

ASX ANNOUNCEMENT

2 July 2024



Lindi Jumbo gears up for first graphite concentrate export, unlocking a new global graphite mining jurisdiction

Walkabout Resources Limited (ASX:WKT) (“Walkabout” or the “Company”) is pleased to announce a maiden shipment of graphite concentrate from the Lindi Jumbo Graphite Mine is imminent and set for departure to Europe in early July. In addition, the Graphite Mine continues to receive regular pilot orders that will be fulfilled from concentrate produced during the commissioning and ramp up phase.

HIGHLIGHTS

- Maiden shipment of graphite concentrate bound for Europe is set for loading and departure in early July.
- Pilot orders of between 20-80 tonnes are being received on a regular basis and will be fulfilled from concentrate produced during the commissioning and ramp up phase.
- Plant throughput is being increased as part of the ramp-up plan to achieve at least one-third of the nameplate production capacity by the end of July.
- Mining, operating and logistics costs are being monitored and managed, with efforts to mitigate impacts of inflation.
- At full production, Lindi Jumbo will be the highest margin producing graphite mine globally.

Walkabout’s Managing Director and CEO Andrew Cunningham commented, “We have successfully unlocked a new graphite mining jurisdiction in Tanzania to meet global demand.

Demand for Lindi Jumbo’s graphite product is vibrant and attracting market pricing. Our focus is on continuing to methodically ramp up production and product quality to meet this demand.

Set to be the highest margin producing graphite mine globally at full production, Lindi Jumbo continues to impress and at current estimated operating costs is currently one of the lowest cost producing mines in the world with one of the highest basket prices globally.

PRODUCT SALES

An inaugural shipment of pilot concentrate will be loaded onto a vessel bound for Europe in early July and will be followed by further exports to various destinations in Asia. All exports from Tanzania require verification sampling and analysis at a Tanzanian Government contracted laboratory to validate the product chemistry determined at the Lindi Jumbo lab.

Pilot sales are continuing and orders will be fulfilled from concentrate produced during the commissioning and ramp up phase. Orders to date are typically between one and four containers (20 to 80 tonnes per order). The product in these shipments will be tested and on the verification of the desired quality, further regular orders are expected.

Current pricing for orders is at market prices while European prices represent a significant premium to quoted Chinese prices.



Figure 1. Graphite concentrate being loaded for export in June

PLANT COMMISSIONING AND RAMP UP

Our permanent operations team is approaching full complement at approximately 100 people. Aligned with Lindi Jumbo's Local First Policy, the Company is proud to report over 40 of these people come from local communities in the immediate vicinity of the Lindi Jumbo Graphite Mine and only 4 current permanent staff are 'non-Tanzanian'. The bulk of the commissioning and ramp up specialists are expected to remain on site for as long as needed.

The Lindi Jumbo Operations Team continues to test and manipulate the operating parameters of the plant to ensure that the concentrate produced is optimised for product grade, size and quality.

To date, commissioning activities have not identified any major issues with the plant, and any concerns identified have been quickly rectified by the EPC contractor. The focus remains on increasing plant availability to achieve longer rates of uninterrupted production and to enable the metallurgical team to evaluate every change to operating parameters before further adjustments are implemented.

As commissioning activities continue, throughput is steadily being increased as part of the ramp-up plan with the objective of reaching at least one-third of the nameplate production capacity by the end of July.

Final concentrate purity has been above 92% TGC from the outset and up to 95% TGC during certain runs. Recoveries to date have been approximately 87%, which is in line with the recoveries used in the DFS (see ASX announcement 7 March 2019) and well above the targeted recoveries in the ramp-up schedule.

With the intended increase in plant throughput, the operations team will turn its focus to the various circuits starting at the grinding circuit to ensure that the optimal product size is achieved as per design. This will also form the foundations to increase coarse flake retention throughout the circuit and into final concentrate. Flake size retention has always been a lower priority of the commissioning team and will increase in importance over the coming months.

