

Appendix 4D
WA Kaolin Limited
ABN 56 083 187 017

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2025

Results for announcement to the market

Extracts of the WA Kaolin Limited results for the half year ended 31 December 2025

| | | | | |
|---|---|--------------------------|----|-------------|
| Revenues from continuing activities | Up | 256.9% | to | \$5,415,241 |
| Loss from ordinary activities after tax attributable to members | Up | 44.6% | to | \$5,055,426 |
| Comprehensive loss for the period attributable to members | Up | 44.6% | to | \$5,055,426 |
| Dividends | Amount per share | Franked amount per share | | |
| Interim dividend | Nil | Nil | | |
| Final dividend | Nil | Nil | | |
| Record date for determining entitlements to the dividend | N/A | | | |
| Other information | | | | |
| Net asset backing per ordinary share | \$0.01 per share (2024: (\$0.01) per share) | | | |
| Net tangible asset backing per ordinary share | \$0.01 per share (2024: (\$0.01) per share) | | | |
| Additional Appendix 4D disclosure requirements can be found in the Directors' Report and the 31 December 2025 half-year financial statements. | | | | |

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WA Kaolin Limited
ABN 56 083 187 017

Interim Financial Report
31 December 2025

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CORPORATE INFORMATION

ABN 56 083 187 017

Directors

Mr. Matthew Shackleton (Non-Executive Chairman)

Mr Alfred Baker (Managing Director)

Ms. Catherine Lynch (Non-Executive Director)

Mr. Andrew Brian Sorensen (Executive Director)

Company secretary

Mr Abhi Anand

Registered office

330 Sparks Road
East Wickepin
Western Australia 6370

Principal place of business

330 Sparks Road
East Wickepin
Western Australia 6370
Telephone: +61 8 9439 6300

Website: www.wakaolin.com.au

Share registry

Automatic Share Registry
126 Phillip Street
SYDNEY NSW 2000
Telephone: 1300 288 664

Solicitors

EMK Lawyers
Suite 1, 519 Stirling Highway
COTTESLOE WA 6012

Bankers

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

Auditors

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

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity ("Group") consisting of WA Kaolin Limited ("Company") and the entity it controlled at the end of, or during, the half-year ended 31 December 2025. In order to comply with the provisions of *the Corporations Act 2001*, the directors report as follows:

Directors

The names of directors who held office throughout the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr. Matthew Shackleton (appointed 15 October 2025)
 Mr Alfred Baker
 Ms. Catherine Lynch (appointed 15 October 2025)
 Mr. Andrew Brian Sorensen (appointed 10 December 2025)
 Dr John White (resigned 8 September 2025)
 Mr Kenneth Hall (resigned 20 October 2025)
 Mr Sean Hu (resigned 21 November 2025)
 Mr Cameron Baker (Alternate)
 Mr Brady Hall (Alternate) (resigned 20 October 2025)

Principal Activities

The principal activities of the Group were the development of its mineral resources of high-grade premium kaolinised granite and operation of its proprietary production facility in Wickepin, Western Australia.

Financial Results and Review of Operations

Financial Results

The Group recorded a net loss after tax for the half year of \$5,055,426 (31 December 2024: \$3,497,070) and \$603,950 for finance costs (31 December 2024: \$322,156).

Financial Position

At 31 December 2025, the Group had cash reserves of \$774,215 (30 June 2025: \$3,581,113)

As at 31 December 2025, the Group's net asset position was \$3,592,719 (30 June 2025: \$8,660,505). This decrease was primarily driven by the absorption of cash reserves into working capital to support operational requirements at the Wickepin facility during the period.

Review of Operations

1. Operational Performance and Plant Optimisation

During the half-year ended 31 December 2025, the Company sought to improve the availability and throughput of the Wickepin processing plant while transitioning to new mining operational models.

