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ASX Announcement

20 March 2026

DEBT RESTRUCTURE AND RECAPITALISATION VIA ENTITLEMENT ISSUE

Highlights

- **Proposed $34.9m comprehensive recapitalisation and debt conversion to strengthen balance sheet providing working capital and the opportunity to materially reduce debt**
- **Strong support from key stakeholders being shareholders and creditors with ~43% share ownership and holding ~$27.5m of debt expected to provide firm commitments and underwriting by debt conversion equivalent to ~$15.3m of the Offer**
- **Non-renounceable 5:1 entitlement issue priced at $0.01 with 1:2 free-attaching $0.02 exercise price expiring 30 April 2030**
- **Minimum subscription reduces debt by ~$10.1m to ~$17.4m with a defined repayment program on any remaining debt, restructuring WAK's balance sheet cleanly ahead of major expansion in supply**
- **Notice of General Meeting to be released for required shareholder approvals**

WA Kaolin Ltd ("WA Kaolin" or the "Company") (ASX: WAK) is pleased to announce a comprehensive recapitalisation of the country's largest kaolin production operation based at Wickepin, Western Australia to be completed by a proposed non-renounceable pro rata entitlement issue to eligible shareholders (**Offer**) to raise up to approximately $34.9 million (before costs).

The debt reduction and additional working capital will position the Company well to deliver a range of high-quality kaolin products into a structurally altered global supply-demand for high-quality kaolin products.

As announced to ASX on 20 February 2026, the Company's shares are currently voluntarily suspended from trading until the earlier of an announcement confirming the completion of a recapitalisation and 27 April 2026. The recapitalisation is critical to overcome a shortfall in working capital largely created through ongoing challenges with the Wickepin kaolin plant tied to the rapid escalation of supply from the Wickepin operation (as most recently disclosed to ASX on 31 December 2025) and to substantially reduce the Company's debt levels.

Entitlement Issue

The key terms of the proposed Offer are as follows:

- **Ratio:** Five (5) fully paid ordinary shares in the Company ("**New Shares**") for everyone (1) existing Share held on the Record Date
- **Issue price:** $0.01 per New Share
- **Attaching Options:** One (1) free-attaching option for every two (2) New Shares issued
- **Attaching Option terms:** exercise price $0.02; expiring on 30 April 2030.
- **Structure:** intended to be partially underwritten by key creditors (detailed below) to convert ~$10.1 million in debt with shortfall to be placed in accordance with a Prospectus

Leeuwin Wealth Pty Ltd (**Leeuwin**) will act as Corporate Advisor and Lead Manager to the Offer.

Underwriting and key support

The Company has held discussions with its substantial shareholders and major creditors in relation to the Offer. As a result of those discussions, subject to execution of formal documentation:

- Century Horse Limited (a 12.14% shareholder) (**Century Horse**) is willing to provide a firm commitment to subscribe for its entire entitlement under the Offer (~$4.2 million);
- Boneyard Investments Pty Ltd (a 7.5% shareholder) (**Boneyard**) is willing to provide a firm commitment to subscribe for $0.5 million of its entitlement under the Offer; and

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- the Company's major creditors (including Boneyard) are willing to convert ~$10.1 million of debt by partially underwriting the Offer (**Debt Conversion**).

The Debt Conversion will comprise:

- ~$5.5 million in debt owed to Scientific Management Associates (Operations) Pty Ltd (**SMAO**), an associate of 12.8% shareholder Scientific Management Associates (Victoria) Pty Ltd (**SMAV**);
- ~$3.5 million in debt owed to Boneyard, a 7.5% shareholder; and
- ~$1.1 million in debt owed to Wamco Industries Pty Ltd (**Wamco Industries**) an associate of Silver Tropic Pty Ltd (**Silver Tropic**), a 10.7% shareholder. Wamco Industries and Silver Tropic are related parties of the Company as both are controlled by Managing Director Alf Baker.

