after the reporting period

On 17 January 2023, the tenement purchase for 100% of exploration license application E70/4981 ("Muceha Silica Sand Project") was completed.

The Muceha Silica Sand Project comprises pending exploration license application E70/4981, located in the Muceha area, 50km north of Perth, Western Australia, and is highly prospective for high-quality silica sand.

On 6 February 2023, the Company announced that it had successfully completed the Pittong processing plant upgrade and optimisation project.

The Pittong plant was operated continuously over a 6-day period, and produced in total, 1,004 tonnes of hydrous kaolin. This represents a 245% uplift in production when compared to average weekly production rates achieved in calendar year 2022 of 410 tonnes. This result validates Pittong's ability to produce ~50,000 tonnes per annum (based on a 83% utilisation) of hydrous kaolin.

Notes to the financial statements

On 7 March 2023, the Company announced the appointment of Mr Hugh Thomas as Chief Executive Officer of the Company, commencing 1 April 2023. As part of this appointment, Executive Directors, Mr Aaron Banks transitions to Interim Non-Executive Chairman and Mr Henk Ludik to Non-Executive Director.

With over 35 years' industry experience, Mr Thomas brings a strong mix of commercial and operational experience to Suvo, having held several executive positions across the natural resources sector. Mr Thomas' previous positions include Managing Director and Head of Asia Pacific Natural Resources for both JP Morgan and Morgan Stanley in Hong Kong, Head of Natural Resources Investment Banking at Investec Bank in Sydney and Partner at Deloitte Corporate Finance Pty Ltd.

Mr Thomas has extensive experience working with a number of listed companies, having held both management and board positions with Robust Resources, Indochine Mining, NT Minerals Limited and unlisted International Base Metals.

Mr Thomas' appointment as CEO follows the successful Pittong plant upgrade and commissioning, as announced on 6 February 2023, and rounds out a highly capable, dedicated, and experienced team.

On 14 March 2023, the first binding purchase order was received from C&D Logistics Group Co Ltd ("C&D"). The Purchase Order covers up to 800 tonnes (+/-10%) of hydrous kaolin to be supplied over the remainder of calendar year 2023 and is valued at ~A\$0.66 million.

The product supplied under this binding purchase order attracts a ~35% price premium compared to the weighted average selling price achieved in H2 CY2022, which is in line with a primary strategic focus of the Company, being the diversification of the Company's product offering and a focus on premium end user markets in the Asia Pacific Region.

C&D continue with both lab-scale testing and commercial trials on Pittong's other products supplied throughout H2 CY2022. Pending the results of these commercial-scale trials, Suvo anticipates receiving further purchase orders.

Apart from matters discussed above, no other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial year

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Aaron Banks
Interim Non-Executive Chairman

16 March 2023
Perth

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUVO STRATEGIC MINERALS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Suvo Strategic Minerals Limited which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Suvo Strategic Minerals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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Other Matter – Restatement of Comparative Balances

We draw attention to Note 14 of the half-year financial report, which states that the amounts reported in the previously issued financial reports of the consolidated entity have been restated and are disclosed as comparatives in this half-year financial report. Our conclusion is not modified in respect of this matter.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

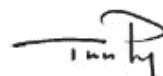
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Perth, WA
Dated: 16 March 2023

A stylized, handwritten-style logo for RSM.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

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