Mining Operations: In September 2025, the Company transitioned from contractor campaign mining to in-house continuous mining. This shift was executed to improve ROM quality control and reduce operational costs by removing double handling. The Company continued to use the procedures adopted by the previous contractor, however, just after commencement of in-house mining, the Department of Mines, Industry Regulation and Safety (DMIRS) (now Department of Local Government, Industry Regulation and Safety ('LGIRS')), inspected the operations and issued several improvement notices and a prohibition notice on operating the open pit. DMIRS subsequently permitted re-entry and recommencement of quarrying on 15 November 2025. Run of Mine ('ROM') stockpiles held sufficient process-ready material to continue processing for approximately 8 weeks. An amended Mine Plan for a cut-back on the southern wall of the existing pit has been prepared. A qualified and experienced quarry manager has been engaged to assist with these matters.

Plant Throughput and Constraints: The classifier system continued to prove very successful in ensuring particle size specification and in the October maintenance shutdown, the transfer system to the bagging section was successfully upgraded. However, December quarter production reached only ~11,492 tonnes, which was 3,500 tonnes below the internal target. This shortfall was due to reduced plant availability and unplanned maintenance. Issues included multiple generator failures and erosion of plant components driven by the aggressive abrasion characteristics of the dry separation process, which caused higher-than-anticipated wear rates. A fourth generator has been ordered to assist continuity. It is scheduled to be commissioned during Q3 FY26. Likewise, replacement parts and improved wear resistant linings have been procured ready for installation at the next available shutdown.

Maintenance Adjustments: The planned October shutdown was reduced in scope, and the scheduled December maintenance shutdown was cancelled in an effort to reduce the backlog of orders. This resulted in multiple short interruptions for temporary repairs and the deferment of major plant improvements to Q3 and Q4 FY26.

DIRECTORS' REPORT (continued)

Operational Performance and Plant Optimisation (continued)

Safety and Regulatory: During the period, the Department of Mines, Industry Regulation and Safety (DMIRS) conducted inspections of the operations. Following these inspections, DMIRS issued several improvement notices and a prohibition notice covering the operation of the open pit. The Company worked collaboratively with the regulator to address these matters. The Company satisfied the inspector's requirements, resulting in the prohibition notice being officially closed out and DMIRS fully permitting re-entry and the recommencement of quarrying on 15 November 2025.

Furthermore, an improvement notice regarding plant structure integrity was successfully addressed via an independent engineering report and closed out. The Company is concurrently addressing a notice regarding airborne dust by conducting multiple airborne tests with external consultants and procuring improved dust masks to enhance working conditions. The remaining outstanding improvement notices are administrative in nature and do not operationally impede the Company's ability to operate its processing plant or draw from its established ROM stockpile.

2. Commercial Performance and Sales Growth

The half-year saw significant milestones in product diversification and forward revenue visibility, though production challenges resulted in an accumulating order backlog.

Sales Results: The September 2025 quarter delivered record sales of 13,858 tonnes for revenue of \$2.71 million. The December 2025 quarter delivered 13,315 tonnes for revenue of \$2.7 million. Sales to our long-term partner, Stanco, accounted for 76% of December 2025 quarter sales.

2026 Offtake Agreement: In December 2025, the Company executed a binding offtake agreement for the 2026 calendar year with Dak Tai Trading Limited (a member of the Stanco group) providing minimum committed volumes of 46,800 tonnes at prices of up to US\$121 per tonne FCA Fremantle, and requires a delivery milestone of 15,000 tonnes by 31 March 2026, failing which Dak Tai has the right to terminate minimum volume obligations.

Order Book: Due to plant interruptions, the Company entered the March 2026 quarter with a total forward order book of 24,271 tonnes, which included 8,807 tonnes of existing FY25 backorders.

Product Development: On 26 November 2025, the Company officially launched "Wickefine" at the CHINACOAT 2025 Exhibition in Shanghai. Wickefine is a high-performance, finer kaolin designed for the US\$733 million coatings and inks market. Additionally, new grades K999C and K999P were developed for glaze and rubber compounding applications.

