

## WALKABOUT RESOURCES LTD

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ASX Code: WKT

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## DIRECTORS

**Andrew Cunningham**  
Managing Director

**Mike Elliott**  
Non-Executive Chairman

**Phil Montgomery**  
Non-Executive Director

**Peter Finnimore**  
Non-Executive Director

**ORDINARY SHARES**  
671,261,451

## PROJECTS

**Lindi Jumbo Graphite Project**  
Tanzania (70% - 100%)

**Amani Gold Project**  
Tanzania (100%)

**Northern Ireland Gold and  
Base Metals (50%)**

**Scotland Gold and Base Metal  
Projects (100%)**

## June 2024 Quarterly Activities Report

Walkabout Resources Ltd (ASX:WKT) is pleased to report its activities for the June 2024 Quarter.

### HIGHLIGHTS – LINDI JUMBO GRAPHITE MINE

#### HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

- No significant incidents and Zero Lost Time Injuries recorded during the quarter

#### COMMISSIONING AND OPERATIONAL PROGRESS

- Commissioning team currently focused on improvements in plant performance, availability and utilisation
- Operations team achieving significant cost efficiencies in power and fuel usage

#### PRODUCT SALES

- First graphite concentrate bagged in May
- Regular concentrate consignments dispatched from the mine to Dar es Salaam for export
- Trial 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
- First sales confirmed into Europe in early Q3

#### FUNDING

- Remaining available funds under the Company's US\$20m Senior Debt Facility were fully drawn
- Senior Debt Tranche B drawdowns commenced

### Walkabout's Managing Director and CEO, Andrew Cunningham commented;

*"The Lindi Jumbo Graphite Mine continues to go from strength to strength, with our commissioning and operational teams working extensively on optimising plant performance and availability; in addition to seeking innovative means to reduce running costs of an already low-cost operation."*

*"In tandem with these efforts, fulfilling trial orders and growing our ore stockpiles will further position the Lindi Jumbo Graphite Mine move to operational break-even during the ramp-up period."*

## Lindi Jumbo Graphite Mine, Tanzania

### HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

Having reported zero significant incidents or Lost Time Injuries (LTI's) in Q1 of 2024, the Company's track record for high health, safety and environmental performance remained ongoing throughout the first half of 2024, without any significant incidents reported in Q2.

At this Quarter's end, the Lindi Jumbo Graphite Mine observed a significant 2 years and 198 days without a LTI.

### COMMISSIONING AND OPERATIONAL PROGRESS

Finalising commissioning at all sections of the processing plant was a key focus for Q2. In support of this process, crushed ore was introduced to the plant at the beginning of the quarter. Running crushed ore enabled commissioning at targeted sections of the concentrator, in a sequential approach.

As operational or performance issues were identified, they were promptly addressed by the EPC contractor during that phase. Whilst this process did see delay in the commissioning schedule, all sections of the plant have now been successfully commissioned.

The priority focus areas for the operating and commissioning teams during the reporting period was:

- Increasing plant availability and utilisation.
- Identification of any equipment and/or design issues and rectifying these where necessary.
- Verifying and improving the integration between plant equipment and control systems.
- Ensuring a stable feed through the entire processing circuit and increasing throughput (tonnes).
- Commissioning and operability of the Tailings Storage Facility (TSF), including water-balance optimisation (needed for continuous operations).

Once throughput targets have been met, the team will turn its attention to the end-to-end optimisation of processing circuits. This will enable concentrate production to reflect best-available product grade, size and quality outputs.

Final concentrate purity has been above 92% TGC from the outset and up to 95% TGC during certain runs during the quarter. 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.

During the quarter, the majority (~70%) of production was fine product (-80 mesh) as the commissioning priorities were on throughput & purity. Reprocessing of stagnant or spilt concentrate from frequent stoppages during plant commissioning resulted in some overprocessing.

During July, longer periods of plant availability and minor alterations to the grinding circuit and attritioning mills were introduced for greater retention of the larger graphite flake, such that fines are now the minority of product. Further improvements will be made over the coming months to capture the maximum of the in-situ flake distribution.