If the Minimum Subscription (as below) is achieved, the respective Voting Power of the major creditors and their associates will increase to ~28.5% (SMAO/SMAV), ~20.6% (Boneyard) and ~8.5% (Wamco Industries/Silver Tropic) and Century Horse's Voting Power will increase to ~22.8%.

Minimum Subscription

The Company intends to set a minimum subscription under the Offer of 1.53 billion shares, with ~520 million Shares proposed to be issued for cash totalling ~$5.2 million (with ~$4.2 million of this being Century Horse's firm commitment and $0.5m being Boneyard's firm commitment) and ~1.01 billion Shares issued for the Debt Conversion.

If the Minimum Subscription is achieved and the Offer completed, the Company:

- will convert ~$10.1 million in debt into Shares through the Debt Conversion and secure working capital of ~$4.7 million (after deduction of Offer costs of ~$0.5 million);
- considers $4.7 million will provide sufficient working capital until end August 2026, allowing it to overcome its short-term cash flow shortfall and undertake improvements to the Wickepin kaolin plant to increase production by completing minor outstanding plant improvements and the first of two waste recovery initiatives; and
- considers that increasing production at the Wickepin kaolin plant, together with the proposed Debt Conversion of ~$10.1 million, will put the Company in a strong position to raise additional working capital when required later in calendar year 2026, with the objective being for any additional capital raising to be sufficient for the Company to become cash flow positive within the subsequent 12 months.

Use of Funds

If the Offer only achieves the Minimum Subscription, the Company will convert ~$10.1 million in debt into Shares through the Debt Conversion and secure working capital of ~$4.7 million (after Offer costs).

The funds raised from the Offer are planned to be used in accordance with the table set out below on a minimum and full subscription basis:

Item	Proceeds of the Offer	Minimum Subscription ($m)	%	Full Subscription ($m)	%
1.	Debt reduction	$10.1	66%	$22.5	64.5%
2.	Working capital[1]	$4.7	31%	$11.2	32%
3.	Expenses of the Offer[2]	$0.5	3%	$1.2	3.5%
Total		**$15.3**	**100%**	**$34.9**	**100%**

1. Including $0.5 million (Minimum Subscription) and $2.5 million (Full Subscription) for plant improvements.

To the extent the Company raises more than $5.2 million (before costs) in cash from the Offer, it intends to apply ~$7.2 million in additional funds towards costs of the offer, plant improvements and working capital before any further debt is repaid. As with any budget, intervening events and new circumstances have the potential to affect

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the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

Capital Structure

Set out below is a pro forma capital structure setting out the securities to be issued by the Company under the recapitalisation contemplated in this announcement:

Shares	**Number**	**Number**
Shares on issue at the date of the Prospectus	698,178,419	698,178,419
	Minimum Subscription	**Fully Subscribed**
Shares offered under the Offer[2]	1,530,000,000	3,490,892,095
Total Shares on issue after completion of the Offer	**2,228,178,419**	**4,189,070,514**

Options	**Number**	**Number**
Unlisted Options currently on issue:	**122,984,600**	**122,984,600**
WAKAJ: exercise price $0.09, expiring 30 June 2027	122,234,600	122,234,600
WAKAN: exercise price $0.34[3], expiring 9 January 2028	750,000	750,000
Options offered pursuant to the Offer	**Minimum Subscription**	**Fully Subscribed**
Attaching Options (exercise price $0.02, expiring 30 April 2030)[2]	765,000,000	1,745,446,047
Lead Manager Options (exercise price $0.02, expiring 30 April 2030)[2]	40,000,000	40,000,000
Total Options on issue after completion of the Offers	**927,984,600**	**1,908,430,647**

Notes:

1 Based on the capital structure of the Company as at 13 March 2026.

2 The number of Shares and Attaching Options to be issued depends on the total number of Shares on issue, and the number of Eligible Shareholders, at the Record Date, and the effect of rounding.

