



Crude oil and other energy sources are critical cost components of our mining and beneficiation processes. Kaolin clay margins are insufficient to absorb the risks posed by volatile crude oil prices. Therefore, Cadam will implement a standard energy surcharge policy effective March 1, 2022, for all of its kaolin products.

We believe this variable surcharge as outlined in the following schedule provides a fair and flexible approach to managing volatile and unpredictable crude oil cost inflation, as it considers the amount of crude oil used to produce the various forms of kaolin clay.

Energy surcharges will be applied and adjusted monthly based on the average Brent crude oil index, which is available daily at [Natural Gas Futures - NYMEX Settlement History | Direct Energy Business](#).

We will use a threshold of \$85/BBL as a basis. The surcharge amount will be applied as a separate line item on invoices per the table below or included in the product price based on how you are invoiced. As a reminder our fuel surcharge is calculated as follows:

Brent (\$/BBL)	Surcharge per Metric Ton
<= \$85.00	\$0.00
\$85.01 – \$95.00	\$4.50
\$95.01 – \$105.00	\$9.00
\$105.01 – \$115.00	\$13.50
\$115.01 – \$125.00	\$18.00
\$125.01 – \$135.00	\$22.50
\$135.01 – \$145.00	\$27.00
\$145.01 – \$155.00	\$31.50
\$155.01 – \$165.00	\$36.00
\$165.01 – \$175.00	\$40.50

Last updated March 1, 2022