

ASX ANNOUNCEMENT

2 May 2024



Wet Commissioning Advances as Ore Feeds Through Concentrator at the Lindi Jumbo Graphite Mine

Walkabout Resources Limited (ASX:WKT) (“Walkabout” or the “Company”) is pleased to announce that it is successfully concentrating ore at its 40ktpa Lindi Jumbo Graphite Mine in Tanzania, as commissioning activities continue to ramp up and the mine advances to become one of the top five natural graphite producers outside of China .

HIGHLIGHTS

- Concentrating ore at its 40ktpa Lindi Jumbo Graphite Mine in Tanzania.
- Ore has successfully moved through the entire concentrating circuit to produce an unscreened wet concentrate.
- Lindi Jumbo is the first debt-funded graphite mine outside of China and will be the first new major mining project to enter production in Tanzania for over 10 years.
- Lindi Jumbo production is unpriced and is poised to capture full value in the current market shortage.

Walkabout’s Managing Director and CEO Andrew Cuninghame said, “Ore feed to the concentrator circuit at Lindi Jumbo is a huge step forward in Walkabout’s journey to becoming a major player within the natural flake graphite industry.

It is the culmination of more than six years of feasibility, procurement, engineering, construction and commissioning work undertaken by the Lindi Jumbo team and its contractors. We have achieved this milestone with a strong focus on safety, capital cost controls, partnering with the local community, support of our loyal contractors and the minimisation of shareholder dilution.

The strategic importance of Lindi Jumbo is reinforced by China’s recent introduction of export controls on graphite and its products, and the increased attractiveness of both the US and European markets supported by the US Inflation Reduction Act and the EU Critical Raw Materials Act”.

LINDI JUMBO COMMISSIONING ACTIVITIES

Commissioning activities through the various process modules at Lindi Jumbo have been undertaken over several months as each area of the plant moved to handover status.

The commissioning team, comprising Jinpeng specialists and Lindi Jumbo technical operations and graphite plant specialists, is currently focused on wet commissioning and achieving overall concentrator throughput that meets the design of 40ktpa.

With full grid power available to the plant, completion of dry commissioning at the concentrator circuit was enabled and wet commissioning has commenced. All of the necessary first fills and reagents (rods and grinding media for the pebble and attritioning mills, frother, collector for the flotation circuit and flocculant for the tailings) have been delivered to site in bulk, in advance of first ore feed to the concentrator circuit and the wet commissioning of the Tailings Storage Facility (TSF).

Wet commissioning so far, has been focussed on testing the various pieces of equipment under load, identifying any problems that might arise, rectifying these and the checking the integration between the various pieces of equipment and control systems needed to run the plant on a continuous basis. To date, the equipment within the circuit has performed well with no fatal flaws identified and all defects rectified immediately where possible, or at the end of each test-run/shift.

Ore has now successfully moved through the entire concentrating circuit to produce an unscreened wet concentrate ready for processing through the filter presses and commissioning of the burner and dryer.

Problems with the consistency of fuel supply to the burner that will generate heat for the rotary dryer has slowed commissioning progress of the back-end plant. A representative of the company that manufactured the burner and carried out its factory acceptance testing is on site and will oversee the commissioning of the burner and necessary training of the responsible operations team.

Its successful commissioning will also allow for the wet commissioning of the screening and bagging circuits.

Once the dryer is brought up to expected performance levels the circuit will be run in its entirety, and the attention of the commissioning team will shift to process and product delivery optimisation. While small quantities of wet concentrate have been produced to date, it is expected that plant throughput will increase significantly as potential back-end plant wet commissioning issues are resolved and throughput is driven on a more continuous basis as per the ramp up schedule.



Figure 1: Lindi Jumbo graphite flotation (left) and graphite concentrate cake (right).

LINDI JUMBO OPERATIONS

Mining operations have recommenced in accordance with the three-year mine plan despite load and haul operations having been affected by recent extreme weather conditions since January. Mining performance during dry periods demonstrate ample capacity to compensate for restricted operations during periods of high rainfall.