*Figure 1: View of the concentrator section during nightshift.*

## PRODUCT SALES

Any sales revenue before the formal commissioning of the plant (FCC) is credited against commissioning costs. As commissioning occurred after the quarter, no sales revenue was recorded for the period.

Although final product volumes produced during the quarter were relatively modest due to limited plant availability and utilisation during the commissioning and early ramp-up phases, there were regular consignments dispatched to Dar es Salaam. These consignments totalled 240 tonnes of concentrate at a saleable grade (90-95% TGC), bagged and planned for sale.

Trial sales have been secured and orders to date are typically between one and four containers (20 to 80 tonnes per order). The product in these shipments will be tested by end customers. On the verification of desired quality, follow-up orders are expected. These initial 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 is 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).

All exports from Tanzania require verification sampling and analysis at a Tanzanian Government contracted laboratory to validate the product chemistry determined at the onsite laboratory. The Lindi Jumbo logistics

team, together with the Company's logistics contractor, are working closely with various government agencies to streamline the export process.

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

At realised basket prices of \$900-\$1300/t of concentrate, the operational 'break-even' point for Lindi Jumbo is to achieve between ~1,000t - 1,500t of concentrate production per month. We expect to reach that level of production in Q3. With the extended grace period for the senior debt facility to 31 December 2024, the debt servicing break-even level of production is between ~1,300 & 2,000t per month.

Monthly production and sales above that level will likely result in free cashflow. If that accumulated free cashflow exceeds \$3m the senior debt provider is entitled to cash sweeps that have the effect of reducing debt earlier than the scheduled repayments.



*Figure 2: Sampling of bagged concentrate (left) and loading of a consignment to the port warehouse (right).*

## MINING OPERATIONS

Mining operations recommenced during the quarter and 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).

A production blast occurred during April. 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, 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. This accurately correlates with the geological block model of the mineralisation mined during this period.

"Free dig" mining within the main high-grade ore zone is ongoing. Grade control sampling strongly supports the mineralisation model for this visually distinct area, which contains 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 plant optimisation has been completed.

The ROM high-grade stockpiles (refer table 1) have increased by approximately 24,500 tonnes of “free-dig” graphite ore, bringing the total ore stockpile to ~ 43,500 tonnes. This is equivalent to more than two months of plant throughput at planned capacity.

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

STOCKPILE	QUANTITY	SOURCE
EX IN-PIT DEVELOPMENT ORE	~ 11,000 tonnes	TSF Construction
ROM PAD	~ 27,000 tonnes	Operational & Development Ore
FINE ORE	~ 5,500 tonnes	Development Ore

## COST REDUCTIONS

The largest production cost for Lindi Jumbo is power. While Lindi Jumbo has 4MW of installed diesel generated backup power available, it was not required at all during the quarter. Having the plant run 100% on grid power, lowers the overall power cost by approximately 80%.

Having commissioned the rotary dryer burner, the operations team has been able to successfully run the dryer at a lower temperature, while still meeting requisite moisture levels in the graphite concentrate. This has resulted in fuel savings for the dryer of more than 50%.

If these measures are sustained into the future, it should result in meaningful reductions to plant operating costs.

## KEY OPERATIONAL CONTRACTS

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

- Mining services, including TSF lifting, provided by TNR
- Laboratory services by MSALABS
- Export logistics provided by Alistair
- Fuel supply and management services provided by Delina Oil & Gas Distributors Limited

Beyond grid power supply, most other support infrastructure has been commissioned and is operating to expected standards. This includes:

- 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

## UPCOMING OPERATIONAL PRIORITIES

Priorities of Lindi Jumbo for Q3 include (in order of importance):

- Progressively increasing throughput whilst increasing process consistency, ensuring product quality/grade and maximising flake size retention as per the production ramp-up schedule;
- Ramping up production rates to be consistently at the 40kpta market capacity;
- Assessing opportunities to produce and sell additional quantities of graphite from the >20% of built-in excess capacity in the Lindi Jumbo plant.

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, optimising the various processing circuits of the plant to achieve final product specifications as per the pilot scale test regimes and design of the plant..

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.