3. Corporate Renewal and Financial Restructuring

The Company undertook a comprehensive restructure of its debt, working capital, and Board of Directors to align with its long-term operational strategy.

Debt Restructuring & Funding: The Company executed binding agreements to restructure approximately \$20.4 million in existing debt facilities held with major lenders SMAV and SMAO. The maturity dates were extended by 12 years to 31 December 2037, with \$1.0 million annual repayments commencing 30 June 2027. Under the terms of the agreements, these repayments will be accelerated to bi-annual instalments (payable on 31 December and 30 June each year) if the Company receives a capital injection of \$5.0 million or more in any 12-month period commencing after 31 March 2026 or achieves annual audited revenue of \$30.0 million or higher. Furthermore, a new \$1.5 million working capital facility was secured with Wamco Industries and fully drawn down during the quarter.

Board Changes: A significant Board renewal process was completed. Ms Catherine Lynch and Mr Matthew Shackleton were appointed as Non-Executive Directors on 15 October 2025, following the resignations of Kenneth and Brady Hall on 20 October 2025. On 24 November 2025, Mr Shackleton was appointed Non-Executive Chairman and Mr Abhi Anand as Company Secretary, following the resignation of Mr Sean Hu. On 11 December 2025, Mr Andrew Sorensen was appointed to the Board as an Executive Director.

Strategic Cost Review: Under the guidance and oversight of the Board, management is undertaking a comprehensive review of the Company's cost base. This review prioritises actions to improve plant throughput and reliability at the Wickepin processing facility, while identifying opportunities to reduce costs and enhance overall operating efficiency across the business.

Significant events after reporting date

Subsequent to the reporting period, on 2 February 2026, trading in the Company's securities was suspended from official quotation on the Australian Securities Exchange (ASX). Following this, on 20 February 2026, the Company requested a continuation of this voluntary suspension. The suspension was implemented to facilitate advanced and confidential discussions with major shareholders, financiers, and strategic counterparties regarding a comprehensive recapitalisation of the Company. These initiatives are necessary to overcome a working capital shortfall stemming from recent plant availability constraints and unplanned maintenance at the Wickepin processing plant. The recapitalisation aims to substantially reduce the Company's debt levels, maintain operational continuity, and secure sufficient working capital to continue operations.

DIRECTORS' REPORT (continued)

Significant events after reporting date (continued)

There are no other matters or circumstances that have arisen since 31 December 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Significant changes in state of affairs

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected or may significantly affect the Company's state of affairs in future financial years.

Rounding of amounts

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

Auditor's Independence Declaration

Section 307C of *the Corporations Act 2001* requires our auditors, BDO Audit Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the financial report. This Independence Declaration is set out on page 6 and forms part of this directors' report for the half-year ended 31 December 2025.

Signed in accordance with a resolution of the directors made pursuant to s.306(3) of the Corporations Act 2001



Alf Baker
Perth, Western Australia
16th March 2026

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

As lead auditor for the review of WA Kaolin Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of WA Kaolin Limited and the entities it controlled during the period.



Ashleigh Woodley
Director

BDO Audit Pty Ltd
Perth
16 March 2026

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**CONSOLIDATED COMPREHENSIVE STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2025**