Mining activities continue in accordance with the short-term mine plan to produce a sufficient run of mine ore to meet plant ramp up and the completion of the next lift of the Tailings Storage Facility (TSF) within 15 months after the start of full production.

To date, plant feed has been from the development ore stockpile that was created during the construction phase and the head feed grade is steady between 13 - 14% TGC which correlates perfectly with the geological block model of the mineralisation mined during this period.

“Free dig” mining within the main high-grade ore zone is ongoing and grade control sampling strongly supports the mineralisation model for this visually distinct area that contains the super-high grade ore zones that are approximately ~23% TGC on average (see ASX announcement 19 December 2018). This ore is being stockpiled separately from the commissioning stockpiles and will be utilised once the plant optimisation has been completed.

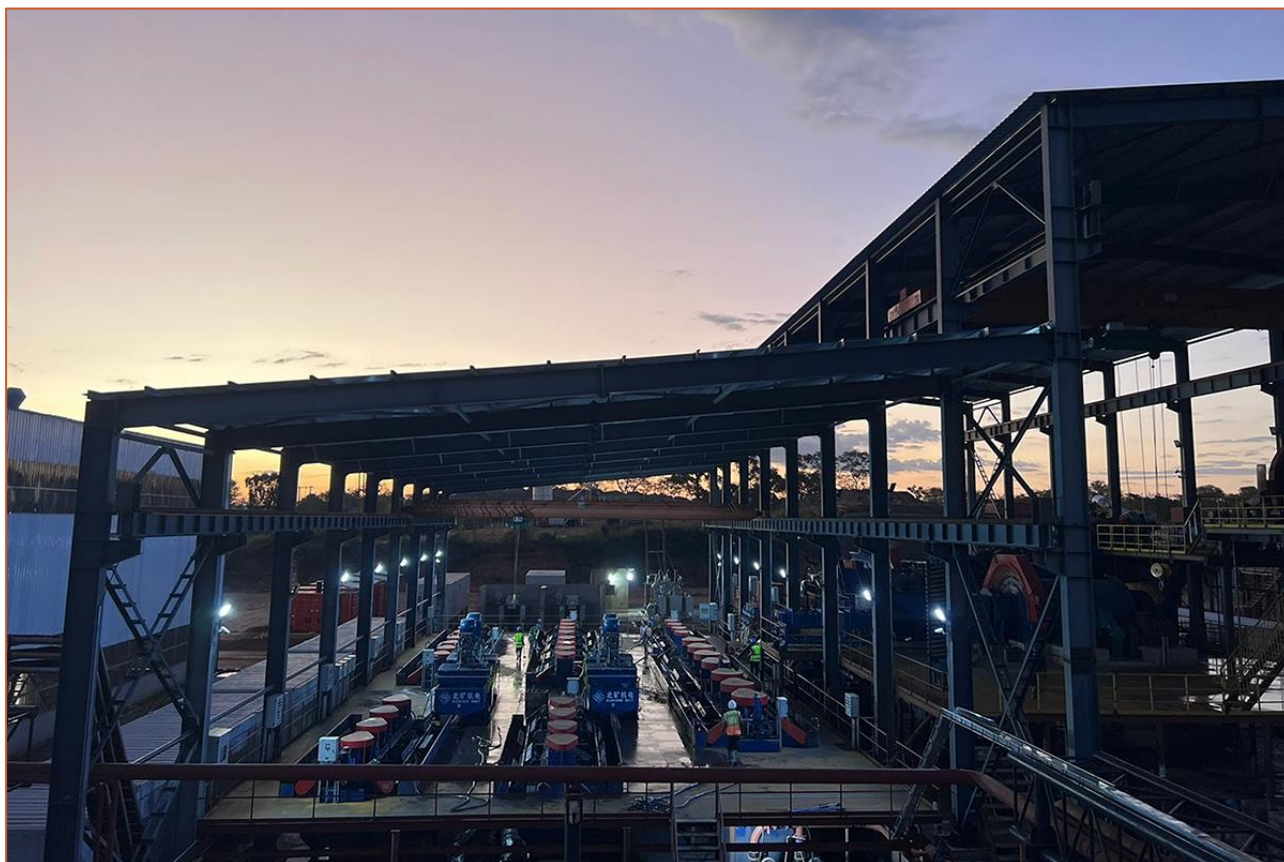


Figure 2. Plant Flotation Circuit at sunset in May.