The ROM high-grade stockpiles (refer table 1) have increased by approximately 15,000 tonnes of “free-dig” graphite ore bringing the total ore stockpile to ~ 34,000 tonnes which is more than an entire month’s plant throughput at nameplate capacity.

Table 1: ROM High-grade stockpiles at Lindi Jumbo Graphite Mine as at the end of April 2024.

STOCKPILE	QUANTITY	SOURCE
IN-PIT DEVELOPMENT ORE	11,000 tonnes	TSF Construction
ROM PAD	20,000 tonnes	Operational & Development Ore
FINE ORE	3,000 tonnes	Development Ore

A production blast occurred on 26 April 2024. The blast was within the main high-grade zone of the deposit containing super high-grade zones that run the length of the deposit. This is the first time that the non-free dig portion of the main zone has been blasted for feed to the plant. To date the vast majority of the ore on the stockpiles are from the ore zones within the hanging wall of the deposit.



Figure 2: Aerial view from the south of the Lindi Jumbo processing plant with the TSF in the background.

CONTRACTS, SUPPORT SERVICES AND STAFF

Due to unforeseen delays in approvals from the Tanzanian Mining Commission, Lindi Jumbo is yet to award a fuel supply contract and is currently dependent on temporary fuel supply arrangements that have a higher risk of disruption from poor weather or unreliable supply. Without the requested permanent fuel infrastructure established at site, the mine has experienced some fuel shortages over the past month and is actively engaged with the Mining Commission to expedite the approval process for an acceptable long-term arrangement.

This quarter, the Mining Commission approved a number of key support contracts including:

- **Mining services** provided by TNR
- **Laboratory services** by MSALABS
- **Export Logistics** provided by Alistair

Beyond the grid power supply, most other support infrastructure has been commissioned and is operating to expectations including:

- Raw water supply from the bore field for processing and potable water;
- Synchronising of the backup diesel generator power supply;
- Thickener, TSF, tailings and water management system;
- Mine camp and associated facilities;
- Laboratory and
- Offices

The Lindi Jumbo operations team is increasing staffing and currently 286 employees, temporary workers and contractors are engaged in the ramping up operations and production. Until sufficient cashflow from product sales is available the operating costs of Lindi Jumbo are being funded primarily from the senior debt facility. A final draw of funds occurred before the end of March for that purpose. The US\$20m facility is now fully drawn. The Senior Debt standby facility of US\$5 million remains available if required and can be drawn before the end of September 2024.

OPERATIONAL PRIORITIES

Current short-term priorities of Lindi Jumbo include (in order of importance):

- Final commissioning and functional handover of the plant under the EPC contract;
- Progressively increasing throughput whilst increasing process consistency, ensuring product quality/grade and maximising flake size retention as per the production ramp-up schedule;
- Dispatching of final product to Wogen as available;
- Ramping up production rates to the 40kpta market capacity within 4 months;
- Targeting nameplate recoveries of > 85% within 12 months;
- Looking for opportunities to produce and sell additional quantities of graphite from the >20% of built-in excess capacity in the Lindi Jumbo plant.

It is expected to take several weeks to achieve the 48 hours of uninterrupted production at nameplate capacity to have the plant formally commissioned under the EPC Contract. Until that point the plant remains under the control and responsibility of the EPC contractor.

Ramp up of the processing plant at Lindi Jumbo will focus on safely and sustainably increasing throughput to the 40kpta market capacity through optimising plant availability and utilisation while at the same time gathering and documenting essential processing and metallurgical information through the various stages of the processing circuit.

Once throughput levels are sustained and using the baseline data collected during the previous phases, the focus will be on grade and flake size distribution to ensure that the plant performs as closely as possible to its design parameters.

With the goal of being the producer of choice for high-grade, high-quality, large-flake graphite concentrate Lindi Jumbo will need to ensure that all its products meet the specification requirements for regular customers.