| | Notes | 31 December 2025 \$ | 31 December 2024 \$ |
|--|-------|------------------------------|------------------------------|
| Continuing operations | | | |
| Revenue | 2a | 5,415,241 | 1,517,261 |
| Other income | 2b | 353,067 | 79,342 |
| Changes in inventories of finished goods and work in progress | | (4,925,614) | (1,630,381) |
| Rental expenses and outgoings | | (165,967) | (170,481) |
| Employee benefits expense | | (3,025,596) | (1,644,586) |
| Depreciation and amortisation | | (516,250) | (483,513) |
| Other expenses | | (1,586,357) | (847,907) |
| Results from operating activities | | (4,451,476) | (3,180,265) |
| Finance income | | - | 5,351 |
| Finance costs | | (603,950) | (322,156) |
| Net finance costs | | (603,950) | (316,805) |
| Loss before income tax | | (5,055,426) | (3,497,070) |
| Income tax (expense)/benefit | | - | - |
| Loss after income tax from continuing operations | | (5,055,426) | (3,497,070) |
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or losses (net of tax)</i> | | | |
| Other comprehensive loss for the period, net of income tax | | - | - |
| Total comprehensive loss | | (5,055,426) | (3,497,070) |
| Loss per share for the period attributable to the members of the Company | | | |
| Basic (loss)/profit per share (cents per share) | | \$(0.007) | \$(0.007) |
| Diluted (loss)/profit per share (cents per share) | | \$(0.007) | \$(0.007) |

The accompanying notes form part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

| | Notes | 31 December 2025 \$ | 30 June 2025 \$ |
|--------------------------------------|-------|---------------------------|-----------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 774,215 | 3,581,113 |
| Trade and other receivables | 3 | 1,531,438 | 1,619,890 |
| Inventory | 4 | 2,568,423 | 2,588,854 |
| Total current assets | | 4,874,076 | 7,789,857 |
| Non-current assets | | | |
| Right of Use Asset | | 253,181 | 389,375 |
| Property, plant and equipment | | 2,277,909 | 2,333,257 |
| Deposits | | 20,433 | 20,433 |
| Mine development expenditure | 5 | 29,544,438 | 29,142,604 |
| Total non-current assets | | 32,095,961 | 31,885,669 |
| Total assets | | 36,970,037 | 39,675,526 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 6 | 3,733,465 | 3,174,568 |
| Borrowings | 7 | 5,034,669 | 25,401,228 |
| Lease Liabilities | | 56,259 | 53,844 |
| Provisions | | 249,756 | 211,504 |
| Total current liabilities | | 9,074,149 | 28,841,144 |
| Non-current liabilities | | | |
| Borrowings | 7 | 22,396,024 | 253,348 |
| Lease Liabilities | | 104,799 | 133,608 |
| Provisions | | 1,802,346 | 1,786,921 |
| Total non-current liabilities | | 24,303,169 | 2,173,877 |
| Total liabilities | | 33,377,318 | 31,015,021 |
| Net assets | | 3,592,719 | 8,660,505 |
| Equity | | | |
| Issued capital | 8 | 69,125,387 | 69,137,747 |
| Reserves | | 37,385,293 | 37,385,293 |
| Retained losses | | (102,917,961) | (97,862,535) |
| Total equity | | 3,592,719 | 8,660,505 |

The accompanying notes form part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

| | Issued capital \$ | Accumulated losses \$ | Asset revaluation reserve \$ | Share-based payment reserve \$ | Capital contribution reserve \$ | Total equity \$ |
|---|----------------------|--------------------------|---------------------------------|-----------------------------------|------------------------------------|--------------------|
| Consolidated | | | | | | |
| Balance at 1 July 2024 | 58,640,861 | (90,055,657) | 5,846,007 | 13,658,359 | 17,880,927 | 5,970,497 |
| Loss for the period | - | (7,806,878) | - | - | - | (7,806,878) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (7,806,878) | - | - | - | (7,806,878) |
| Transaction with owners: | | | | | | |
| Fair value of performance rights | - | - | - | - | - | - |
| Issue of shares – Net of costs | 10,496,886 | - | - | - | - | 10,496,886 |
| Balance at 30 June 2025 | 69,137,747 | (97,862,535) | 5,846,007 | 13,658,359 | 17,880,927 | 8,660,505 |
| Balance at 1 July 2025 | 69,137,747 | (97,862,535) | 5,846,007 | 13,658,359 | 17,880,927 | 8,660,505 |
| Loss for the period | - | (5,055,426) | - | - | - | (5,055,426) |
| Other comprehensive income | - | - | - | - | - | - |
| Total comprehensive loss for the period | - | (5,055,426) | - | - | - | (5,055,426) |
| Transactions with owners: | | | | | | |
| Issue of shares – Net of costs | | | | | | |
| Issue of shares – Net of Costs | (12,360) | - | - | - | - | (12,360) |
| Balance at 31 December 2025 | 69,125,387 | (102,917,961) | 5,846,007 | 13,658,359 | 17,880,927 | 3,592,719 |