OPERATING COSTS

The vast majority of the operating costs of Lindi Jumbo have now been contracted. Where required to meet local content rules, these contracts were subject to competitive tender and were approved by the Tanzanian Mining Commission.

Plant operating costs are comprised mainly of power, diesel and labour costs. Power costs are significantly lower than those contemplated in the DFS with the substitution of low-cost grid power for remote diesel generated power. Grid power has been very stable and to date there has been no need to utilise the backup generators.

The cost of diesel is up by 34% since 2019, with the largest usage of diesel being within the drying circuit of the processing plant. The operations and engineering teams have optimised the burner temperature to ensure that the correct moisture content is achieved within the final concentrate while at the same time minimising the usage of diesel within the system. Overall, the plant operating costs are expected to be around 35% higher than the 2019 DFS.

Impacts of inflation — namely the substantial increase in costs of diesel, required to fuel the mining fleet — have contributed to a 15% increase in mining costs, comparative to the 2019 DFS.

Current logistics costs are 53% higher than used in the DFS due to the fact that the majority of product will be exported out of Dar es Salaam rather than Mtwara. This will continue until vessel traffic increases at Mtwara beyond the cashew nut season. Preliminary discussions with the shipping lines have commenced to see if more container vessels can stop over at Mtwara outside of peak season. A shorter trucking distance to Mtwara will yield savings in logistics costs for each tonne passing through this port.

When running at nameplate capacity, monthly costs of the mine are expected to be approximately US\$1.4-1.5m. At these estimated levels, Lindi Jumbo will continue to be one of the lowest cost producing mines in the world, with one of the highest basket prices in the world. And at full production, Lindi Jumbo will be the highest margin producing graphite mine globally.

LINDI JUMBO CASHFLOW

First cash revenue from pilot sales will be received upon loading of the vessels in July. The funding of commissioning and operating costs during ramp up has primarily come from the final draw down of the senior debt facility back in March. Ramp up volumes have not yet reached a level where revenues will fund operating costs.

As an eventual high margin mine, Lindi Jumbo is expected to generate positive net operational cash margins before the end of the ramp up period and during this quarter. Until that time, Lindi Jumbo will draw as necessary against the senior lender Tranche B standby facility (refer ASX announcement dated 29/3/23). A draw of US\$2m occurred last week with smaller draws also likely during July and August.

The senior debt lender has agreed to extend the grace period of the loan a further 6 months to 31 December 2024 and final repayment date to 31 December 2026 (subject to certain conditions). The Company has committed to a future injection of a minimum of US\$2m to Lindi Jumbo to bolster project cashflows and the senior debt lender will now be entitled to cash sweeps above US\$3m, reduced from US\$5m to reduce debt. The Company now has the option to acquire the senior lenders share of free cashflow after debt servicing for US\$5m if settled before 30 June 2026.

The Company is seeking approval for a bank overdraft with a local Tanzanian bank once first pilot sales proceeds are received.

GROWTH OPPORTUNITIES

As one of the few operating graphite mines outside China, Walkabout is regularly approached by customers and others to add further value to our coarse flake products. These customers are already paying a premium above Chinese graphite prices to secure supply. The Board is considering the appropriate timing to further formally investigate low cost, low risk downstream growth opportunities if they result in an increase in the future production of graphite from the Lindi Jumbo Graphite Mine.

-ENDS-

For further information, please contact:

Andrew Cunningham
Managing Director and Chief Executive Officer
+61 8 6298 7500

Or

Ashleigh Baxter
Media Liaison
+61 497 257 718
ash@gilligan.com.au

This announcement is authorised for release by the Board.

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.