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RESEARCH
INDEPENDENT INVESTMENT RESEARCH

Walkabout Resources Ltd (ASX: WKT)

Comprehensive Update - December 2023

INDEPENDENT INVESTMENT RESEARCH

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INDEPENDENT INVESTMENT RESEARCH

Walkabout Resources Ltd (ASX: WKT)

Comprehensive Update

Note: This report is based on information provided by the company as at 20 December 2023.

Investment Profile	
Share Price as at 20 Dec 2023	A$0.1375
12 month L/H ($)	A$0.087/0.17
Base Case Valuation per Share	**A$0.48**
Issued Capital:	
Ordinary Shares	671.3 m
Unlisted options	2.0 m
Market Capitalisation	A$92.3 m
Cash 30/9/23	A$4.34 m

Board and Management
Mr Michael Elliott - Non-Executive Chairman
Mr Andrew Cunningham -Managing Director/CEO
Mr Phil Montgomery - Non-Executive Director
Mr Peter Finnimore - Non-Executive Director
Mr Tony Allen - Chief Financial Officer
Mr Bruce White - Project Manager
Ms Rachel Songo - Director - Lindi Jumbo

Major Shareholders	
BNP Paribas Noms Pty Ltd	8.53%
Hong Kong Tlande Baorun Trade Co Ltd	3.43%
Board	5.68%
Top 20	36.9%

Share Price Performance

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

ON TRACK FOR H1, 2024 HIGH MARGIN PRODUCTION

Walkabout Resources Ltd ("Walkabout" or "the Company"), has commenced commissioning, and nearly completed development of the 84% owned high margin Lindi Graphite Project ("Lindi" or "the Project"), located in Southern Tanzania. First production for the 40,000 tpa graphite concentrate operation is expected in the first half of 2024, with the Project being fully funded, and with offtake agreements in place for 100% of production for the first five years of the current 24 year (but readily expandable) mine life.

Funding of the ~US$34.5 million up front capital has been through a traditional mix of debt and equity (with the development just $4.5 million over budget from the US$30 million in the 2019 updated DFS, however with this including scope additions of US$2 million), and with Lindi being the first of the recent graphite development projects to be approved for debt funding.

We consider the increase in costs as reasonable given the post-COVID inflationary environment, and especially so given the six to 12-month estimated delay in completion due to issues, largely outside of the Company's control, with the US$20 million debt facility initially signed with the Tanzanian CRDB Development Bank ("CRDB"). A Standby Letter of Credit ("SBLC") used as security, and the last condition precedent ("CP") was not accepted by the CRDB, which led, to say the least, to uncertainty and sleepless nights for all concerned - this included six months being suspended from the ASX.

However, it is a testament to the quality, support and perseverance of the Board and other company personnel, and support of all other stakeholders, including construction partners, that the funding issues, that could have been a company or project killer, were resolved over a 12-month period. The fully funded Project is now on track for the early 2024 production, dependent on a successful staged commissioning, which has now commenced.

By virtue of the high grade resource (17.9% TGC), only a relatively small (and low cost, low carbon footprint) operation is required for a given concentrate production - this has allowed the Company to operate under a standard Mining Lease ("ML"), rather than a Special Mining Lease ("SML") as required for larger operations, and which require Cabinet approval. This also results in an estimated high margin operation, with our modelling indicating margins in the order of 55% to 60%. In addition, the products are suitable for a wide range of end uses.

Community relations are a key part of the Company's strategy, with the Resettlement Action Plan ("RAP") being completed, and local communities to benefit from the dividends relating to the Tanzanian Government's 16% free carried interest ("FCI"). They will also benefit from grid power being delivered to site by TANESCO, the government owned electricity supplier.

Factors mentioned above also provide strong Environmental, Social and Governance ("ESG") credentials, an increasingly important consideration for customers of Lindi Jumbo, and with, through the production of graphite, providing a key ingredient in the decarbonising economy.

In addition to Lindi (and the Kimoingan Graphite Project in Northern Tanzania), the Company holds other projects, including base metals and gold in Scotland and Northern Ireland, and gold at the Amani Project in Tanzania.

KEY POINTS

Strong cash flow and high margins from Lindi: Our analysis indicates that Lindi has the potential to provide an average of A$25 million free cash flow per annum to Walkabout after taxes and dividend payments to the Government - the EBIT margin is ~55%, with the EBITDA margin closer to 60%.

Expansion potential: The mine plan utilises only 37% of the current JORC compliant Measured and Indicated Resources, and thus there is significant scope for the expansion of operations utilising this Resource, including by converting Inferred material through brownfields drilling and the ongoing grade control drilling. The plant has latent capacity of an extra 23% (to 50,000 tpa concentrate), and with minimal capital expenditure, this can be increased by ~50% (to 60,000 tpa concentrate), with any expansion decisions to be based on the state of the markets.

There is also an Exploration Target of 50 Mt to 100 Mt at Lindi, and the potential for a future second operation at Kimoingan.

Experienced and Committed Personnel: Company personnel, including consultants, have extensive industry experience in varied regions and commodities, and also hold ~5.7% of the Company, thus aligning their aims with those of other share holders.

BASE CASE VALUATION - $0.48/SHARE

We updated our valuation for Walkabout, using a geared, after tax $NPV_{7.5}$ technical valuation for Lindi risked at 75% based on the project stage. This results in a risked Company technical valuation of A$322 m, and an unrisked one of A$458 m. This equates to a risked per share valuation of A$0.48, based on the current structure of 671.2 million shares.

There is upside in this, including through the successful transition to full production, and the mine life and throughput expansion potential of Lindi. There is also upside in the other projects, which, we would think, will get increased attention once Lindi is under way.

SWOT ANALYSIS

Strengths

- **Commissioning commenced:** The Lindi project is now advanced, in development with commissioning having recently commenced and on track to start production in H1, 2024.
- **Fully funded:** Although the main debt facility should be sufficient to take the Project through commissioning to production (with the main EPC contract being fixed price, and largely paid for), there are ~US$15 million in standby facilities in place.
- **Offtake in place:** The Company has a five year binding offtake agreement, for 100% of production, with Wogen Pacific, and major global trader in a broad range of commodities, with 80% of the value of shipments payable on ship loading in Tanzania.
- **High grade resource:** The high grade reserve grade of 17.9% helps the robustness of the Project, and also allows for relatively low operating and capital costs for a given production of concentrate.
- **Excellent metallurgy:** Results of metallurgical test work to date have been positive, indicating that close to an industry best product can be produced and should be eminently saleable into various applications and demand premium pricing.
- **Low cost:** The near industry low capital intensity and operating costs provide for a very robust project with forecast excellent returns even using conservative product pricing.
- **Experienced people with skin in the game:** Company personnel have significant experience in the resources game, and between them hold around 5.7% of the Company. The quality of personnel was shown through resolving the unexpected funding issues.
- **Strong ESG credentials:** This comes about from a number of factors, including the grade of the operation, resulting in a smaller operation for a given output, providing materials for the "battery" economy and strong community relation programmes amongst others. In addition there is "green power" to site through the connection to the Tanzanian national grid, with power predominantly generated by hydro and gas - there is no coal fired generation in Tanzania.

Weaknesses

- **Operating in multiple jurisdictions:** Although not a major weakness, this can at times result in repetition of largely administrative costs. The Company however is on a "go slow" on other projects until it is cash flow positive from Lindi Jumbo.

Opportunities

- **Expansion potential:** In addition to the latent capacity and mill expansion opportunity, there is significant potential for the definition of additional resources at Lindi, and thus the opportunity to expand operations or extend the mine life. The ore reserve is based on 37% of the Measured and Indicated Resource only and also the Inferred Resources can be upgraded through closer spaced drilling. In addition further scope is provided by the 50 - 100 Mt Exploration Target.
- **Development of Kimoingan:** Given the Exploration Target (and being located in an area of historic graphite mining), Kimoingan could present a future development opportunity,
- **Downstream processing:** A number of other companies are looking at the potential for value add downstream processing of graphite – this is an option not considered thus far in Walkabout's plans, but could provide considerable financial upside to the already robust strategy.
- **Exploration success at other projects:** Future activities on these prospective projects presents the opportunity for new discoveries.

Threats

- **Commissioning:** Challenges commonly occur in the commissioning of plants, with these not behaving as expected – this is somewhat reduced with the proposed operation using industry standard techniques.
- **Exploration:** This is the key risk for the other Tanzanian and UK properties, with these being early stage; mitigating this however is the prospectivity of the tenements.
- **Permitting:** The risk here is the speed of permitting activities, particularly drilling, in the UK - this is a convoluted process and can lead to delays, and slow news flow.
- **Costs and commodity prices –** These are always price and cost risks in mining, however given the robustness of Lindi, the Project will be able to more than adequately absorb any adverse movements, and still maintain good returns. There have been recent headwinds in pricing, especially in the small flake products, however these only make up 25% of planned production and 12% of revenue, and the operation is still robust even with lower pricing used.

ACTIVITIES UPDATE

OVERVIEW

- The 19 months subsequent to our May 2022 Update Report (which is available on IIR's website, along with the earlier 2017 and 2019 reports) have been, to say the least, "interesting", but in the end the Company has now progressed Lindi to the point where the commencement of staged commissioning is underway, and all going well we could expect initial production and sales in H1, CY2024.
- The ongoing development activities are on a granted Mining Lease ("ML"), which due to the scale of activities, is not subject to the more rigorous approvals, and Cabinet sign-off, required for a Special Mining Lease ("SML").
- Key events at Lindi have included:
  - Continued development of the Project to the stage as mentioned above; and,
  - Delays and disruption due to the original debt financier, the CRDB , not accepting the SLBC initially in June 2022 , the last key condition precedent ("CP") required for drawdown of the US$20 million facility. This ultimately required Walkabout to source alternative debt funding, being from Gemcorp Capital ("Gemcorp"), with the approval being announced to the market on July 4, 2023.
- In some cases the delay may have been a project killer, but with perseverance, considering all options and with supportive directors, shareholders and contractors, Walkabout has navigated its way through the turmoil to reach the point it is at now (this is discussed in more detail below).
- Given the focus on Lindi, there has been little work on the other projects, except for assay results were received from the early 2022 drilling at Black Craig in Scotland.

LINDI

State of Play

- As mentioned above staged commissioning has recently commenced, with the construction status as below:
  - Completion of most of the work is expected in December, however this is dependent on shipping (with +14 day port delays at Dar-es-Salaam) and receipt of some of the mechanical components, including screens and electrical sub-station equipment,
  - Small scale grid power for construction is connected, with the main connection due in late January - this involved an additional US$500,000 in capex for the 33 kV substation/transformer,
  - Tailings dam at 99% completion, with piping en-route to site, and final regulatory inspections and permitting underway; and,
  - At the pit, clearing of topsoil for the first three years is 95% complete, the 19 kT high grade commissioning stockpile is in place and short term mine planning is being finalised.
- Importantly, the Project is now fully funded through to production, with standby facilities in place should they be required - facilities include (which are further discussed below):
  - Gemcorp US$20 million Senior Debt Facility - partly drawn down,
  - Gemcorp US$5 million Senior Debt Standby Facility - undrawn; and,
  - BMCG US$10 million Standby Placement Facility - drawn down by US$700 k.
- On the personnel front, the operations team is being brought on board, and, the Company has gone, as of December 13, 2023, for two years without a LTI for the over 300 workers on site.
- Cost wise, the upfront capital has increased from US$30 million to US$34.5 million, with US$2 million due to the US$1.5 million increase in the back-end scope, and US$0.5 million for the transformers and switchgear for the grid power.
- Given the recent post-COVID inflationary environment and delays, this should be considered an excellent result.

Financing Disruptions and Associated Aspects.

- This ultimately caused around six months delay in the project, however work did continue, with the support of stakeholders throughout the refinancing - a time line follows:

- Following the non-acceptance of the SBLC, the shares of the Company were placed into a trading halt on June 2, 2022, followed by a suspension, which continued for six months until December 1, 2022,
- Given that Walkabout had raised the required US$12 million companion equity for the proposed CRDB debt facility, development work was able to continue whilst alternative sources of funding were explored,
- To further de-risk the Project, the initial offtake agreement with Wogen was renegotiated from up to 75% of production for three years, to a binding agreement of 100% of production for five years - this also entailed renegotiating with the other offtake partners at the time,
- On August 22, 2022 the Company announced a 2 for 3 entitlements offer to raise up to A$33.17 million at A$0.11/share (including A$2 million to cover bridging debt provided by directors and shareholders) - this initially reached, including shortfall subscriptions, A$12.41 million, or 75.2% of the minimum required,
- This was subsequently extended, and raised, as announced on November 30, 2022 a total of A$16.60 million, including the A$2 million to pay off the bridging debt,
- During the March, 2023 Quarter, whilst new debt was still being pursued,funding initiatives included a US$10 million standby credit facility being put in place by US-based Battery Metals Capital Group LLC ("BMCG", who still had in place a placement facility), a bridging loan of A$1.6 million by shareholders and directors, and vendor financing of up to US$2.4 million by TNR, the civil engineering and earth moving contractor,
- Also during the March quarter, the CRDB security over assets was released, allowing for the entry of other lenders,
- A contract variation was put in place with Jinpeng, whereby some EPC costs could be paid for by shares or options if approved by shareholders,
- As mentioned above, the sign-off on the Gemcorp facility on July 4, 2023, with, as of September 30, 2023, three drawdowns for US$10.5 million being completed; and,
- The conclusion of the interim funding activities as announced to the market on August 28, 2023.

♦ Some of the aspects, and facilities mentioned above are discussed in more detail below.

Gemcorp Debt Facility

♦ Gemcorp is a London-based emerging markets investment firm, and was set up in 2014, and has offices in London, Dubai, Geneva and Luanda.

♦ The Lindi debt includes two tranches, a US$20 million senior debt facility (Tranche A), and an optional US$5 million facility, being Tranche B.

♦ The term for Tranche A will be three years, with the interest rate being the Secured Overnight Financing Rate ("SOFR", currently at 5.32%) plus 14%; the interest rate for Tranche B is SOFR plus 16%.

