

ASX ANNOUNCEMENT

29 November 2022



ASX:WKT

ANNUAL GENERAL MEETING – CHAIRMAN’S ADDRESS

Well, another AGM & another year of a partially constructed project. Yes, this year was a difficult one given at the last AGM we expected to be selling graphite concentrate from the Lindi Jumbo by this time. Also we hadn't expected to have shareholders contribute yet again to make this project a reality.

The last financial year started so positively, with the completion of what we thought was the final capital raise to fund Lindi Jumbo. In the first half we contracted to Jinpeng & TNR on terms similar to our DFS & we welcomed two extremely high calibre non-executive directors, a construction manager & a CFO. Site works commenced & each week revealed demonstrable progress at site.

While we were challenged by shipping delays in the second-half we managed to get 65% of the machinery & equipment to site & commence the erection. All of this was funded from the US\$12m of companion equity provided to the project & expended under the express approval of CRDB after receiving sign-off from the Independent Project Manager appointed by them.

In April, what should have been a procedural matter to satisfy the last condition precedent for the CRDB US\$20m loan for drawdown proved to be anything but. The SBLC we provided to CRDB was not accepted & a replacement instrument was sought. Having expended the companion equity by that point, Lindi Jumbo construction was only able to continue through the generous support of our contractors & suppliers. Given the uncertainty of the CRDB drawdown we requested the company shares to be suspended in early June.

Jinpeng staff continued site plant erection & the remaining equipment continued to be manufactured in China. TNR continued to undertake earthworks at the TSF, civils at the plant area & mining of the starter pit. Alistair continued to transport items from port to site. Other suppliers continued their works uninterrupted. The company & shareholders are grateful for that support.

Given the learnings of what was acceptable to CRDB as a SBLC, we spent months trying to satisfy their requirements with no success. Recognising the significant value created by the works to date, we engaged EY to provide an independent valuation of Lindi Jumbo for debt purposes. It resulted in a tight range with a mid-point exceeding US\$125m. This demonstrated in excess of 6 times security for the project debt. While impressed, CRDB would not be swayed.

In July, the company announced the binding offtake agreement with Wogen Pacific for 100% of our exported graphite concentrate production. In ordinary times such a de-risking event would be warmly welcomed by the market & CRDB as satisfaction of one of two conditions subsequent. These were anything but ordinary times.

Our contractor's generosity had its limits & doing the right thing by them & the project, the company committed to a capital raise to pay the contractors & provide time to allow CRDB to allow debt drawdown or alternative funding to be obtained. The minimum of A\$16.6m was raised & the company applied to the ASX to exit suspension. While that process took far longer than expected, the company shares are expected to be quoted this week.

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Initial mining & processing of bulk samples have only confirmed our technical studies & simple process. In fact, our last bulk sample sent to BGRIMM for processing against our flowsheet, sourced from 5 separate locations exceeded 40% TGC.

Another major achievement that will provide enduring value to shareholders was the securing of grid power for the entire Lindi Jumbo operation. Given power represents half of our processing costs, this will provide a major reduction in our operating energy costs. Given fuel costs are the largest source of cost inflation for remote mines, Lindi Jumbo is substantially insulated from this.

So where are we now?

Work at site has continued uninterrupted 6 days a week & most of the equipment on site has undergone mechanical installation. The TSF has had most of the major earthworks & drainage works completed. The starter pit has had 2 blasts & 9000t of high-grade ore is stockpiled ready to be fed to the plant.

We have a number of parties undertaking confirmatory due diligence under non-binding term sheets for short term & long-term funding. Being able to demonstrate the further equity contribution from shareholders to the project certainly derisks the project for these "last mile funders". Therefore, the board & management are highly confident that necessary funding will be available relatively soon.

However, until we have clear line of sight to those final funds, we will not ship the next batch of equipment from China. As soon as we do have that confidence (expected imminently), the next ship will be organised & the project completion timetable reset.

Site activities have opened up many work faces for construction to happen in parallel rather than the sequential approach over the last few months.

The operational readiness plan continues to be advanced with the hiring of key staff & the preparation to place major operating contracts.

While the global environment has become less certain since we started this journey, some of that uncertainty has played in our favour. Graphite prices have firmed & premiums are available for reliable supply outside of China. Global inflation has increased the cost of entry to the market for our competitors while our costs have been sheltered from this.

In summary, the build of Lindi Jumbo has thankfully incurred only minor cost increases from the delays caused by funding slow-down. We are also grateful that the works to date have been undertaken safely with very few & minor reportable injuries.

Our local community has also been incredibly patient while construction has taken longer than they had also expected.

The Government of Tanzania has been supportive & been active in trying to resolve our funding delays. Lindi Jumbo remains the project the government refers to in how they want projects to be undertaken in Tanzania.

I would like to thank management & staff who have done an amazing job of advancing Lindi Jumbo safely & meaningfully, despite the very challenging position having little to no funds to do it.

The Board also has my thanks & appreciation. For much of this period the Board was meeting 3 times a week & in contact most other days. Their skill & professionalism saw your company through a very tricky period.

Finally, thank you to our shareholders who acted as owners & stepped up to support Lindi Jumbo even though most rightfully believed we were past that. I have no doubt your patience & commitment will be well rewarded.

This announcement is authorised for release by the Board.

-ENDS-

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ABOUT WKT

Walkabout is developing the high-grade Lindi Jumbo Graphite Project in South East Tanzania to take advantage of forecast market conditions for Large and Jumbo flake graphite products.

The Company holds 100% of a Mining Licence and between 70% and 100% of adjacent graphite prospecting licences at Lindi Jumbo with an enduring option to acquire the remaining 30% share. A high-grade graphite Mineral Reserve has been delineated within the Mining Licence area.

In addition to the Lindi Jumbo Project, Walkabout is also exploring in south west Tanzania at the Amani Hard Rock Gold Project.

The Company has also acquired an exciting exploration portfolio for gold and base metals in Northern Ireland and Scotland and is conducting ongoing mineral exploration in these areas.

Learn more at wkt.com.au

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