3 The exercise price of the WAKAN Options will be reduced under Listing Rule 6.22.2 as a result of the Offer. The Company will advise the new exercise price following completion of the Offer and lodge the required documentation with ASX.

Notice of General Meeting

The Company will shortly release a Notice in relation to the EGM for the purpose of seeking the requisite shareholder approvals under the waiver application conditions and the Offer.

Financial Information

Set out in the Annexure is a pro forma statement of financial position for the Company assuming completion of the recapitalisation contemplated by this announcement.

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Indicative Timetable

Action	Date
Announce Offers / lodge Appendix 3B with ASX / Lodge Prospectus with the ASIC and ASX	Monday 23 March 2026
Ex-date for Offer Lodge Notice of Meeting with ASX and dispatch	Thursday 26 March 2026
Record Date for determining Entitlements	7.00pm (AEDT) Friday 27 March 2026
Prospectus and personalised Application Forms made available and announced to ASX / Offers open	Wednesday 1 April 2026
Last day Company can extend Offer Closing Date	Before 12.00pm (AEST) Friday 24 April 2026
Shareholder meeting date	Tuesday 28 April 2026
Closing Date of the Offer*	5.00pm (WST) Wednesday 29 April 2026
Unless otherwise determined by ASX, Shares quoted on a deferred settlement basis from market open	Thursday 30 April 2026
Announcement of results of the Offer* Issue date of Securities under the Offer to Eligible Shareholders and to Underwriters or nominees / Issue of Shortfall Securities* Lodge Appendix 2A and Appendix 3G*	Before 12.00pm (AEST) Wednesday 6 May 2026

* The above timetable is indicative only and is subject to change. The Directors may extend the closing date of the Offer by giving at least three business days' notice. Accordingly, the date that shares are expected to commence trading on ASX may vary. Any securities not taken up by eligible shareholders under the Offer (Shortfall Securities) will be issued progressively by the Company, with Shortfall Securities subscribed for prior to the issue date of Securities under the Offer intended to be issued at the same time as the Offer Securities. The Shortfall Securities may be placed by the Directors in accordance with the Prospectus within three months after the Closing Date, at the Directors' discretion.

ASX Waivers

The Company has sought, and been granted, a waiver from ASX of Listing Rule 7.11.3 to permit the Offer to be undertaken on a non-renounceable basis at a higher than 1:1 ratio. The ratio of 5:1 was chosen to ensure the total amount to be raised would allow:

- the Company to materially reduce the Company's debt by at least ~$10.1 million if only the Minimum Subscription was achieved (through the Debt Conversion) and by up to ~$22.5 million if the Offer was fully subscribed; and
- the Company to secure ~$4.2 million from Century Horse by way of an entitlement firm commitment, being a substantial portion of the $5.2 million in cash subscriptions the Company considers it requires if only the Minimum Subscription is achieved.

The waiver is subject to a condition that the Offer is made subject to shareholder approval and, accordingly, the Company will seek shareholder approval for the Offer in due course. The votes of substantial shareholders, underwriters or sub-underwriters of the Offer, any brokers or managers of the Offer, and any of their respective associates will be excluded from voting on the relevant resolutions.

The Company has also been granted a waiver of ASX Listing Rule 7.15 to permit the Company to undertake the Offer with a record date that is prior to the shareholders' meeting to approve the Offer, conditional upon the Company's securities not being reinstated to trading prior to that general meeting. Without this waiver, the

Company would need to undertake the Offer after the general meeting, delaying the receipt of funds from the Offer by approximately three weeks at a time when the Company urgently requires additional working capital.

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

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ABOUT WA KAOLIN

WA Kaolin's Wickepin Kaolin Project, 220km south-east of Perth, contains a Mineral Resource (JORC 2012) of 644.5 million tonnes[1,2] of high-grade premium kaolinised granite. This world-class resource at Wickepin is one of the largest known remaining premium primary resources of kaolin globally. It is characterised by its purity, quality and brightness, producing kaolin products that typically attract higher prices from a growing collection of top tier customers.