♦ Instead of being granted options and shares to benefit in the upside (and hence shareholders will not be diluted), Gemcorp shall be entitled to ~30% of free cash flow (after debt servicing) during the term of the loan - our modelling indicates that this will be in the order of US$6 million to US$8 million (with the term including FY24, which is largely construction and commissioning).

♦ In addition, Gemcorp is entitled to cash sweeps of between 20% and 50% of the operating FCF during the term of the loan, to be applied against the outstanding loan balance as part of the early repayment of the principal.

♦ We note that this is expensive debt (the CRDB rate was ~8%), however given the short term of the loan the extra interest is basically non-material in view of the overall project cashflows, and can, all things going to plan, be adequately covered by project cash flows from the commencement of operations.

BMCG Subscription Facility and Standby Credit Facility

♦ As discussed in our May 2022 update, this included the advance, in mid-2021, of US$6 million through the issue of US$6.3 million in US$1.00 subscription notes.

♦ This was part of the US$12 million companion equity as required under the debt facility with CRDB.

- During the term of the facility, 5.45 million of the 6.3 million notes were converted, resulting in the issuance of 62.04 million WKT fully paid ordinary shares, at an average price of US$0.0878/share (A$0.1264/share) - this does not include 6.16 million shares issued as the initial fee.
- The Company elected to pay out the remaining 850,000 notes, with this being announced to the market on July 28, 2023, and involving a payment of US$977,000, a premium of ~15% to the face value of the notes.
- On February 27, 2023, the Company announced entering into a US$10 million standby funding facility with BMCG, with this including the issuance of 10.18 million shares in fees.
- This commitment is for a term of 24 months, with BMCG committing to invest up to US$10 million through issuing US$11,727,907 in subscription notes, however with draw downs at the discretion of Walkabout.
- There was the option for BMCG to accelerate a single tranche, with a maximum value of US$700,000, should Walkabout delay, or not elect to draw down funds under the facility.
- BMCG elected to exercise this, with a US$700,000 investment being made in return for 13.71 million shares, as announced to the market on November 13, 2023.
- The facility is still in place, however any investments are now at the sole discretion of Walkabout.

Wogen Offtake

- On July 29, 2022, the Company announced the execution of a binding Sales, Purchase and Marketing Agreement (the "Agreement"), with Wogen.
- The term of the Agreement is for five years, and covers 100% of the expected 40,000 tpa concentrate from the production phase at Lindi.
- The production phase commences upon Lindi reaching 15,000 tpa, and the contract is renewable.
- The previous agreement had been for Wogen to have the rights to any concentrate after a number of other offtake agreements had been filled - the Company still has the option to sell to these other parties, but this will be price dependent, with the Company or Wogen being able to sell elsewhere if the price is not right.
- This should give the Company access to a broader range of customers, have exposure to shorter term pricing than otherwise would have been the case, and hence more flexibility in sales.
- At the time of signing the Company expected that the CIF revenue over the term of the Agreement to be in the order of US$260 million (US$1,300/tonne, less Wogen's fees), with 80% of the expected value being paid on ship loading, and the remaining 20% on finalisation of sales - this latter point is important in that it gives predictable cash flow, rather than "lumpy" flows dependent upon timing of sales.
- The payment on loading can be as high as US$3.2 million at any one time, however there is the option for it to be increased to US$8 million upon agreement by the parties.
- A key factor of the new agreement is that it gives more certainty to project financiers - it was initially renegotiated to demonstrate security to CRDB following rejection of the SBLC.

TNR Ltd Vendor Finance

- TNR Limited, a Tanzanian company, was awarded the civil engineering (~US$3.1 million) and bulk earthworks (~US$5.6 million) contracts in 2021, and has been active on site from the commencement of works.
- Under an agreement announced to the market on February 28, 2023, TNR agreed to allow Walkabout to defer payments up to the value of US$1.4 million, thus allowing for the works to continue whilst the debt funding was being sourced.
- Importantly this would mean that completion of the tailings dam would be in time for commissioning, and that the site was ready for the installation of mechanical components, being shipped from China.
- Under the terms of the agreement, Walkabout was required to pay the lesser of US$250,000 or the actual amount of each invoice, with the balance being deferred.
- As security, Walkabout set up a wholly owned incorporated subsidiary, into which security shares were issued, with the amount based on 120% of each invoice.

- Under the agreement, an initial 9.2 million shares were issued at a deemed price of A$0.12/share, with future issues to be subject to shareholder payment.
- As it turned out, this was the only issue, with the subsequent debt draw down allowing TNR to be paid in full, and with the shares subsequently cancelled.

Jinpeng Variations

- In early 2023, Jinpeng approached Walkabout regarding paying outstanding and upcoming equipment payments under the EPC contract with equity.
- At the time there were future committed payments totalling US$2.69 million, including 5% retention, and milestone payments that include those payable on successful commissioning.
- This included less than US$2 million required for practical completion, with some 79% of payments of the fixed price EPC contract being paid, including 88% of the EPC equipment.
- It was agreed that upcoming payments could be covered, subject to shareholder approval, by the issue of ~26 million shares at A$0.11/share, along with the issue of up to 30 million, A$0.25, 18-month options.
- Due to the sourcing of the Gemcorp debt, this was not required, with, as announced on August 7, 2023, an agreement was made that all payments up to practical completion be paid in cash, however up to US$500,000 of post practical completion milestone payments will be paid by way of equity at A$0.11/share.
- Earlier, the EPC contract had been reduced by US$1.37 million to US$12 million, with this largely due to having grid power connected to the mine, and removal of a 4.5 MW diesel backup generator from the scope.

Shareholder and Director Loans

- Subsequent to the initial SBLC issue, directors and shareholders had provided a total of A$3.4 million in unsecured loans to the Company - this included loans for A$2 million in September 2022, which were repaid by way of shares from the November 2022 entitlements issue.
- The second loans included draw downs totalling A$1.4 million, raised as a bridging facility in March 2023, and included the Directors Mr Peter Finnimore (A$400,000) and Mr Michael Elliott (A$200,000).
- The interest rate on the loans was 17% pa, with this settled by shares at A$0.11/share, and the principal repaid by a mixture of shares and cash - both directors were repaid in shares.
- The bridging loans also resulted in the issue of two million A$0.25 options, expiring on January 12, 2025.

Mining and Community Agreements and Engagement

- As per the requirements of the updated Mining Act and Regulations, Walkabout has previously received written agreement from the Government (November 2019) of the Government's 16% free carried interest.
- Government dividends are only payable following the repayment of project capital and debt by the Company.
- The timing of the issue of the "Class B"shares in the Project holding company to the government is yet to be agreed, but is not required either before construction or production.

Resettlement Action Plan

- A key permitting requirement is the RAP, which follows on from the grant of the ML, but is required before on-site operations can commence.
- The Company completed public consultations, surveys and fieldwork required for the RAP, with the agreement being officially signed off by the Chief Government Valuator in Dodoma, Tanzania in early 2019, with resettlement activities commencing and compensation being paid thereafter.
- The work identified 271 land parcels within the ML, with 1,120 personally affected peoples ("PAP") being identified and with compensation totalling TSH4.6 billion (~US$2 million) being paid within six months of the approval of the RAP as stipulated in the legislation.
- No resettlements were necessary as the affected households preferred compensation in lieu of resettlement.

OTHER PROJECTS

- The Company still holds the other projects
- Activities at other projects has included:
  - No activities at the Kimoingan graphite tenements in Northern Tanzania,
  - No work over the Amani gold tenements in South-west Tanzania,
  - Ongoing drilling permitting activities over the Tyrone County JV tenement; and,
  - Receipt of assays from drilling at the Black Craig project in Scotland - the returned some relatively narrow intersections of Pd/Zn mineralisation, with follow up targeting now required.
- Although activities are concentrated on Lindi, we have included detailed descriptions of the other projects in this note - these are largely as included in our previous notes.

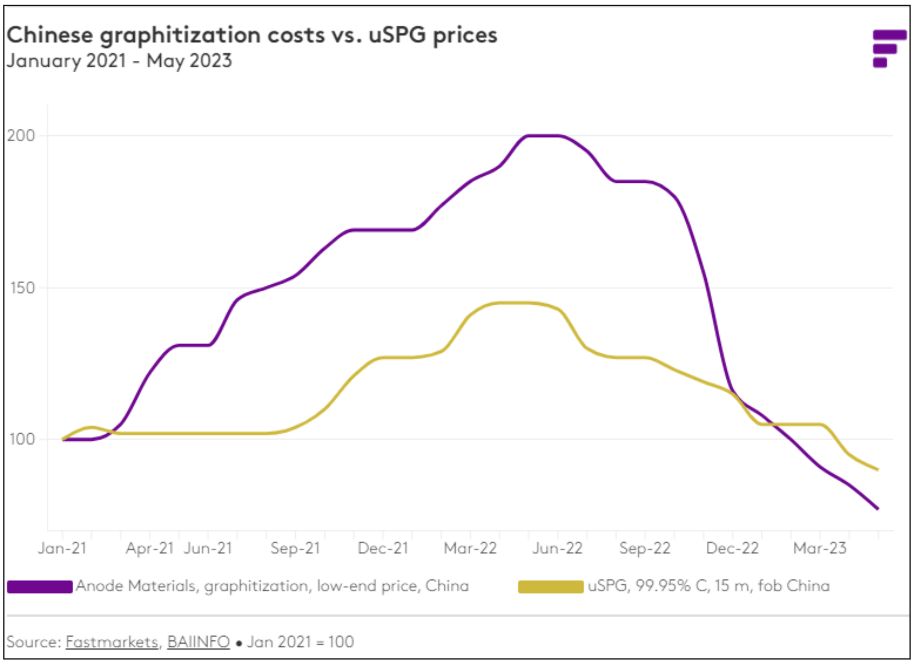
CORPORATE

- On the corporate front, long term Tanzanian employee, Ms Rachel Songo was appointed as a Director of Lindi Jumbo.
- Mr Andrew Cunningham was also appointed as Managing Director and CEO, having previously been an Executive Director and CEO.

GRAPHITE MARKETS

- This is just a brief summary of the markets, and not a full macro analysis.
- The past 18 months have seen a general fall in the prices of graphite markets, largely driven by a ~40% fall in the price of uncoated spherical graphite ("uSPG"), the key ingredient in battery anodes.
- The higher value sectors (in which Lindi is strongly represented) have fallen by ~10% over CY2023, with the lower value fines falling by ~25% over January to November 2023.
- With regards to Lindi, we have calculated a current CIF basket price of US$1,100/tonne, as compared to US$1,300/tonne as estimated at the time of the signing of the revised Wogen agreement, however more recent events (discussed below) indicated that there may be some sort of recovery.
- U.S. based Asbury carbons announced on November 17, 2023, that it would be increasing the prices of all products by up to 10% from January 1, 2024, due to costs increases, including that of raw materials.
- Although the graphite markets are broader than the battery sector, falls in what is the major battery sector will weigh on the others - it needs to be noted that the Lindi products can be used in a wide range of applications.
- This has partly been blamed on falls in demand for EVs, largely in China (although there have been year on year increases in demand, and decreases in growth less than expected after China's removal of subsidies), as well as, more importantly, increases in graphitisation costs (for synthetic graphite production) significantly increasing in China.
- This latter resulted in a rapid increase in graphitisation capacity, more than doubling in China from 1 Mtpa in March 2022 to 2.2 Mtpa in December 2022, with capacity being added to both the electrode and battery anode production chains.
- This naturally resulted in a subsequent significant decrease in graphitisation costs (along with falling coke prices), and thus decreases in the price of uSPG (Figure 1).
- However, we have seen an uptick over the past month, following China's announcement that it will be requiring export approvals for graphite commencing on December 1, 2023 - this is part of a broader strategy of restricting and controlling exports of critical minerals.
- This is largely targeted at foreign owned companies increasing market share in the battery sector (which China largely controls, with 80% of the market), whilst still allowing Chinese companies to continue to develop facilities outside of China.

Figure 1: Graphitisation vs uSPG cost comparison



Source: Fastmarkets, June 20, 2023 article

VALUATION

Summary

- We have updated our sum of the parts valuation for Walkabout, with a risked figure of A$322 million, or A$0.48/share (Tables 1 and 2) - this is ~35% below our 2022 valuation, with the major changes including (Table 4):
  - The share structure used for the per share valuation is ~671 million, as compared to ~476 million as used in 2022,
  - At US$420/tonne, FOB operating costs are ~25% above those used in 2022 with additional CIF costs, estimated at US$30/tonne resulting in an increase in total costs by ~33%; and,
  - Our graphite basket price (before Wogen's fees) has been reduced from US$1,515/tonne to US$1,300/tonne FOB from the 2022 valuation - as discussed earlier we are aware of more recent price falls resulting in a basket price ~ US$1,100/tonne, but are comfortable using US$1,300/tonne in real terms over the life of the operation.
- We have included valuations for both basket prices in Table 1 - unless otherwise noted revenue throughout this section is quoted in gross terms, before marketing fees.
- Notwithstanding movements in costs and prices, the Project remains robust, returning high margins.
- The NAV includes a post-tax, geared DCF valuation for Lindi using a discount rate of 7.5%, the upside in Lindi by increasing production by ~50% (incorporating estimated capex of US$2 million), and estimated/nominal figures for the other assets.

Table 1: Walkabout company valuation

Walkabout company valuation						
Item	**Unrisked**	**Unrisked/ Share**	**Risk Factor**	**Risked**	**Risked/ Share**	**Notes**
Lindi	A$298 m	A$0.44	75%	A$223 m	A$0.33	NPV 7.5%
Lindi Upside	A$153 m	A$0.23	60%	A$92 m	A$0.14	NPV 7.5%
Other Properties	A$20 m	A$0.03	100%	A$20 m	A$0.03	Various
Head Office	-A$17 m	-A$0.03	100%	-A$17 m	-A$0.03	NPV 7.5%
Cash	A$4 m	A$0.01	100%	A$4 m	A$0.01	30/09/2023
Total ($1,300/tonne conc)	**A$458 m**	**A$0.68**		**A$322 m**	**A$0.48**	
Total ($1,100/tonne conc)	**A$341 m**	**A$0.51**		**A$240 m**	**A$0.36**	
Shares for Reporting		**671,261,500**				

Source: IIR analysis

- We have not included debt as a separate item - cash flows relating to the US$20 million facility are included within the Lindi DCF model.
- Our risking of Lindi to date has taken a technical approach, based on the weighted average of Proven and Probable Reserves in the production profile - as a rule of thumb, for pre-production assets, Proven Reserves are valued at 100% of NPV, and Probable Reserves at between 20% and 50% - given the close to 50:50 split between the two, this results in a technical risk factor of between 60% and 75% - we have used 75%.
- The main driver of value now should be the successful transition to production - we would expect this to reach at least 100% of NPV on demonstrated name-plate production over one or two quarters - however at such a stage the Project may also be valued by other methods, including cash-flow multiples.
- The effect of changing the risk factor is presented in Table 2, with this highlighting that, even if the value of Lindi is highly risked by the market, the per share valuation is still a multiple of the current share price.