The accompanying notes form part of these consolidated financial statements

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

| | Notes | 31 December 2025 \$ | 31 December 2024 \$ |
|---|-------|---------------------------|---------------------------|
| Cash flows from operating activities | | | |
| Receipts from product sales | | 5,090,496 | 1,751,453 |
| Payments to suppliers and employees | | (8,710,475) | (3,925,791) |
| Interest received | | - | 5,971 |
| Other income | | 33,417 | 17,500 |
| Government grants, subsidies and concessions | | 308,360 | 610,215 |
| Net cash outflow from operating activities | | (3,278,202) | (1,540,652) |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (296,122) | (223,488) |
| Mine development expenditure | | (284,242) | (1,365,339) |
| Net cash outflow from investing activities | | (580,364) | (1,588,827) |
| Cash flows from financing activities | | | |
| Loan interest paid | | (146,284) | (24,927) |
| Proceeds from Borrowings | | 1,500,000 | - |
| Repayment of Borrowings | | (302,048) | (288,848) |
| Equity transaction fees | | - | (127,419) |
| Issue of shares | 8 | - | 3,939,000 |
| Net cash inflow from financing activities | | 1,051,668 | 3,497,806 |
| Net (decrease)/ increase in cash held | | (2,806,898) | 368,327 |
| Cash and cash equivalents at the beginning of the period | | 3,581,113 | 751,880 |
| Cash and cash equivalents at the end of the period | | 774,215 | 1,120,207 |

The accompanying notes form part of these consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

a) Reporting entity

WA Kaolin Limited ("WAK" or "Company") is a company domiciled in Australia. The balances of the Company for the half-year ended 31 December 2025 include the Company and the entity it controlled at the end of, or during, the half-year.

b) Material Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding half year reporting period, as disclosed in the 30 June 2025 annual report.

c) Statement of compliance

These half-year financial statements are general purpose consolidated financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 '*Interim Financial Reporting*', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 '*Interim Financial Reporting*'.

This half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this financial report be read in conjunction with the financial statements of WA Kaolin Limited for the year ended 30 June 2025 and any public announcements made by WA Kaolin Limited during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

d) Significant accounting judgements and key estimates

The preparation of half-year financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2025.

e) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2025

In the half-year ended 31 December 2025, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2025. There are none that have a material impact on the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION (continued)

New Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2025. As a result of this review, the Directors have determined that there is no material impact of the Standard and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to its accounting policies.

No other new standards, amendments to standards or interpretations are expected to affect the Company's financial statements.

f) Segment reporting

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. The Company only has one operating segment. With the incorporation of Malaysian entity on 9 August 2023, the Company now operates in multiple geographical locations, however for segment reporting purposes, these locations are not identified as separate operating segments based on the immaterial nature of transactions in Malaysia.

g) Going concern

For the half-year ended 31 December 2025, the Company recorded a loss from continuing operations after income tax of \$5,055,426 (2024: \$3,497,070) and had net cash outflows from operating activities of \$3,278,202 (2024: \$1,540,652) and working capital deficit of \$4,200,073 (30 June 2025: working capital deficit of \$21,051,287).