[1] The Mineral Resource estimate is inclusive of Ore Reserves and the 2023 Mineral Resource estimate. Please refer to the ASX announcements of 10 October 2023 'Wickepin Kaolin Project Ore Reserve More Than Doubles' and 'Wickepin Kaolin Project Mineral Resource and Ore Reserve Supplementary Announcement'. Apart from that which is disclosed in this document, WA Kaolin Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 10 October 2023 announcements, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 10 October 2023 announcements continue to apply and have not materially changed.

[2] CSA Global Mineral Resource Estimate R313.2023

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ANNEXURE A – PRO FORMA BALANCE SHEET

	AUDITED 30/06/2025	REVIEWED 31/12/2025	UNAUDITED PRO-FORMA 31/12/2025 Minimum Subscription	UNAUDITED PRO-FORMA 31/12/2025 Full Subscription
Current assets				
Cash and cash equivalents	3,581,113	774,215	5,513,490	11,974,215
Trade and other receivables	1,619,890	1,531,438	1,531,438	1,531,438
Inventory	2,588,854	2,568,423	2,568,423	2,568,423
Total current assets	**7,789,857**	**4,874,076**	**9,613,351**	**16,074,076**
Non-current assets				
Right of use asset	389,375	253,181	253,181	253,181
Deposit paid	20,433	20,433	20,433	20,433
Property, plant and equipment	2,333,257	2,277,909	2,277,909	2,277,909
Mine development expenditure	29,142,604	29,544,438	29,544,438	29,544,438
Total non-current assets	**31,885,669**	**32,095,961**	**32,095,961**	**32,095,961**
TOTAL ASSETS	**39,675,526**	**36,970,037**	**41,709,312**	**48,170,037**
Current liabilities				
Trade and other payables	3,174,568	3,733,465	3,733,465	3,733,465
Lease liabilities	53,844	249,756	249,756	249,756
Borrowings	25,401,228	5,034,669	361,416	361,416
Provisions	211,504	56,259	56,259	56,259
Total current liabilities	**28,841,144**	**9,074,149**	**4,400,896**	**4,400,896**
Non-current liabilities				
Borrowings	253,348	22,396,024	17,444,257	5,076,063
Lease liabilities	133,608	104,799	104,799	104,799
Provisions	1,786,921	1,802,346	1,802,345	1,802,345
Total non-current liabilities	**2,173,877**	**24,303,169**	**19,351,401**	**6,983,207**
TOTAL LIABILITIES	**31,015,021**	**33,377,318**	**23,752,297**	**11,384,103**
NET ASSETS (LIABILITIES)	**8,660,505**	**3,592,719**	**17,957,015**	**36,785,934**

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	AUDITED 30/06/2025	REVIEWED 31/12/2025	UNAUDITED PRO-FORMA 31/12/2025 Minimum Subscription	UNAUDITED PRO-FORMA 31/12/2025 Full Subscription
Equity				
Issued capital	69,137,747	69,125,387	83,997,915	102,826,834
Reserves	37,385,293	37,385,293	37,385,293	37,385,293
Accumulated losses	(97,862,535)	(102,917,961)	(103,426,193)	(103,426,193)
TOTAL EQUITY	**8,660,505**	**3,592,719**	**17,957,015**	**36,785,934**

The pro-forma statement of financial position includes the following adjustment:

A. The Offer raising $5.2 million in cash (Minimum Subscription) and $34,908,921 (on a Fully Subscribed basis) before deducting the estimated expenses of the Offer of $427,472 (Minimum Subscription) and $1,207,474 (Full Subscription). The total amount raised under the Offer will be reduced by the amounts the Underwriters subscribe for under their Underwritten Amount (as their Underwriting commitment will be satisfied through the discharge of an equivalent amount of debt owed by the Company to them); and

B. Material adjustments for the period of the offer have been made in the above Pro-forma balance sheet.