Table 2: Lindi risk factor sensitivity

Lindi risk factor sensitivity						
Value Item	**Risk Factor ->**	**60%**	**70%**	**80%**	**90%**	**100%**
Lindi Risked Valuation		A$179 m	A$208 m	A$238 m	A$268 m	A$298 m
Lindi per Share Valuation		A$0.27	A$0.31	A$0.35	A$0.40	A$0.44
Company per Share Valuation		A$0.41	A$0.46	A$0.50	A$0.55	A$0.59

Source: IIR analysis

- Producing companies may more often be valued using ratios and multiples, including the price to earnings ("PE") ratio, which has, over the past 10 years, averaged ~12 x for Australian listed miners.
- Our analysis indicates that the earnings attributable to Walkabout at base case production (after the payment of Government dividends) are ~US$18 million per year, or A$25 million per year using an AUD/USD exchange rate of 0.7 (Table 3).

Table 3: Lindi production/valuation upside based on EPS and 12x PE ratio

Lindi production/valuation upside based on EPS and 12x PE ratio					
Item	**USD**	**AUD**	**EPS**	**PE 12x share**	**PE 12x Co**
Company Earnings pa	US$18 m	A$25 m	A$0.04	A$0.45	A$302 m
~25% inc in prod (to 50,000 tpa)	US$22 m	A$32 m	A$0.05	A$0.57	A$381 m
~50% inc in prod (to 60,000 tpa)	US$27 m	A$38 m	A$0.06	A$0.69	A$461 m

Source: IIR analysis

- Using a PE ratio of 12 results in a company valuation of A$302 million, close to our sum of the parts un-risked valuation (excluding the Lindi upside), which should be reached on achieving the forecast earnings.
- Likewise, when upside production is included, the NPV and multiple valuations have good agreement.
- As mentioned above key drivers for moving the share price will now be completion of construction, successful commissioning and ramp-up of operations and generation of positive cash flow - in addition exploration success on other properties should also provide upside.

Lindi DCF Modelling

- NPV modelling has been done in US dollars, with the final figure being converted at a forecast exchange rate of 0.70 to Australian dollars for use in the final valuation table.
- We have modelled the construction period and expenditure on the actual figures, with this starting in 2022, and with staged commissioning now having commenced, and expected to be completed by the end of Q1, CY2024.
- This is followed by a 24 year mine life with a nominal output of 40,000 tpa of 96% graphite concentrate as per the Company's updated DFS.
- We have included a government dividend of 16% of NPAT, payable after capital and funding has been paid back.
- We have used the Company's funding structure, including the US$20 million debt facility and equity as already raised - we have not allowed for any further equity raisings - the debt includes a contingency payment of 30% of FCF during the three year term of the loan.

- We have largely used inputs as provided in the Company's March 2019 DFS update, however, as mentioned, have increased the capex to the actual figure of US$34.5 million, and opex to US$420/tonne FOB – this also includes using the production schedule as supplied by the Company.
- The base case has been calculated, as mentioned above, on a gross basket price of US$1,300/tonne for the expected product mix - as mentioned earlier this is ~15% lower than used previously, however above the basket price of US$1,100 as calculated from November 2023 graphite prices.
- Financial outputs (USD) from our 2022 and 2023 modelling are presented in Table 4.

Table 4: Lindi DCF modelling production and outcomes (USD) - 100%

Lindi DCF modelling production and outcomes (USD) - 100%						
Item	**Peak Annual 2022**	**Total 2022**	**Per Tonne Con 2022**	**Peak Annual 2023**	**Total 2023**	**Per Tonne Con 2023**
Net Revenue (after marketing)	US$63 m	US$1,452 m	US$1,515	US$57 m	US$1,219 m	US$1,261
Operating Costs	-US$17 m	-US$322 m	-US$336	-US$23 m	-US$433 m	-US$448
Royalties	-US$2 m	-US$44 m	-US$54	-US$2 m	-US$37 m	-US$38
EBITDA	US$49 m	US$1,086 m	US$1,133	US$36 m	US$749 m	US$775
Initial Capex	N/A	US$28 m	US$29	N/A	US$35 m	US$36
Sustaining Capex	-US$0.04 m	-US$1 m	-US$1	-US$0.05 m	-US$1 m	-US$1
Total Free Pre-Tax/ Funding Cash Flow	US$49	US$1,057 m	US$1,103	US$36 m	US$713 m	US$810
NPV (Funded, Post-Tax)	N/A	US$315 m	US$329	N/A	US$206 m	US$213
Diluted shares on issue		475.9			671.3	
Resource Parameters	**Annual**	**Total**	**Mine Life**	**Annual**	**Total**	**Mine Life**
ROM Mined	230 kt	5.61 Mt	24 years	230 kt	5.61 Mt	24 years
LoM Product Sales	**Production**	**Revenue (USD)**	**Revenue/ Tonne**	**Production**	**Revenue (USD)**	**Revenue/ Tonne**
Graphite Concentrate	958 kt	US$1,452	US$1,515	966 kt	US$1,219	US$1,261

Source: IIR analysis

- As part of our analysis we have completed a sensitivity analysis – this shows that, given the grade, Lindi is very robust, and can withstand reasonable adverse changes in graphite prices and operating cost, (to which it is the most sensitive to), as well as capital costs.
- This is presented in two tables below – firstly Table 5, which shows the sensitivity of the base case Lindi operation alone in USD, and Table 6, which shows the sensitivity to the share price attributable to Lindi in AUD, with the USD value of Lindi being converted to AUD at an ER of 0.70.
- Note that the per share figures are based on the current share capital, with no further raisings expected.
- Also, on the most pessimistic case presented in Tables 5 and 6, the Lindi Project NPV is still at an attractive multiple of ~2 to the up-front capex, and is also viable using our estimated current basket price of US$1,100/tonne.

Table 5: Opex and sales price sensitivity – Lindi base case NPV - equity basis (USD)

Opex and sales price sensitivity – Lindi base case NPV - equity basis (USD)						
				Change in Opex		
Lindi NPV		-20%	-10%	0%	10%	20%
Graphite Price	US$750	US$76 m	US$64 m	US$53 m	US$41 m	US$29 m
	US$1,000	US$147 m	US$136 m	US$125 m	US$113 m	US$102 m
	US$1,250	US$217 m	US$206 m	US$195 m	US$184 m	US$173 m
	US$1,500	US$285 m	US$274 m	US$263 m	US$252 m	US$241 m
	US$1,750	US$353 m	US$342 m	US$331 m	US$320 m	US$309 m
	US$2,000	US$421 m	US$410 m	US$399 m	US$389 m	US$378 m

Source: IIR analysis

Table 6: Opex and sales price sensitivity – Lindi base case risked per share (AUD)

Opex and sales price sensitivity – Lindi base case risked per share (AUD)						
		Change in Opex				
Lindi/Share		-20%	-10%	0%	10%	20%
Graphite Basket Price	US$750	$0.121	$0.103	$0.084	$0.066	$0.046
	US$1,000	$0.235	$0.217	$0.199	$0.181	$0.162
	US$1,250	$0.346	$0.328	$0.311	$0.293	$0.276
	US$1,500	$0.455	$0.437	$0.420	$0.402	$0.385
	US$1,750	$0.564	$0.546	$0.529	$0.511	$0.494
	US$2,000	$0.673	$0.655	$0.638	$0.620	$0.603

Source: IIR analysis

BOARD AND MANAGEMENT

- **Mike Elliott - Non-Executive Chairman:** Mike Elliott has a combined 34+ years' experience working with mining and metals clients around the world. He was the Global Mining & Metals Sector Leader at Ernst and Young (EY) for over 10 years, and was a member of its Oceania governing body for 5 years.

  Mike advised and briefed the CEOs, CFOs and Directors of some of the largest global mining and metals companies on all continents. His access & broad scope allowed him to develop sector insights that benefited industry constituents large & small.

  As a key advisor, Mike has participated in many large transactions, IPOs and privatisations that have transformed the industry.

  Mike holds a BComm from UNSW, is a fellow of the Institute of Chartered Accountants & a member of the Institute of Company Directors.

- **Andrew Cunningham - Managing Director/Chief Executive Officer:** Andrew Cunningham has extensive cross discipline technical and management experience in the minerals industry, predominantly in Africa and Australia and has worked in a range of commodities and geological styles including uranium, iron ore, graphite, diamonds, gold, and base metals.

  During the last 20+ years, Andrew has managed all facets of exploration and development projects in Africa from project generation to the completion of feasibility studies. He has held senior geology and exploration positions with major international mining companies as well as various ASX and TSX listed companies. Andrew has been working with Walkabout Resources Ltd since 2013 and brings a wide range of exploration, resource development, mine geology and management experience to the company.

  Andrew holds a BSc Hons in Geology from the University of Stellenbosch in South Africa and is a member of the Australian Institute of Geosciences.

- **Phil Montgomery - Non-Executive Director:** Mr Montgomery has extensive global executive experience with an exceptional pedigree in major project delivery. As an executive at BHP and its predecessor organisations, Phil was responsible for the project's quadrupling output in the WA Iron Ore Division. While with BHP he held the roles of Chief Growth Officer, Global Head of Group Project Management and Vice President – Projects, leading the Jansen potash project.

  Having worked in developing countries including Mozambique, the DRC, South Africa and Colombia, Phil is well positioned to manage risk and challenges as a key advisor during the construction and commissioning of the Lind Jumbo Graphite Mine.

  Phil has a Bachelor of Science (Mechanical Engineering & Business Management) from Oxford Brookes University. He is currently a non-executive director at both Salt Lake Potash and Société des Mines de Fer de Guinée.

- **Peter Finnimore - Non-Executive Director:** Mr Finnimore is a sales and marketing executive with 20 years' experience in the mining and metals sector with majors such as Rio Tinto, Rusal, BHP and South32. Most recently, while with South32, Peter held the roles of Chief Marketing Officer and Chief Commercial Officer, with a remit including logistics, risk management, technical marketing, industry and commodity analysis and product development.

Peter has a genuine international perspective, having spent majority of his executive career working and living abroad in countries including Japan, Russia, Holland, Singapore, Cyprus and Switzerland.

Over his career, Peter was responsible for many tens of billions of dollars in revenue of aluminium, alumina, manganese and nickel. He also designed and executed a strategy to transform the global alumina industry's pricing mechanism.

Peter holds a Bachelor of Commence and Bachelor of Laws from the University of Queensland. He is a member of the Institute of Company Directors and has previously served as a director of both the International Aluminium Institute and the International Nickel Institute.

- **Tony Allen - Chief Financial Officer:** Tony is a Certified Practicing Accountant who brings extensive financial and commercial expertise with over 30 years' experience in the mining industry across multiple commodities including graphite; the majority at production phase companies within USA, Africa and Australia at senior operational level.

  Tony has managed all financial and commercial aspects of mining projects through all phases of the mining cycle; exploration, feasibility study, construction, development, and production and has played a significant role in the growth of these projects.

  Mr Allen has been at the forefront of developing cross-border financial structures and has led international teams throughout his career. His financial expertise and technical knowledge are well-demonstrated though his broad experience, covering all aspects of operations, corporate finance, financial and strategic planning, taxation, corporate governance, compliance, risk management, system development and business improvement.

- **Bruce White - Project Manager:** Bruce White has a B.Eng in Mechanical Engineering from the University of Johannesburg in South Africa and has acquired his Project Management Professional (PMP) accreditation from Project Management Institute.

  Bruce is an accomplished Project Manager with a broad experience in project management and engineering in the mining and resource industry for over 20 years. Within this timeframe, Bruce has been involved in a number of underground and open pit mining projects with processing plants and mine site infrastructure throughout Africa and Australia.

  Bruce has worked across a wide range of commodities including gold, graphite; coal, platinum, zinc and phosphate with some major mining companies and a number of ASX Listed Australian Exploration and Mining Companies as well as consulting companies. Bruce has specialised in all facets of projects from Conceptual through Pre-Feasibility, Definitive Feasibility Studies and into Execution and Handover Phases.

- **Ms Rachel Songo - Director - Lindi Jumbo:** Rachel is a GIS and Data Management specialist with extensive experience working for multinational mining and exploration companies in Tanzania, South Africa and Democratic Republic of Congo.

  Rachel has more than 25 years' experience in the mining industry including roles with Great Basin Gold, Lonmin Mining Tanzania Ltd, AngloGold Ashanti Ltd, Ashanti Exploration Tanzania Ltd, Anglo American Corporation of South Africa and Ngwena Ltd (owned by ASX-listed Graphex Mining Ltd).

  Rachel specialises in mineral rights management, Government liaison, reporting, data management and logistics and technical support for mining projects

  Employed at Lindi Jumbo since 2016, Rachel is responsible for ensuring the company fulfils its legal and regulatory compliance obligations operating in Tanzania; mineral rights and permits management; as well as Government relations and reporting and finance responsibilities.