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 (refer ASX Announcement of 29 March 2022).

## Funding Measures

### LINDI JUMBO CASHFLOW

As at 31 March 2023, the Company had fully drawn on its US\$20 million senior debt facility. There remains an optional USD\$5 million incremental standby facility, which can be drawn upon at any time until 1 September 2024.

Lindi Jumbo is expected to generate operational cashflow during the third quarter with the commencement of loading of vessels for export. The funding of commissioning and operating costs during ramp up has primarily come from the draw down of the senior debt facility.

Ramp up volumes have not yet reached a level where revenues will fund operating costs. Until that time, Lindi Jumbo will draw as necessary against the senior lender Tranche B standby facility (refer ASX announcement of 29 March 2023). A draw of US\$2m occurred in late June 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. 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, down 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 has received credit approvals for a bank overdraft with local Tanzanian banks and is currently evaluating the term-sheets.

The overdraft will primarily be used for local operating costs.

## Corporate

The aggregate amount of payments to related parties and their associates, as disclosed in item 6.1 and 6.2 of the Appendix 5B relate to payments of executive and non-executive directors' salaries and consulting fees.

## 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." (Refer ASX announcement by Syrah Resources (SYR) of 10 April 2024).

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, a firming in both Chinese and global pricing for larger flakes has been observed. With state priorities in China focussed on fine flake production, less coarse flake is available for the many industrial applications outside of battery anodes.

As a result of the 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 Walkabout seeks to place the coarse flake product from the Lindi Jumbo Graphite Mine.

Graphite production at Lindi Jumbo has commenced in parallel with interesting global market conditions. The natural graphite produced at Lindi Jumbo 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.

In mid-May, the US Government announced the future imposition of a 25% tariff on Chinese natural graphite. This has added to market concerns over the security of existing supply chains, after China imposed export restrictions for graphite.

Reflecting on these developments, there appears to be a widening gap between Chinese domestic and ex-China prices. This has also been reflected in sales orders received to date. Lindi Jumbo production is coming to market at a fortuitous time and remains poised to benefit from resulting price increases.

**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.

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](http://www.wkt.com.au).

## COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Andrew Cunningham (Director of Walkabout Resources Limited). Mr Cunningham is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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### SCHEDULE OF MINING TENEMENTS AND BENEFICIAL INTERESTS HELD AS AT THE END OF JUNE 2024

Project / Location	Tenement Type	Tenement Number	Interest at Start of Quarter	Interest at End of Quarter	Comment	Holding Company
<b>TANZANIA</b>						
Lindi	ML	579/2018	100%	100%		Lindi Jumbo Ltd
Lindi	PL	11409/2020	100%	100%		Lindi Jumbo Ltd
Lindi	PL	11377/2019	70%	70%		Lindi Jumbo Ltd / Ali Mbarak
Kimoingan	PL	11119/2017	100%	100%		Lindi Jumbo Ltd
Amani	PL	11469/2020	100%	100%	Granted being transferred	Walkabout Resources Ltd (Tz) Duma Resources Pty Ltd (Tz)
Amani	PL	16627/2020	0%		Application Recommended	Duma Resources Pty Ltd (Tz)
Amani	PL	11597/2021	100%	100%		Duma Resources Pty Ltd (Tz)
Amani	PL	16629/2020	0%		Application	Duma Resources Pty Ltd (Tz))
<b>NORTHERN IRELAND</b>						
Tyrone	MRO	KOZ01/16	50%	50%	JV	Koza (UK) Ltd (CE & DfE)
<b>SCOTLAND</b>						
St John's Town of Dalry	MRO	GH	100%	100%		JDH Resources Ltd
Newton Stewart	MRO	CN	100%	100%		JDH Resources Ltd
Gatehouse of Fleet	MRO	GoF	100%	100%		Shackleton Resources Ltd

*Note: ML (Mining Licence), PL (Prospect Licence) DfE Department for the Economy (all other minerals), MRO (Mineral Royal Option), CE Crown Estate (Au & Ag).*

For the purpose of listing Rule 15.5, this announcement has been authorised by the board of Walkabout Resources Ltd.