The ability of the Company to continue as a going concern is dependent on maintaining the support of its existing and potentially new financiers, achieving increased sales of WA Kaolin's products, and securing additional funding through the raising of debt or equity. These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

- **Long-Term Debt Restructuring:** The Company has executed binding loan agreements with major lenders (SMAV and SMAO) to restructure approximately \$20.4 million in existing debt, extending maturity dates by 12 years to 31 December 2037.
- **Deferred Debt Servicing:** Repayments on the restructured **\$20.4 million** facilities do not commence until **30 June 2027**, payments may be required earlier if certain conditions are met, providing a significant grace period for operational ramp-up.
- **New Funding:** A new \$1.5 million working capital facility was secured from Wamco Industries Group Pty Ltd, repayable on 31 December 2028.
- **Immediate Demand and Backlog:** The Company enters the 2026 calendar year with an immediate order book for the March quarter of approximately **20,000 tonnes**, which includes **9,240 tonnes** of existing backorders
- **Operational Improvement Plan:** Management is addressing negative operating margins through a targeted turnaround plan focused on plant optimisation.
- **Immediate Liquidity and Capital Raising:** To address immediate and critical cashflow requirements, the Directors are actively engaged in advanced discussions to secure additional short-term funding through equity placements or alternative debt instruments.
- **Trade Creditor Support:** The Company is actively managing its working capital cycle and remains highly reliant on the continued forbearance and support of key trade creditors, including the successful negotiation and maintenance of extended payment terms while operations ramp up.

Should the entity not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

NOTE 2: REVENUE AND EXPENSES

| | 31 December 2025 | 31 December 2024 |
|-----------------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| (a) Revenue | | |
| Sale of products – domestic | 189,956 | 47,532 |
| Sale of products – export | 5,225,285 | 1,469,729 |
| | 5,415,241 | 1,517,261 |
| Revenue Location | | |
| Australia | 189,956 | 47,532 |
| China | 4,655,044 | 871,612 |
| Others | 570,241 | 598,117 |
| | 5,415,241 | 1,517,261 |

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

(b) Other income

| | | |
|-----------------|----------------|---------------|
| Fuel tax credit | 323,084 | 75,783 |
| Other income | 29,983 | 3,559 |
| | 353,067 | 79,342 |

NOTE 3: CURRENT TRADE AND OTHER RECEIVABLES

| | 31 December 2025 | 30 June 2025 |
|-----------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Trade receivables | 1,091,201 | 748,695 |
| | 1,091,201 | 748,695 |
| Sundry debtors | 50,299 | 603,851 |
| Other receivable | - | 1,850 |
| Prepayments | 389,938 | 265,494 |
| | 440,237 | 871,195 |
| Total trade and other receivables | 1,531,438 | 1,619,890 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

NOTE 4: INVENTORY

| | 31 December 2025 | 30 June 2025 |
|-------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Ore stockpiles | 1,764,391 | 2,097,043 |
| Finished goods | 304,975 | 220,300 |
| Packaging & consumables | 499,057 | 271,511 |
| | <u>2,568,423</u> | <u>2,588,854</u> |

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

NOTE 5: MINE DEVELOPMENT EXPENDITURE

| | 31 December 2025 | 30 June 2025 |
|--|-----------------------------|-------------------------|
| | \$ | \$ |
| Cost or fair value | 33,138,141 | 32,689,608 |
| Accumulated impairment | (3,485,000) | (3,485,000) |
| Accumulated amortisation | (108,703) | (62,004) |
| Carrying amount at the end of the period | <u>29,544,438</u> | <u>29,142,604</u> |

| | 31 December 2025 | 30 June 2025 |
|--|-----------------------------|-------------------------|
| | \$ | \$ |
| Balance at beginning of period | 29,142,604 | 26,906,981 |
| Additions | 448,533 | 2,277,279 |
| Amortisation | (46,699) | (41,656) |
| Carrying amount at the end of the period | <u>29,544,438</u> | <u>29,142,604</u> |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

NOTE 6: TRADE AND OTHER PAYABLES

| | 31 December 2025 | 30 June 2025 |
|-----------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Current | | |
| Trade payables | 2,405,560 | 2,015,556 |
| Accruals | 1,164,984 | 984,702 |
| Other employment-related payables | 162,921 | 174,310 |
| | 3,733,465 | 3,174,568 |