PROJECT DESCRIPTIONS

LINDI JUMBO GRAPHITE PROJECT - WKT – 70%, 84%, 100%

Background

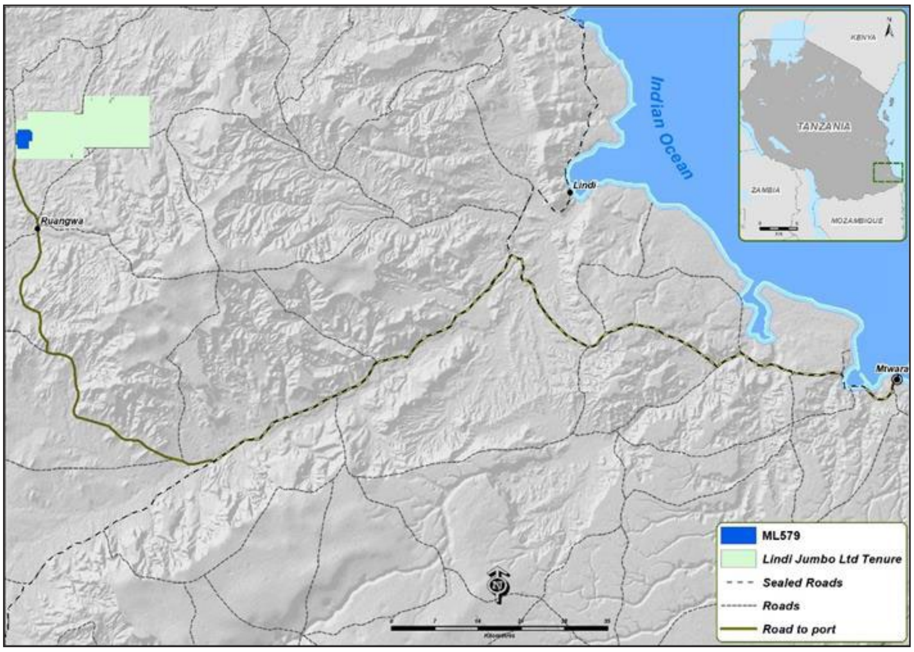
- This section is as largely presented in our May 2022 update, and summarises a more comprehensive discussion of the Project as presented in our March 2017 report.
- Lindi comprises three Prospecting Licences ("PL") and one granted ML for 169.09 km^2 in south-eastern Tanzania (Figures 2 and 3, Table 7) - the tenements are located some 75 km west of the coastal town of Lindi, and around 200 km by road to the Port of Mtwara. The westernmost tenement is contiguous with Magnis Resources' (ASX: MNS) Nachu Project.
- The Company has an option to purchase the remaining 30% equity share of PL 9993/2014 for US$1 million.

Table 7: Lindi Project tenements

Lindi Project tenements				
Tenement	**Area (km^2)**	**Current Interest**	**Potential Interest**	**Notes**
ML 579/2018	6.89	100%	100%	Granted. Government has 16% FCI over mining operations
PL11409/2020	74.9	100%	100%	Granted
PL 11377/2019	43.9	70%	100%	Granted, relinquished part of PL9993/2014
PL 9993/2014	43.4	70%	100%	Current, option to acquire additional 30% for US$1 million
Total	169.09			

Source: Walkabout

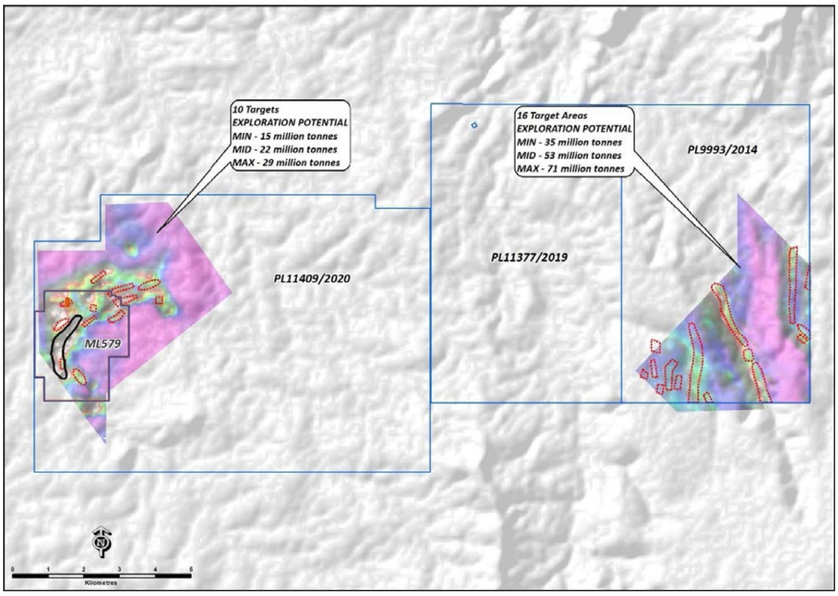
Figure 2: Lindi Project location map



Source: Walkabout

- The regional geology includes units of the Proterozoic Usagaran Belt, with an age of between ~2,000 Ma and 800 Ma, which outcrops to the west of the Project area on the eastern side of the Tanzanian Craton - this was deformed by the Pan-African Orogen, which has an age of between ~600 Ma and ~500 Ma, and occurred as a result of the closing of the Mozambique Ocean, with the orogenic areas termed the Mozambique Belt, over which the Project lies.
- Lithologies in the region are dominated by undifferentiated metasediments, graphitic schist and gneisses, amphibole and biotite gneisses and quartzites, all metamorphosed to amphibolite and granulite grade. Minor units include ultrabasic intrusives, pegmatites, marbles and limestones.
- Graphite mineralisation at the main "Gilbert Arc" area (which contains the Company's JORC-compliant Mineral Resources) is hosted largely in graphitic schists and graphite-biotite gneisses, which structurally form an antiform that defines the "arc".

Figure 3: Lindi tenements



Source: Walkabout

- The defined mineralisation is located on the western, west dipping limb of the antiform, with dips varying from near horizontal to ~45° (Figures 3 to 5) - this comprises a number of discrete domains.

Drilling and Resource/Reserve Upgrade Drilling and Trenching

- In late 2018 the Company undertook a Resource/Reserve extension and upgrade drilling programme - this targeted two areas - upgrade drilling (seven RC holes for 490 m and seven trenches for 490 m over the northern Inferred Resource area) and 10 RC holes for 864 m over the southern block (Figures 4 and 5).
- The drilling at the northern area did not significantly add to Resources, however did allow for a significant upgrade in the Resources, allowing these to be converted to Reserves; the southern block drilling however did add appreciable new Inferred Resources, increasing the global MRE from 29.6 Mt @ 11.0% TGC to 41.8 Mt @ 10.8% TGC - the updated Resource includes high grade domains of 5.0 Mt @ 22.5% TGC (Table 8).
- Total Ore Reserves increased from 5.0 Mt @ 16.1% TGC to 5.5 Mt @ 17.9% TGC (Table 9) - these are based only on Measured and Indicated Resources, with the potential to increase these with upgrading of Inferred Resources through infill drilling.

Table 8: Lindi JORC 2012 Mineral Resource Estimate

Lindi JORC 2012 Mineral Resource Estimate			
Resource Category	**Tonnes (Mt)**	**TGC %**	**Contained Graphite (t)**
Measured	6.5	12.1	781,800
(Including High Grade)	1.7	23.4	393,200
Indicated	8.4	10.5	887,300
(Including High Grade)	1.5	21.2	325,300
Inferred	26.9	10.5	2,837,600
(Including High Grade)	1.8	22.7	411,900
Grand Total	**41.8**	**10.8**	**4,506,811**
High Grade Domains	5.0	22.5	1,127,800

Source: Walkabout (note rounding errors may occur)

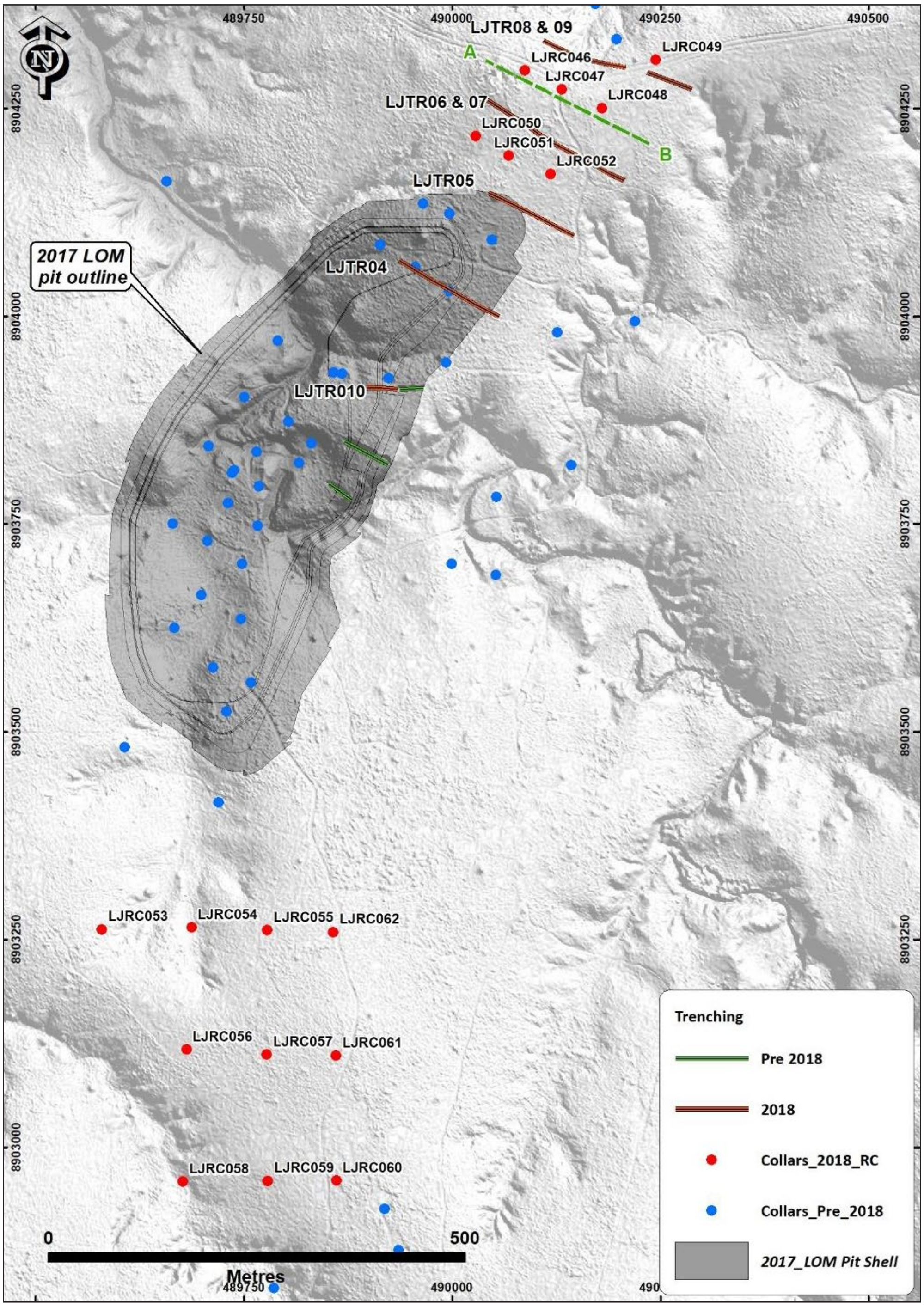
Table 9: Lindi JORC 2012 Ore Reserve Estimate

Lindi JORC 2012 Ore Reserve Estimate			
Category	**Tonnes (Mt)**	**TGC %**	**Contained Graphite (t)**
Proven Ore Reserves	2.54	19.3	489,000
Probable Ore Reserves	2.97	16.7	498,000
Total Ore Reserves	**5.51**	**17.9**	**987,000**

Source: Walkabout (note rounding errors may occur)

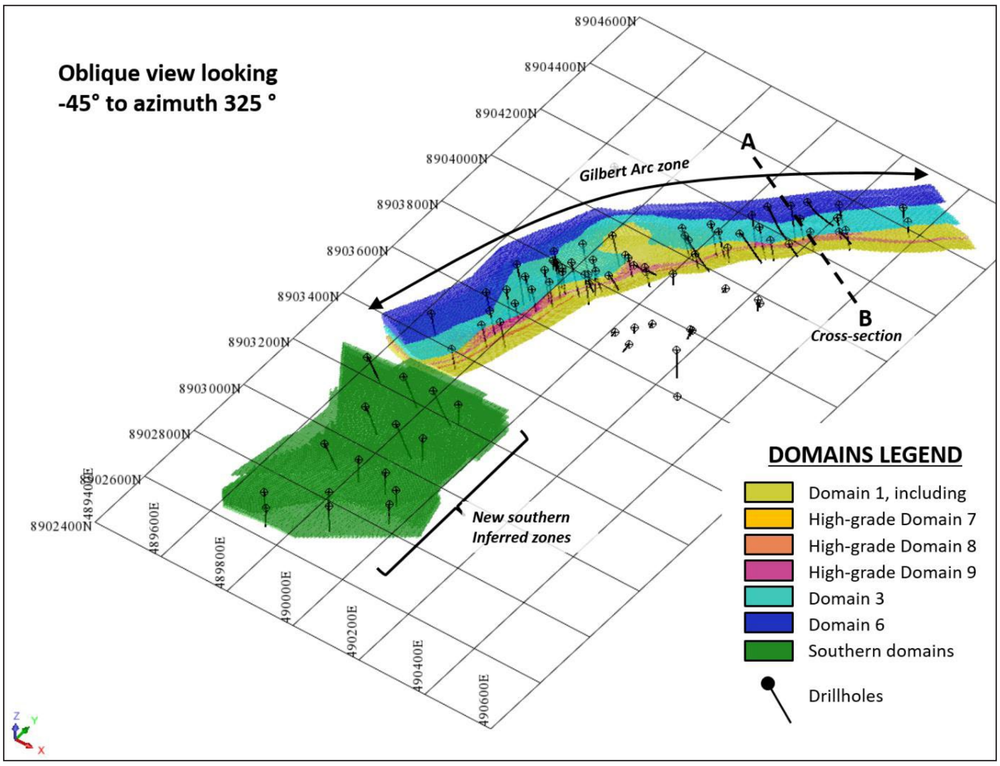
- The drilling and trenching in the northern area resulting in some spectacular intersections, including 36.1 m @ 23.5% TGC from 3 m in trench LTR004 (including 7.1 m @ 32.9% TGC), and 14 m @ 19.7% TGC in hole LIRC046 - refer to the Company's announcement of November 5, 2018 for full details, with some also being shown in Figure 6.
- The results of this round of drilling agreed with the then current 3D modelling of the Resource, highlighting the predictability of the mineralisation; it also extended the high grade domains that now have a drilled strike extent of 1 km and remain open along strike and down dip, along with the overall mineralised package (Figure 6).
- The southern Inferred zone, and the potential for strike and dip extensions confirm the scale up potential of the planned operation.
- Some hydrological drilling was also completed, which confirmed that there is sufficient groundwater available for construction and the proposed operations.