At the very high reserve grade of 17.9% TGC reserve grade (including significant zones of >25% TGC), Lindi Jumbo has the luxury to leave the pursuit of higher recoveries to last (*See ASX announcements of 19*

December 2018, Lindi Jumbo Graphite Mineral Resource increased by 41% & 28 February 2019, Updated Ore Reserve delivers 17.9% Graphite Grade).

After throughput, quality and flake size targets are achieved, the metallurgical team at Lindi Jumbo will seek to improve the processes to improve recoveries without sacrificing other product objectives.

PRODUCT ANALYSIS – SITE LABORATORY

The onsite laboratory installed and run by MSALABS is responsible for product analysis including:

- Grade control;
- Stockpile management;
- Processing audits for plant optimisation; and
- Final concentrate prior to dispatch.

GRAPHITE SALES

Initial trial product orders will be sold & dispatched to end customers for matching to pre-production samples through the June 2024 quarter. This will then be used as a basis for future end customer orders.

These initial pilot sales will generally have product confirmation periods of between two weeks and one month after receipt, following which, regular sales orders will commence. First shipments of product to Wogen will be covered by the US\$3.2m working capital facility (*See ASX announcement of 15 March 2024, Walkabout Resources Limited Interim Financial Report 31 December 2023 p4*).

Lindi Jumbo production is unpriced and hence fully exposed to movements in the market price of graphite. With forecast shortages in global graphite supply, this is an advantageous position for Lindi Jumbo to capture full value for its production. First sales have been determined and will be priced on shipment.

While future expansion of production to take advantage of the >20% excess capacity of the plant once fully ramped up is possible, any such decision will be dependent on market demand being sufficient to accommodate additional supply.

The markets for the four sized products of Lindi Jumbo are indeed unique and experience different growth profiles. A sizable growth in the demand for fine flake products may not be accompanied by the same growth in the majority of our production comprising larger flake products. The Company is investing in market development activities where the value of the flake to end customers is most pronounced and potentially capable of attracting premiums where available.

Overall, Walkabout seeks to out-perform the 6% compound annual growth forecast of targeted customer markets (*See ASX Announcement of 29 March 2022 , “Investor Presentation, Lindi Jumbo Graphite, A front runner for large flake graphite supply globally”*).

GRAPHITE MARKET OBSERVATIONS

As noted by others within the industry, “Market conditions for coarse flake natural graphite are positive with constrained global supply and relatively stable demand conditions leading to price support” (*See ASX announcement by Syrah Resources (SYR) of 10 April 2024, Syrah natural graphite sales and market update*). Coarse flake (approximately 88% of Lindi Jumbo expected revenue) has not been as impacted by the supply pressures experienced by fine flake graphite producers. Little to no product substitution can occur from synthetic graphite in the applications undertaken by the end users of Lindi Jumbo coarse flake graphite.

Coarse flake pricing remains lower than the long-term average, however, in recent months we have observed firming in both Chinese and global pricing for larger flakes. With state priorities in China focussed on fine

flake production, less coarse flake is available for the many industrial applications outside of battery anodes. With significant price decline in small flakes, some mines in China have been slow to resume production after the winter shutdown this year. As a result, production of large flakes also declined despite large flake prices having been stable or in some instances rising. It is against this supply pressure that Lindi Jumbo seeks to place its coarse flake product.

Lindi Jumbo graphite comes to the global market at an interesting time. Lindi Jumbo natural graphite provides customers with a supply chain alternative that is produced outside China and can also support battery makers to meet obligations under both the US Inflation Reduction Act and the EU Critical Raw Materials Act. Additionally, China as a recent net importer of coarse flake graphite remains an important source of new demand.

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 Southeast 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.

Also in Tanzania, the Company has assembled a large holding over the Amani Gold Project in the southern highlands near Lake Nyasa. This gold field is the base of intensive alluvial and artisanal diggings and the presence of rough-shaped nuggets is an indicator of a potential nearby source.

The Company holds 100% of an exciting exploration portfolio for gold and base metals in Scotland and 50% in the Tyrone Joint Venture in Northern Ireland where cobalt, copper and silver occurrences are being explored.

Details of Walkabout Resources' projects are available at the Company's website, www.wkt.com.au.