NOTE 7: BORROWINGS

| | 31 December 2025 | 30 June 2025 |
|-------------------------------------|-----------------------------|-------------------------|
| | \$ | \$ |
| Current | | |
| Loans from related parties (i)(a) | 1,150,000 | 1,150,000 |
| Loans from other parties (ii)(a) | 3,657,376 | 23,990,517 |
| Toyota Finance | 227,293 | 260,711 |
| | 5,034,669 | 25,401,228 |
| Non-current | | |
| Loans from related parties (i) (b) | 1,502,219 | - |
| Loans from other parties (ii)(b)(c) | 20,743,025 | - |
| Toyota Finance | 150,780 | 253,348 |
| | 22,396,024 | 253,348 |
| Total borrowings | 27,430,693 | 25,654,576 |

- (i) The Company has the following executed loan agreements in place with its related parties at the reporting date with the respective terms and conditions:
- (a) Lender: Wamco Industries Group Pty Ltd
 Agreement date: 20 September 2019
 Interest rate: 0%
 Collateral securities: None
 Amount due in less than 1 year: \$1,150,000.
 The lender has confirmed, they will not call on the entire debt 12 months from the date of the approval of the half-year financial statements.
- (b) Lender: Wamco Industries Group Pty Ltd
 Agreement date: 24 December 2025
 Expiry date: 31 December 2028
 Interest rate: 6% per annum
 Collateral securities: Second priority over all company's assets
 Amount due in more than 1 year: \$ 1,502,209
 The lender has confirmed, they will not call on the entire debt 12 months from the date of the approval of the half-year financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 7: BORROWINGS (continued)

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

(a) Lender: Boneyard Investments Pty Ltd

Agreement date: 30 June 2023

Expiry date: 30 June 2026

Interest rate: 8% per annum (Interest will accumulate unpaid for a period of two years, following which it will be disbursed on a quarterly basis.

Repayments: The entire loan amount will be settled in a single payment upon the expiry date, or it can be converted into equity, contingent upon shareholders' approval.

Conversion: Number of shares determined by dividing the outstanding loan amount by conversion price. Conversion price is calculated by 20% discount to the value of weighted average market price on the ASX.

Amount due in less than 1 year: \$3,657,376.

The lender has confirmed, they will not call on the entire debt 12 months from the date of the approval of the half-year financial statements

(b) Lender: Scientific Management Associates (Operations) Pty Ltd (Restructured)

Agreement date: 01 October 2025

Expiry date: 31 December 2037

Interest rate: 8% per annum

Collateral securities: None

Amount due in more than 1 year: \$8,550,915

(c) Lender: Scientific Management Associates (Victoria) Pty Ltd (Restructured)

Agreement date: 01 October 2025

Expiry date: 31 December 2037

Interest rate: 5% per annum

Collateral securities: First priority over all company's assets

Amount due in more than 1 year: \$12,192,110

Repayment Schedule: Annual repayments commencing 30 June 2027 will be accelerated to bi-annual instalments (payable 31 December and 30 June) if the Company receives a capital injection of \$5.0 million or more in any 12-month period after 31 March 2026, or achieves annual audited revenue of \$30.0 million or higher.

NOTE 8 CAPITAL AND RESERVES

| | 31 December 2025 | | 30 June 2025 | |
|----------------------------|------------------|------------|------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| (a) Paid up capital | 698,178,419 | 69,125,387 | 698,178,419 | 69,137,747 |

(b) Movements in ordinary share capital

| | Year to 31 December 2025 | | Year to 30 June 2025 | |
|----------------------------------|--------------------------|------------|----------------------|------------|
| | Number of shares | \$ | Number of shares | \$ |
| Balance at beginning of year | 698,178,419 | 69,137,747 | 457,984,122 | 58,640,861 |
| Issue of shares to third parties | - | - | 240,194,297 | 10,496,886 |
| Capital raising costs | - | (12,360) | - | - |
| Balance at end of year | 698,178,419 | 69,125,387 | 698,178,419 | 69,137,747 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