Figure 4: Lindi drilling and trenching



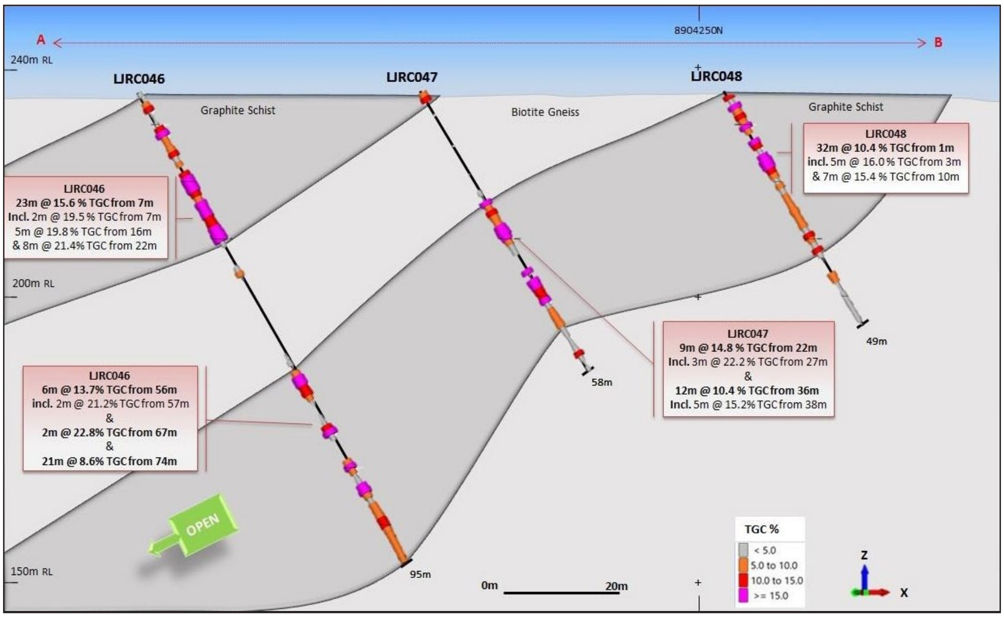
Source: Walkabout - note that the pit outline is from 2017 - this has now been expanded

Figure 5: Lindi resource outline and domain outlines



Source: Walkabout

Figure 6: Cross section A-B

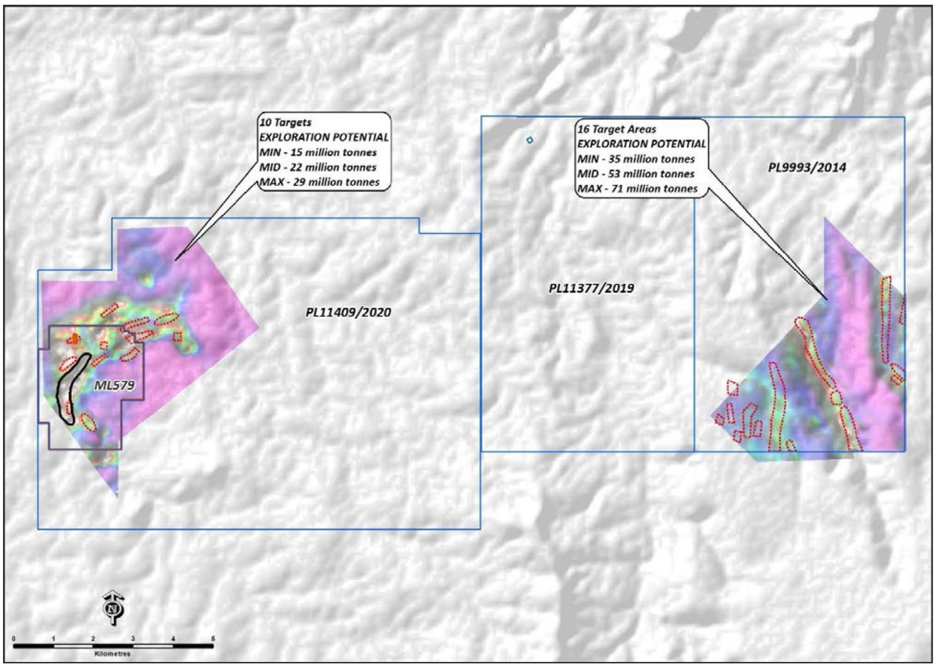


Source: Walkabout

Resource Upside Potential

- In addition to the MRE, the Company has updated and published two exploration targets for Lindi as shown in Figure 7.
- These include:
  - West - 15 - 29 Mt @ 8 - 12% TGC;and,
  - East - 35 - 71 Mt @ 10 - 12% TGC.
- These targets highlight the upside potential of the Project, and the potential to either increase the scope of the operation in the future, else extend the mine life (or both).
- There is also upside due through upgrading of current Inferred Resources to Indicated and Measured with infill drilling - grade control drilling will also upgrade some of the Inferred material.

Figure 7: Lindi exploration targets (red polygons) and Gilbert Arc MRE (black polygon)



Source: Walkabout

DFS Updates

- The Company has completed two DFS updates - the first, in August 2017, to accommodate the Mining Law changes as enacted by the Tanzanian Government, with the second recently released update incorporating the upgraded Ore Reserve, refined costings and updated graphite pricing.
- Table 10 presents a comparison of results between the original DFS, the updated 2017 DFS and the 2019 update - our view is that the numbers (and changes) when published were reasonable, and by virtue of the high grade, stack up favourably against other African graphite projects.
- This does include the latest figures as used in our modelling, allowing for cost inflation and price changes since the 2019 DFS Update, which include:
  - Actual upfront capex of US$34.5 million (a 24% increase on 2019),
  - FOB operating costs of US$420/tonne concentrate (up 21%, based on company guidance of US$400 to US$450/tonne concentrate); and,
  - Graphite basket price of US$1,300/tonne con FOB (down 14%).

Table 10: Lindi DFS comparisons

Lindi DFS comparisons					
Financial Metric - 100% Ownership Basis	**Unit**	**2017 DFS**	**2017 DFS Update**	**2019 DFS Update**	**% Change on Updated 2017 DFS**
Life of Mine Modelled	Years	20	20	24	20% Increase
Operating Costs (Life of Mine)	US$m	273	267.5	334.1	25% Increase
Operating Costs (ex-transport)	US$/t con	292	289	282	2.4% Decrease
Operating Costs FOB Mtwara	US$/t con	352	349	347	0.6% Decrease
Pre-production Capital Costs	US$m	38.7	29.7	27.8	6.4% Decrease
Life of Mine Revenue	US$m	1,259	1,188	1,445	21.6% Increase
Graphite Basket Price	US$/t	1,687	1,564	1,515	3.1% Decrease
Average Annual Free Cash flow	US$m	35.8	28	28.8	2.9% Increase
EBITDA Life of Mine	US$m	954	886	1,070	21% Increase
Pre Tax NPV_{10}	US$m	323	302	335	10.7% Increase
Pre Tax IRR	%	96.4	108	142	31.5% Increase
Post Tax NPV_{10}	US$m	230	180	197	9.4% Increase
Post Tax IRR	%	85.9	88	119	23.9% Increase
Operating Margin	%	79	77	77	
Payback Period	Years	<2	<2	<2	

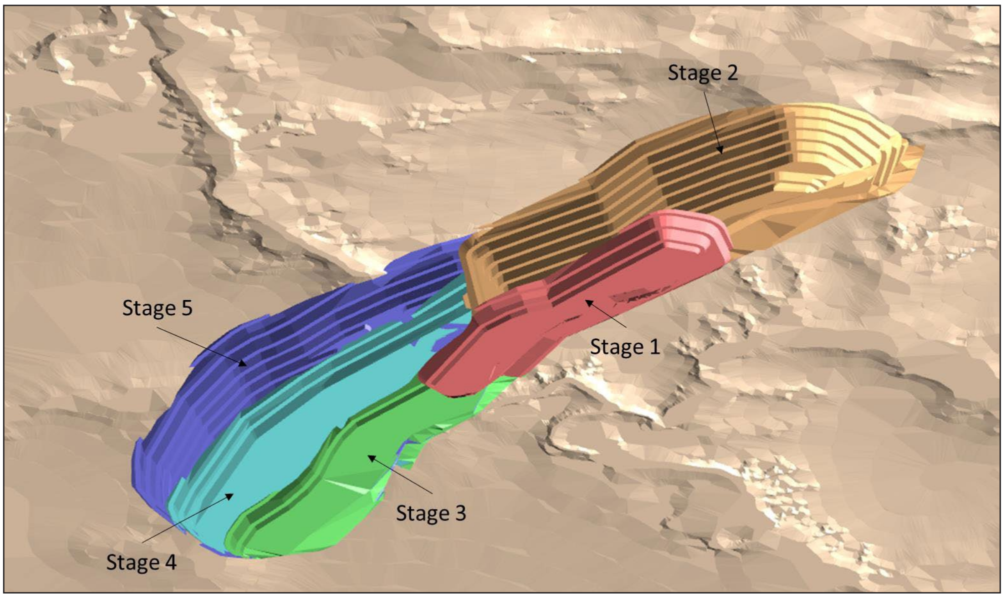
Source: Walkabout

- Planned operations remain largely unchanged, and include the following:
  - Contractor free dig (+- bulldozer ripping) in oxide, and then drill and blast mining,
  - On-site beneficiation and concentration in a company owned plant,
  - Transport of concentrate 200 km to the port at Mtwara for re-bagging and then loading on ships for export.
- The main change in the 2019 update was the extension of mine life due to the increase in Reserves, resulting in significant increases in life of mine revenue, despite reductions in the forecast graphite basket pricing.
- Other changes have included capital costs - these decreased significantly in the 2017 update, partly due to the EPC agreement with Jinpeng which includes contracted fixed sums, with this largely unchanged in the 2019 update, however, as noted, have subsequently increased.

Mining

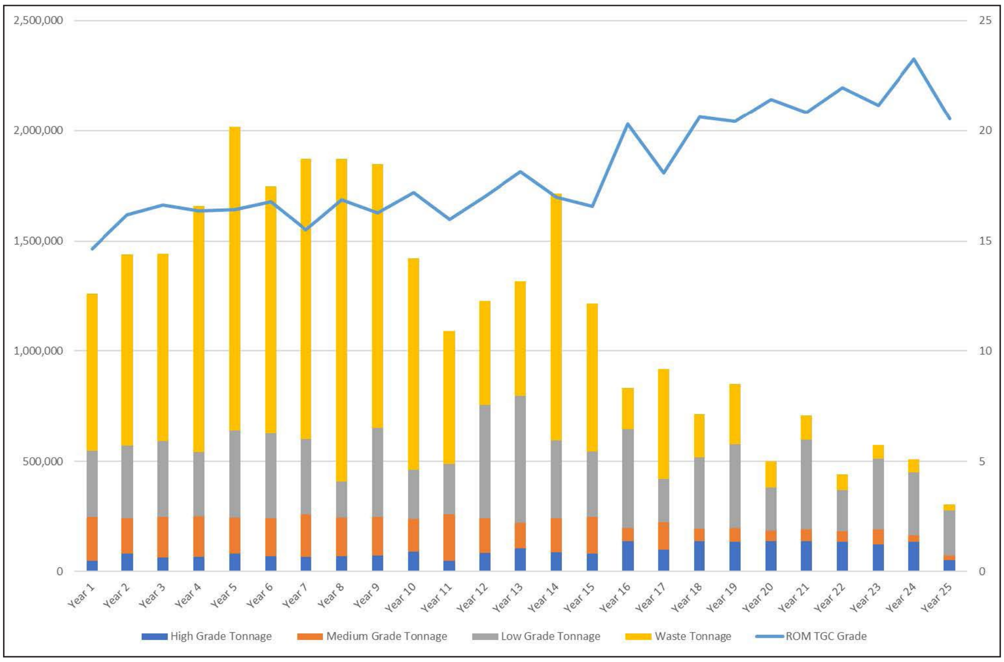
- Except for the scale, mining operations are largely the same between the various studies, involving a staged pit utilising both contractor free dig (mainly in the oxide) and drill and blast mining.
- The recent update involves an average annual ROM mining rate of 230,000 tpa, at a LoM strip ratio of 4.35:1; the previous scenario used a 260,000 tpa mining rate with a strip ratio of 3.3:1.
- The strip ratio takes into account both waste and low grade mineralisation that will be stockpiled separately for potential future treatment.
- The planned staged 2019 pit is shown in Figure 8 and the production profile is presented in Figure 9 - this has been scheduled to provide a constant ~40,000 tpa of graphite concentrate, and with the lowering strip ratios, lowering tonnages but increased grades at the end maintains strong cash flows over the life of mine.
- The Company has subsequently refined the initial three years of the mining plan, however it remains broadly the same - this largely affects the "Stage 1" and "Stage 2"pits as shown in Figure 8, and results in a lower strip ratio for this period, as well as providing sufficient ore to deliver an average of 40,000 tpa of concentrate over the period, including 44,000 tpa in years 2 and 3.
- A comparison of the schedules for the initial three years is shown in Figure 10, which highlights the reduction in waste mined - this is reduced from 8 Mt in the combined Stages 1 + 2 to 3.7 Mt in the new Stage 1 pit.
- This also provides the amount of waste required for the first lift of the TSF - the total LoM waste is that required in the constant three lifts build of the TSF, thus precluding the need for waste dumps on site.

Figure 8: Planned production profile



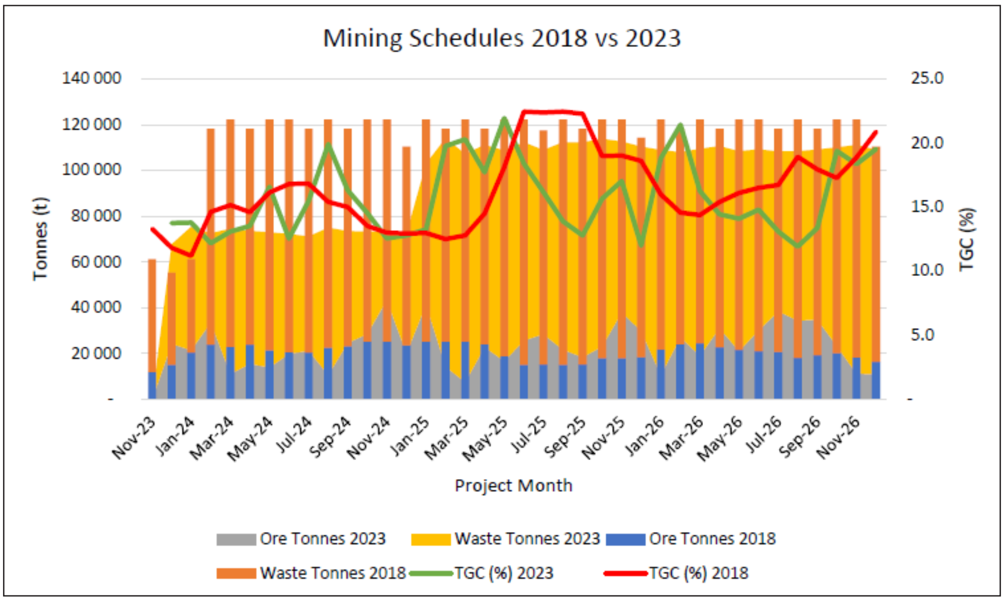
Source: Walkabout

Figure 9: LoM Planned production profile



Source: Walkabout

Figure 10: Years 1 to 3 comparative mining schedules (2018 are bars, 2023 are area graphs)



Source: Walkabout

Metallurgy and Pricing

- Metallurgical activities have included closed circuit test work at the Beijing General Research Institute for Mining and Metallurgy ("BGRIMM") in Beijing, a key Chinese research institute with significant expertise in graphite extraction, as well as previous work in Europe and Australia - this has returned concentrate grades generally between 90% and 97%, with the more recent locked cycle work by the BRGIMM returning the best grades.
- This work has helped in the final equipment selection,as well as confirming the results from the 2016 Nagrom laboratories in Perth.
- As discussed earlier, expected pricing has reduced since the US$1,515/tonne as used in the 2019 study, with current prices in the order of US$1,100/tonne, but with our view that US$1,300/tonne CIF is reasonable on a long term basis.
- These prices still fall within the range as presented in Table 11.
- Test work has also been undertaken looking at the viability of recovering vanadium from the tails, however this has not been considered in the DFS (nor in our modelling).

Table 11: Graphite sizing and pricing - fresh material - 2019

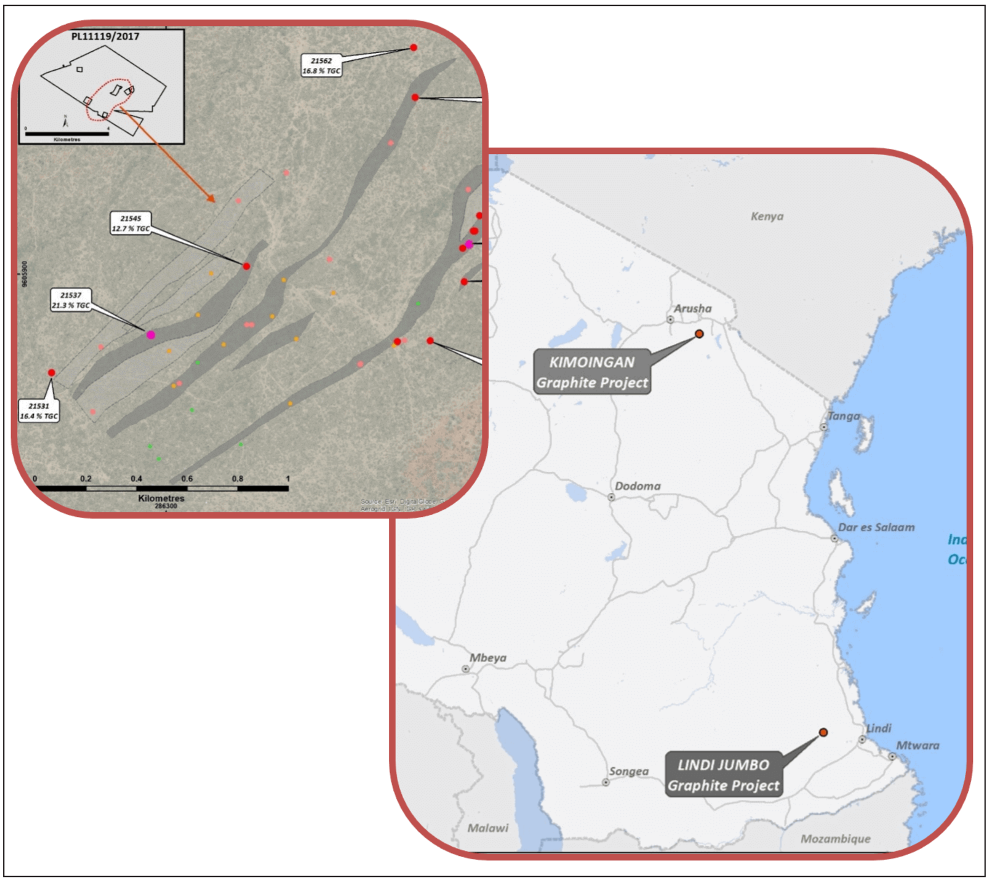
Graphite sizing and pricing - fresh material - 2019					
Product Specification			**Mid**	**Low**	**High**
Flake size (micron)	**Mesh**	**Distribution**	**Price (USD/t)**	**Price (USD)**	**Price (USD)**
500	32	14.80%	2,350	1,580	2,540
300	50	34.50%	1,850	1,450	2,260
180	80	25.00%	1,200	970	1,440
-180	-80	25.70%	890	610	1,330
		Basket Price	**1,515**	**1,133**	**1,857**

Source: Walkabout (note rounding errors may occur)

KIMOINGAN GRAPHITE PROJECT - WKT 100%

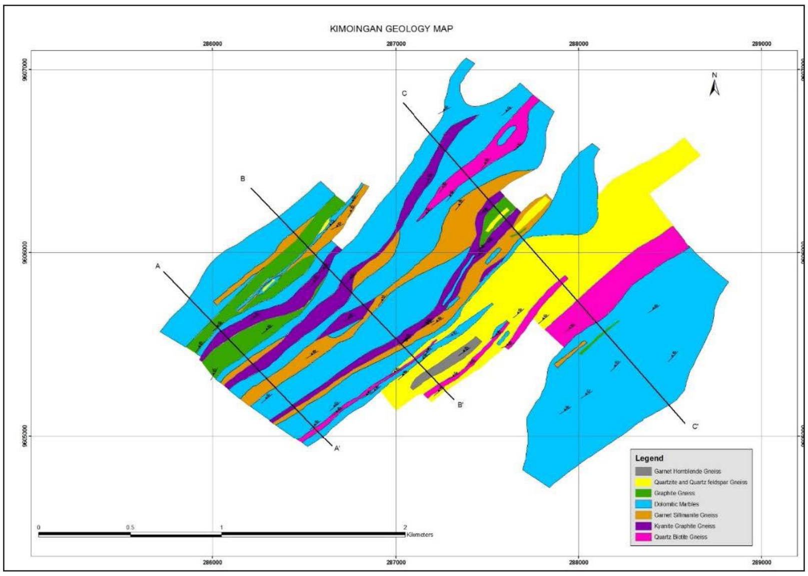
- Kimoingan consists of a single prospecting licence, PL11119/17, located near Arusha in Northern Tanzania.
- The region is a past producer of graphite, including from the mines at Merelani from the 1990s, which now produce the gemstone Tanzanite
- Work by Walkabout has included geological mapping and rock chip geochemical sampling, with the samping returning grades of up to 27% TGC, and the mapping identifying a number of parallel zones of outcropping graphitic schists that now require further work, including drilling.
- Individual zones can be traced for up to 2 km along strike (Figure 12), with these also exhibiting pronounced pinch and swell patterns.
- This work has also led to the publishing of an exploration target of 22 - 72 Mt @ 10-15% TGC.

Figure 11: Kimoingan location and prospective stratigraphy



Source: Walkabout

Figure 12: Kimoingan location and prospective stratigraphy



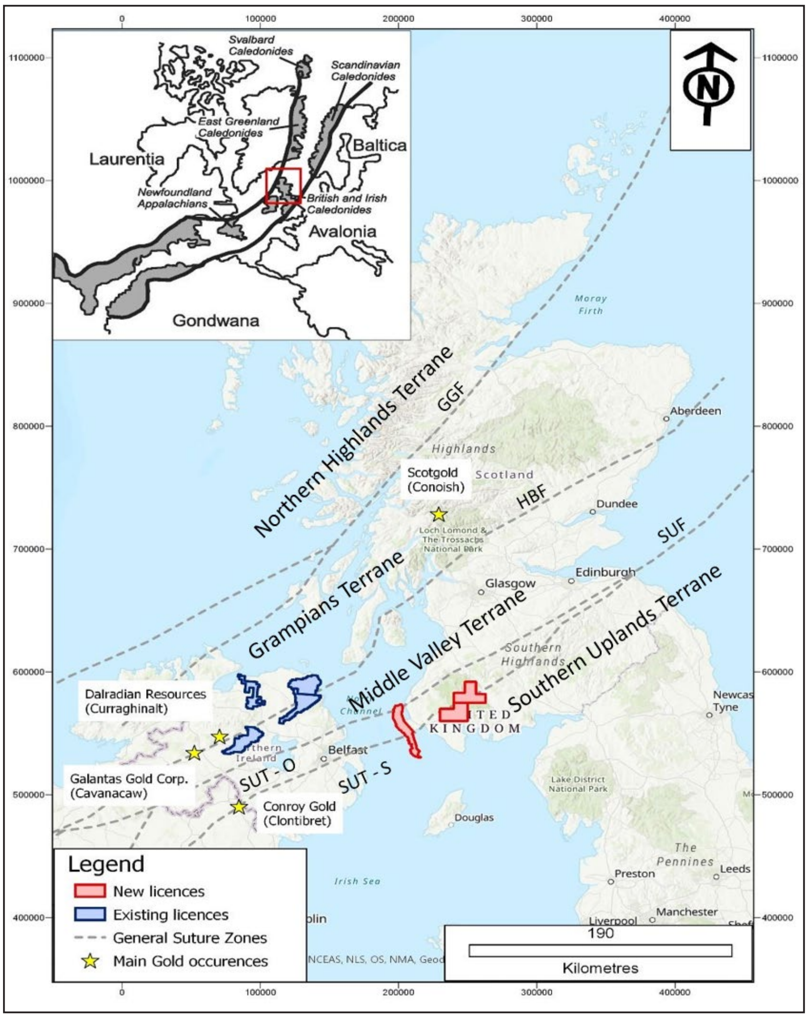
Source: Walkabout

UNITED KINGDOM PROJECTS - WKT 50% TO 100%

Location and Tenure

- The United Kingdom Projects are located over geological units and structures of the Early Phanerozoic Caledonian Orogeny in Southern Scotland and Northern Ireland (Figure 13).
- Note that Figure 13 includes some tenements that are no longer held - please refer to Figures 14 and 15 for current tenement details.

Figure 13: United Kingdom tenements and major tectonic units.



Source: Adapted from Walkabout. GGF - Great Glen Fault, HBF - Highland Boundary Fault, SUF - Southern Upland Fault, SUT - O - Southern Uplands Terrane Ordovician aged units, SUT - S - Southern Uplands Terrane, Silurian aged units.

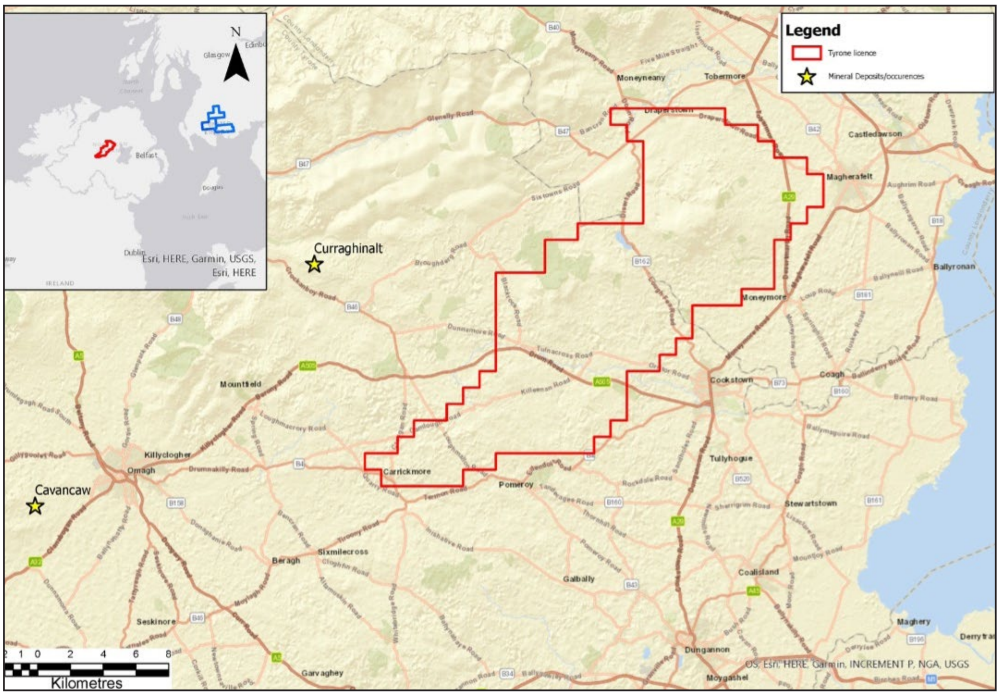
- Although initially the Northern Ireland holdings included four licences totalling 930.2 km^2 in area (Table 12 and Figure 13) - the Company has exited from the Antrim County JV and Magilligan, and now is solely involved in the Tyrone County JV with UK private company Koza Limited.
- There are two tenement types - responsibility for most minerals rests with the Department for the Economy ("DofE"), however that for gold and silver belong to the Crown Estate, with prospecting licences for gold and silver needing to be granted by the Crown Estate Commissioners ("CEC") - we note that Walkabout does not have an interest in gold exploration rights over Magilligan.
- Companies however can apply to both the DofE and CEC for concurrent licences.