NOTE 8 CAPITAL AND RESERVES (continued)

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(c) Movements in unlisted options

| | Period to 31 December 2025 | | Year to 30 June 2025 | |
|--|---------------------------------|-------------------|---------------------------------|-------------------|
| | Weighted average exercise price | Number of options | Weighted average exercise price | Number of options |
| Balance at beginning of financial period | \$0.137 | 153,484,598 | \$0.295 | 44,800,000 |
| Options expired during the year | \$0.30 | (30,500,000) | \$0.30 | (5,000,000) |
| Issue of options – Others | - | - | \$0.09 | 35,974,795 |
| Issue of options to KMP | - | - | \$0.09 | 77,709,803 |
| Balance at end of financial period | \$0.09 | 122,984,598 | \$0.137 | 153,484,598 |

The 30,500,000 unquoted options (ASX: WAKAH) expired because they reached their set expiry date of 20 November 2025 without being exercised or converted by the holders.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Contractual commitments

No new contractual commitments noted as at 31 December 2025.

Contingencies

There were no new contingencies noted as at 31 December 2025 (30 June 2025 Nil).

NOTE 10: EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, on 2 February 2026, trading in the Company's securities was suspended from official quotation on the Australian Securities Exchange (ASX). Following this, on 20 February 2026, the Company requested a continuation of this voluntary suspension. The suspension was implemented to facilitate advanced and confidential discussions with major shareholders, financiers, and strategic counterparties regarding a comprehensive recapitalisation of the Company. These initiatives are necessary to overcome a working capital shortfall stemming from recent plant availability constraints and unplanned maintenance at the Wickepin processing plant. The recapitalisation aims to substantially reduce the Company's debt levels, maintain operational continuity, and secure sufficient working capital to fulfil existing customer order backlogs. The Company expects its securities to remain suspended until it is in a position to announce the completion of the recapitalisation to the market, or until the commencement of trading on Monday, 27 April 2026, whichever is earlier.

No other matters or circumstances have arisen since 31 December 2025 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2025****NOTE 11: RELATED PARTIES**Payments to related parties

During the period ended 31 December 2025, the Company made the following payments to related parties:

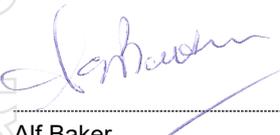
- (i) director fees and superannuation of \$57,543 (2024: \$205,277)
- (ii) Managing Director, Alf Baker
 - a. Consulting fees - \$134,867 (2024: \$49,074)
 - b. Royalties - \$123,036 (2024: \$64,342)
 - c. Expense reimbursements (at cost) - \$385 (2024: \$5,589)
 - d. Payment for contractors supplied - \$56,685 (2024: \$118,667)
 - e. Landowner rental payments - \$13,913 (2024: Nil)
 - f. salary, superannuation and vehicle allowance of \$ \$35,500 (2024: \$32,958) to a part-time sales executive, who is the daughter of the Company's Managing Director, Alferd Baker.
- (iii) Executive Director, Andrew Sorensen
Salary, superannuation and expense reimbursement of \$13,653 (2024: Nil)

DIRECTORS' DECLARATION

In the opinion of the directors of WA Kaolin Limited (the 'Company'):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the half-year then ended; and
 - b. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.
2. Subject to the disclosures in note 1(g), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. The directors have modified their solvency statement to reflect the uncertainty.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.


.....
Alf Baker

Managing Director

Dated this 16th day of March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of WA Kaolin Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of WA Kaolin Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the 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 Company 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 the 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 the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating to going concern

We draw attention to Note 1(g) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

The directors of the company 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 true and fair and 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. ASRE 2410 requires us to conclude whether 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 Group's financial position as at 31 December 2025 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.

BDO Audit Pty Ltd



Ashleigh Woodley

Director

Perth, 16 March 2026