Table 12: Northern Ireland tenements and terms

Northern Ireland tenements and terms					
Licence Type	**Licence Number**	**Area (km^2)**	**Registered Holder**	**Comment**	**Terms**
MPL	KOZ01/16	250	Koza Ltd	Earning 50% and then 75%	Tyrone County JV - Initial 50% upon expenditure of US$0.5 million, then an additional 25% on completion of a mutually agreed PFS. Koza is free carried to a PFS, then contribute pro rata or dilute 10%, at which stage equity converts to a 2% NSR
Crown Estate	KOZ01/16		Koza Ltd		

Source: Walkabout

Figure 14: Northern Ireland tenement map



Source: Walkabout

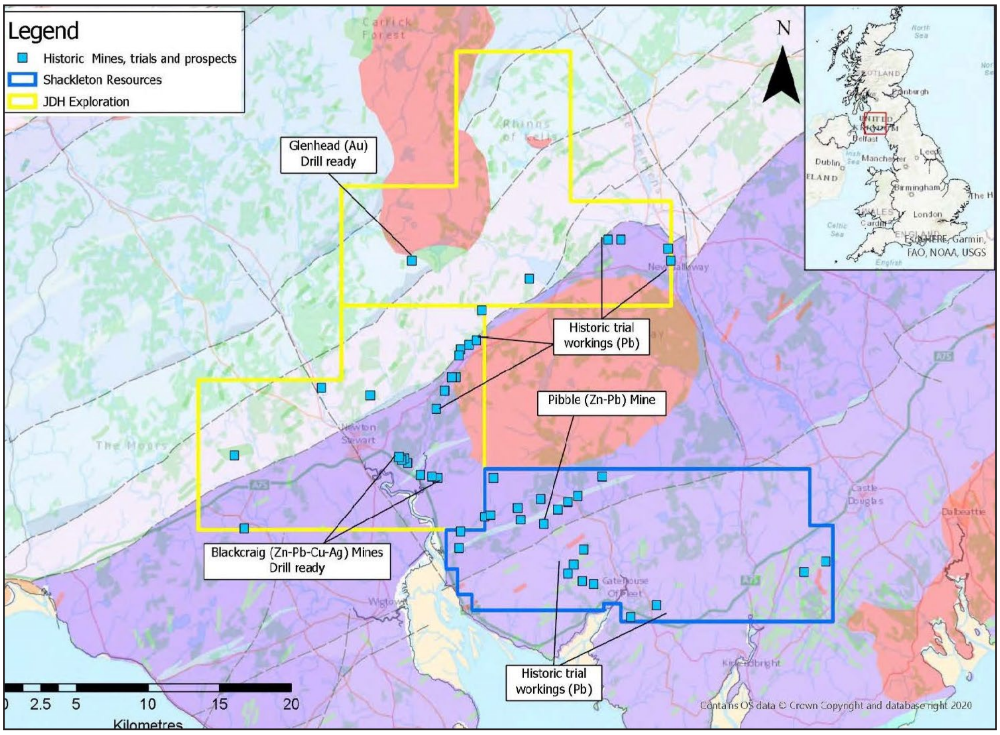
- The Scottish tenements are shown in more detail in Figure 14 and Table 13, with St John's Town of Dairy and Newton Stewart originally subject to a farm-in agreement with private UK company JDH Exploration Ltd ("JDH") - a third tenement subject to the JV, Rhins of Galloway, was relinquished during 2021.
- In January 4, 2022, the Company announced that it acquired the remaining 25% holding in JDH for GBP100,000, with the vendor holding no further interest in JDH nor being entitled to any more milestone payments - Walkabout had previously announced that it had met the 75% earn-in milestones.
- Gatehouse of Fleet was applied for by the Company, and granted in the September quarter 2021.

Table 13: Scottish tenements

Scottish tenements					
Licence Name	**Crown Estate No.**	**Abbreviation**	**Size (km^2)**	**Date Granted**	**Expiry Date**
St John's Town of Dalry	11	GH	249	01/12/2016	30/11/2022
Newton Stewart	12	TN	250	01/08/2017	31/07/2023
Gatehouse of Fleet		GoF	250		

Source: Walkabout

Figure 15: Scottish tenements showing regional geology and historic mining areas



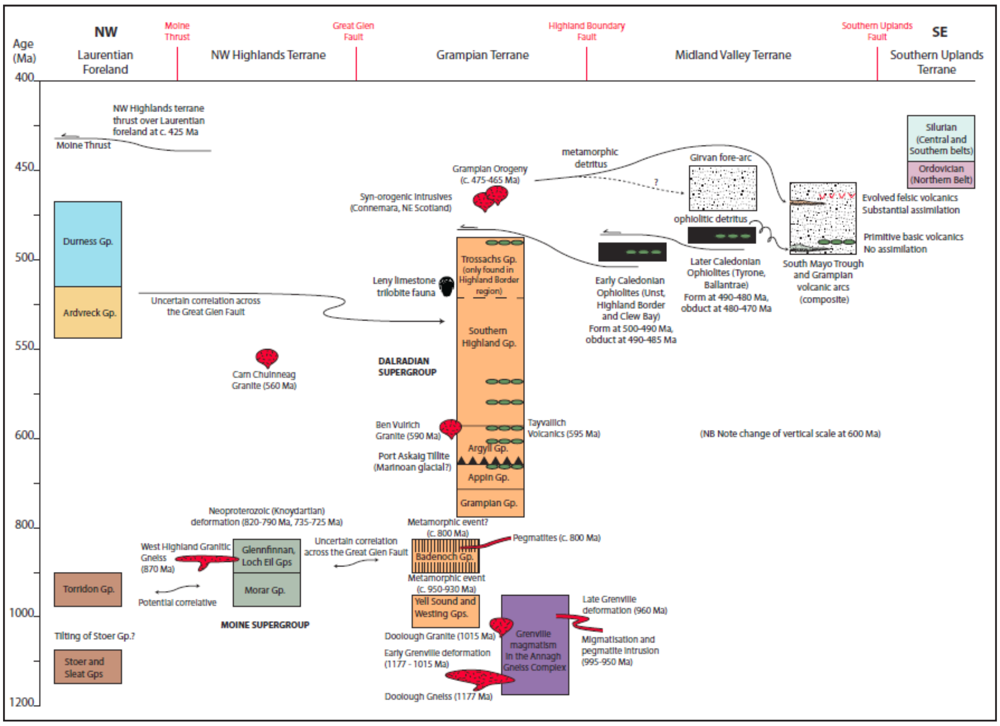
Source: Walkabout

Regional Geology

- The tenements are located over major tectonic elements of the Caledonides, a major orogenic complex associated with the collision of the continents of Laurentia and Avalonia due to the closing of the Iapetus Sea in the Ordovician/Silurian - this is one of the most studied orogenic complexes globally, and extends from Scandinavia, through the UK and into North America.
- The main tectonic terranes that are relevant to Walkabout include (with a stratigraphic column presented in Figure 16):
  - The Grampian Terrane, which represents the edge of Laurentia - main units include the Dalradian Supergroup, a largely sedimentary Neoproterozoic to Ordovician cover sequence overlying Archaean to Proterozoic basement; the Grampian Terrane has also been intruded by syn-orogenic granites and also contains obducted ophiolite complexes and some basalt laves.
  - The Midland Valley Terrane, a complex zone containing remnants of a number of tectonic elements, including interoceanic volcanic arc units, ophiolites and Silurian successor basins; and,
  - The Southern Uplands Terrane, which largely includes a Silurian to Ordovician accretionary complex, and has been intruded in some areas by post-tectonic granites and gabbros.
- The ophiolite/arc complexes include the 484 Ma to 474 Ma aged Tyrone Igneous Complex ("TIC"), an inlier within the Midland Valley Terrane in the Tyrone County JV - the TIC includes plutonic and volcanic sequences, and is the target stratigraphy for VMS mineralisation.
- There are also areas of younger units overlying the Caledonian aged rocks, with ages ranging from the Paleozoic to Recent - such units include the early Tertiary Antrim Lava Group which covers broad areas of Country Antrim, with intrusive sills related to this being targeted for PGE mineralisation in the Magilligan and Antrim tenements.

- Three main periods of orogenic activity have been recognised in the overall Caledonian Orogeny:
  - The 475 Ma to 465 Ma Grampian Orogeny, associated with SE dipping subduction, resulted in the collision of an inter-oceanic volcanic arc with the leading edge of Laurentia - remnants of the arc are within the Midland Valley Terrane, with obducted ophiolite seen in both the Grampian and Midland Valley Terranes,
  - The Scandian Orogeny, seen only in the Northern Highlands Terrane; and,
  - The ~395 Ma Acadian Orogeny, which is interpreted to have resulted from a change in polarity of subduction, lead to the final closure of the Iapetus Sea, and resulted in the accretionary wedge seen in the Southern Uplands Terrane - this has been interpreted as a relatively "soft" orogenic event, largely being strike-slip in movement.
- The tectonic history has resulted in very strong deformation of the rocks and the development of the major crustal scale structures, many of which have interpreted displacements of 100s of kilometres (Figure 13) - these deep plumbing structures provide ideal fluid pathways for the gold bearing fluids for the orogenic gold mineralisation.

Figure 16: Stratigraphic column - Paleozoic Caledonides



Source: Chew, David M, and Strachan, Rob A; Geological Society, London, Special Publications, 390, 45-91, 24 October 2013.

Mineralisation Styles

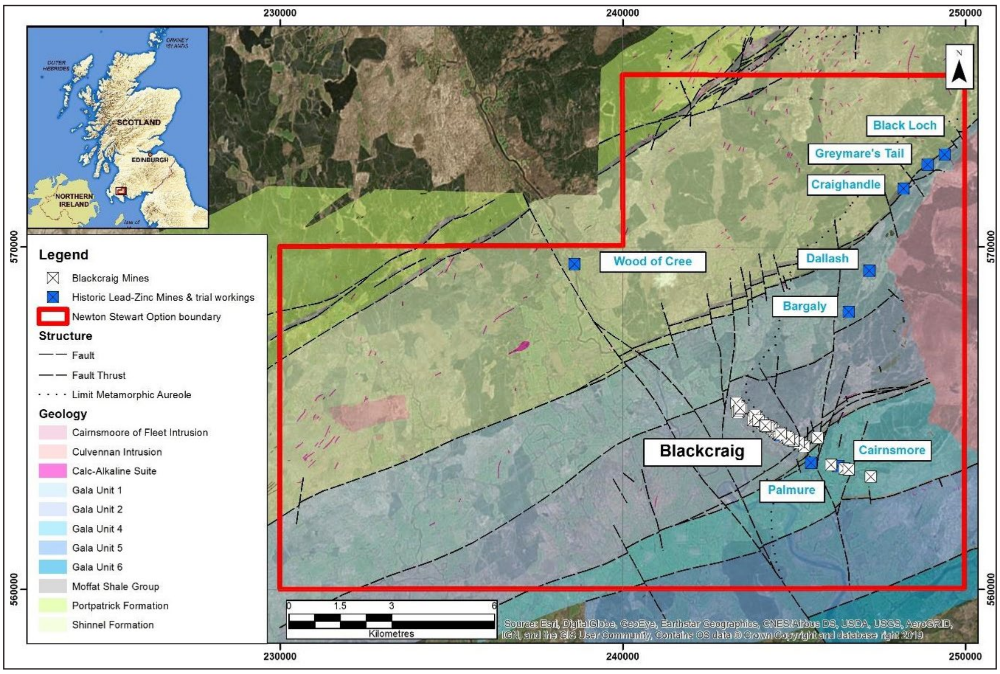
- The main mineralisation target styles in Northern Ireland are orogenic gold and polymetallic VMS mineralisation; those in Scotland include orogenic gold, base and precious metal mineralisation associated with granitic to mafic intrusives.
- The orogenic gold prospectivity in the Caledonides has been demonstrated by a number of major discoveries in Northern Ireland, notable Dalradian Resources (AIM:DLAR) Carraghinalt Gold Project, with total resources of 14.1 Mt @ 14.1 g/t Au, for 6.1 Moz contained gold - these have close associations with the major structures.
- Other gold discoveries include Galantas Gold Corporation's (AIM:GAL) Cavanacaw project Cavanacaw, with Resources of 2.19 Mt @ 7.4 g/t Au for 0.52 Moz contained gold is Northern Ireland's only operating gold mine, which commenced operations as an open pit and is now operating underground.
- Conroy Gold's (AIM: CGNR) Clontibret deposit has Resources of 11.7 Mt @ 1.6 g/t Au used in a scoping study - this again is closely related to major structure, and was originally an antimony mine in the early 1800s.
- Scotgold Resources (AIM: SGZ) is currently underground mining at the Cononish deposit in the Grampians of Scotland, with total Resources of 617 kt @ 13.4 g/t Au for 266 koz contained gold - December 2021 quarter production was 1,508 oz Au, with plans to increase this to 23,500 ozpa by the end of Q1, 2023.

- The main area targeted for VMS mineralisation is the TIC, which includes both arc and ophiolite related volcanics, intrusives and related rocks - the Caledonides in other regions, particularly the Buchan-Roberts Arm belt of Newfoundland, host significant VMS mineralisation.
- However, unlike other prolific regions, only limited VMS mineralisation has been discovered in the ophiolite complexes of Northern Ireland, with examples including Avoca (which has seen mining since the early 1700s).

Scottish Exploration

- The Scottish tenements (Figures 13 and 15) are located over the Silurian and Ordovician accretionary wedge of the Southern Uplands Terrane, that has been intruded by a number of late to post orogenic Devonian granitoids and that has undergone intense deformation.
- The current focus of activity is on the Newton Stewart tenement (Figure 17), which includes the historic Blackcraig Pb/Ag+Zn/Cu/Au mines, and several base metals trial pits along the Taltontry-Black Mare's Tail trend

Figure 17: Newton Steward tenement - geology and historic workings

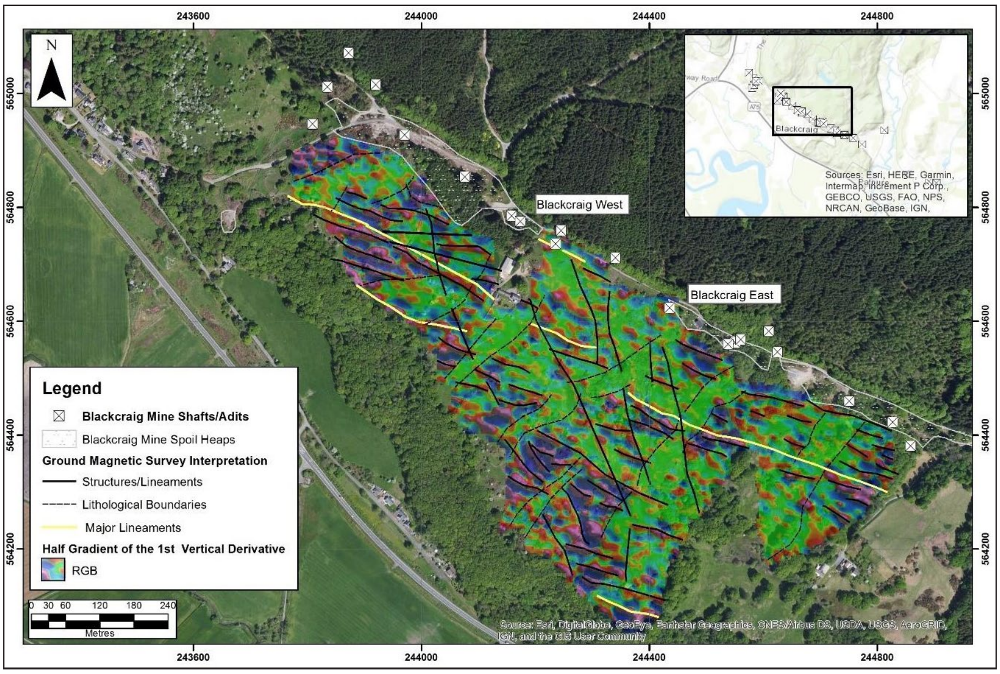


Source: Walkabout

- Lead was discovered in the Blackcraig area in 1763 during road construction, with the main periods of mining being in the late 1700s and then again from the mid 1800s until the end of World War 1.
- Reported production was over 14,000 t of Pb, 1,200 t of Zn and 2,000 t of Cu from several mines over a strike length of 2 km - historically reported grades included up to 74% Pb, 109 g/t Ag, 25-31% Zn and 3.5 g/t Au, however high grade sphalerite was largely left unmined, with activities concentrated on Pb/Ag.
- This included two main mines - Blackcraig East and Blackcraig West, with mineralisation widths of up to 18 m.
- In addition to the Pb/Zn/Ag mineralisation (Glenhead area), the tenements are also considered prospective for other styles of intrusive related mineralisation including orogenic gold related to the major structures, quartz vein hosted gold mineralisation and nickel-copper related to mafic intrusives.
- Despite the historic mining, there has been little modern exploration - the most recent work has been undertaken by the British Geological Survey ("BGS") through their Mineral Reconnaissance Programme ("MRP") in the 1970s and 1980s over the tenement areas.
- This included limited drilling at testing gold rich veins at Glenhead with results including 1 m @ 4.6 g/t Au and 4.5 m @ 1.5 g/t Au.
- Work completed by Walkabout, which has been concentrated at Blackcraig, Glenhead and the Talnotry-Greymare's Tail areas (Figures 14, 16 to 18) has included:
  - Collation and interpretation of historical exploration data,
  - Negotiating land access,

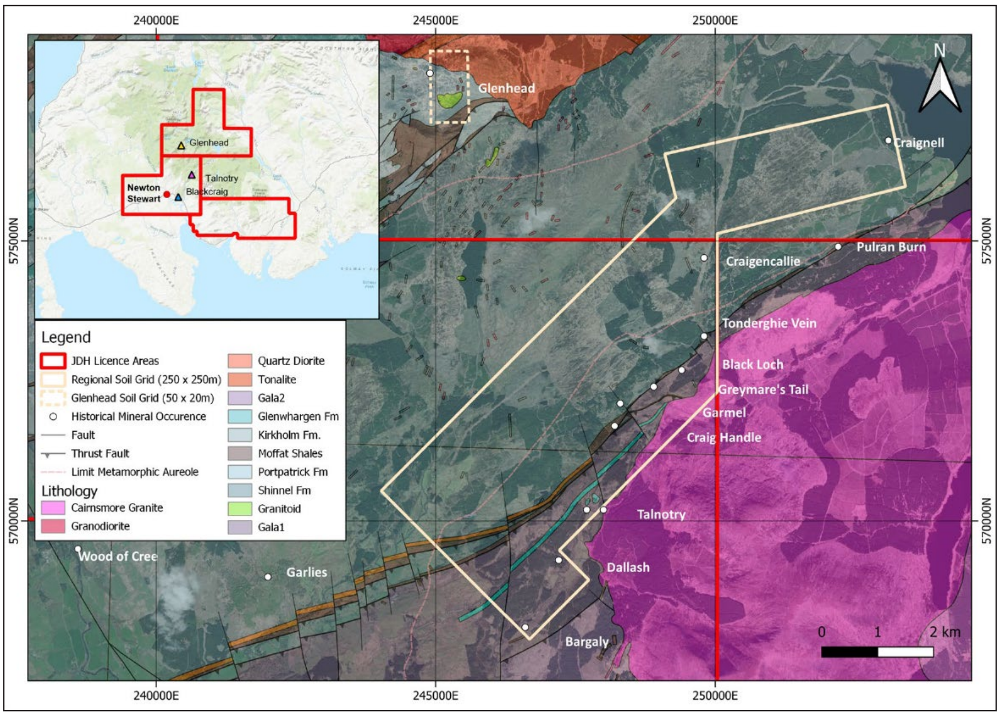
  - Reconnaissance work, including geological mapping and rock chip sampling,
  - Regional scale soil sampling (250 m x 250 m) covering an area of ~24 km^2 along the Talnotry-Greymare's Trend (Figure 18); and,
  - Prospect scale work, including detailed soils (Glenhead, Figure 18) and ground mag (Blackcraig, Figure 18).
- The Company had also planned a 150 km^2 regional drone borne aeromagnetic survey - only a portion of this was completed due to equipment damage, weather and crew shortages.
- Walkabout is looking at options to complete this within a reasonable time frame.
- In early 2022 the Company commenced a 1,674 m drilling programme testing underneath the existing workings, as well as possible parallel zones of mineralisation, identified from the ground magnetics surveying (Figure 18).

Figure 18: Blackcraig trend - workings and ground magnetics



Source: Walkabout

Figure 19: Glenhead and Talnotry soil sampling



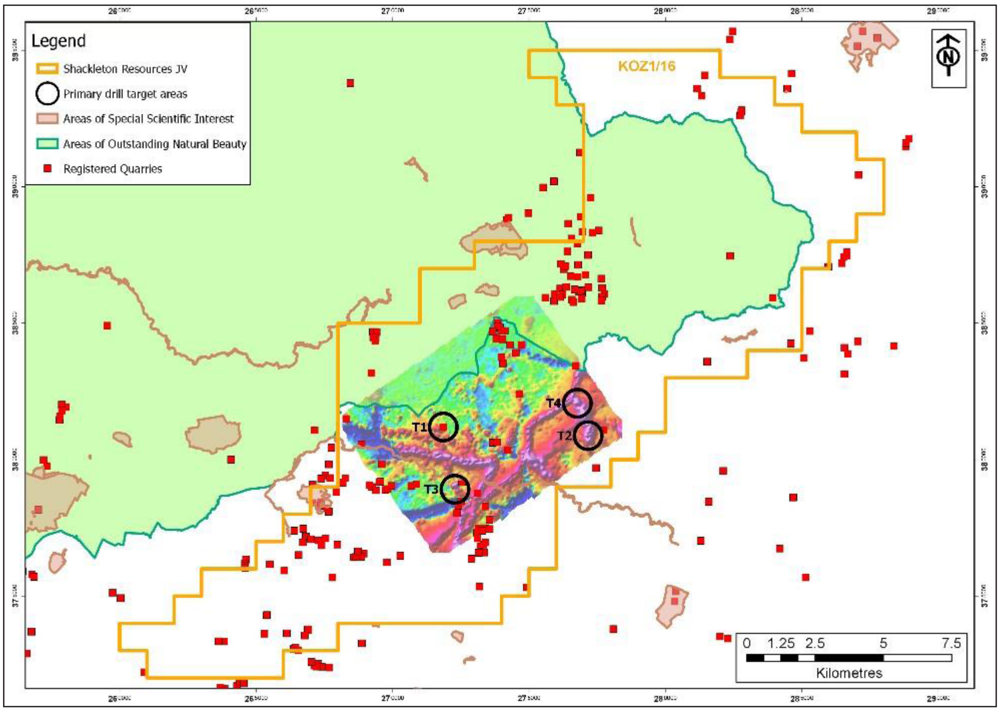
Source: Walkabout

- The drilling intersected stringer, vein and vugghy mineralisation hosted within a fault-controlled breccia, with quartz and carbonate matrix material.
- Best results included:
  - BCRDD-009 - 0.8 m @ 12.4% Zn and 3.7 g/t Ag from 56.2 m downhole; and,
  - BCRDD-002 - 1.02 m @ 4.9% Pb, 0.4% Zn and 2.1 g/t Ag from 94.69 m downhole.
- The results suggest sporadic high grade mineralisation, with higher grade semi-massive to massive zones within broader low grade disseminated mineralisation.

Tyrone County JV Exploration

- The Tyrone County tenement is located over the TIC, with units including the Tyrone Volcanic Group, the Tyrone Plutonic Group, The Tyrone Central Inlier and high level largely I-type granitic intrusives; structurally it lies in the Midland Valley Terrane, immediately abutting the Fair Head-Clew Bay Line (Figures 13 and 14).
- The main target here is polymetallic VMS mineralisation, with the area seeing significant exploration since the 1970s, which includes work by Rio Tinto and Selection Trust amongst others; in addition the area has seen mining for hematite and barite going back to the iron age, and contains a large number of registered quarries (Figure 20).

Figure 20: Tyrone County JV tenement map with EM survey area

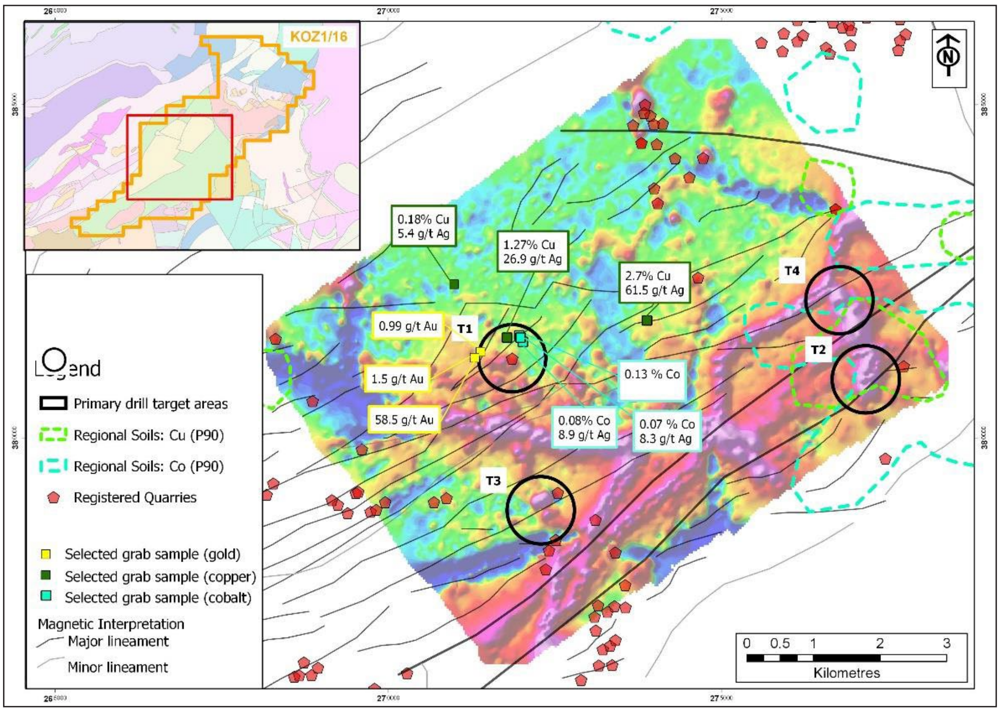


Source: Walkabout

- This has largely included geochemical sampling and geophysical surveying; the most recent work prior to Walkabout was soil and rock chip sampling by Koza over the entire tenement - no known drilling has been undertaken.
- Work by Walkabout initially included a review of the available exploration data (which identified both VMS and orogenic gold mineralisation in the area, and also highlighted anomalous cobalt (up to 0.13%), copper (up to 1.27%) and silver (up to 50.3 g/t) in rockchips.
- The Company completed soil sampling over a 1 km^2 grid to further define anomalies outlined by the Tellus survey; more detailed work was completed over the Corvanaghan-Golden Hollow area (Figures 20 and 21) - this sampling defined several co-incidental multi-element anomalies (e.g. Cu-Co-Ag).
- A SkyTEM helicopter borne electromagnetic ("EM") survey was completed which delineated a number of EM anomalies (Figures 20 and 21), with these interpreted as largely being VMS targets.
- Four priority targets have been selected for follow up drilling, with these either coincident or adjacent to soil geochemical anomalism.
- Company is now in the process of obtaining the permits required to drill - although the required baseline EIS studies were completed and landowner consent for drilling received, the local council turned down the "notification for drilling"

- The Company now has to undertake a "Permitted Development" process, with preliminary work underway through a local consultancy.

Figure 21: Tyrone County SkyTEM detail

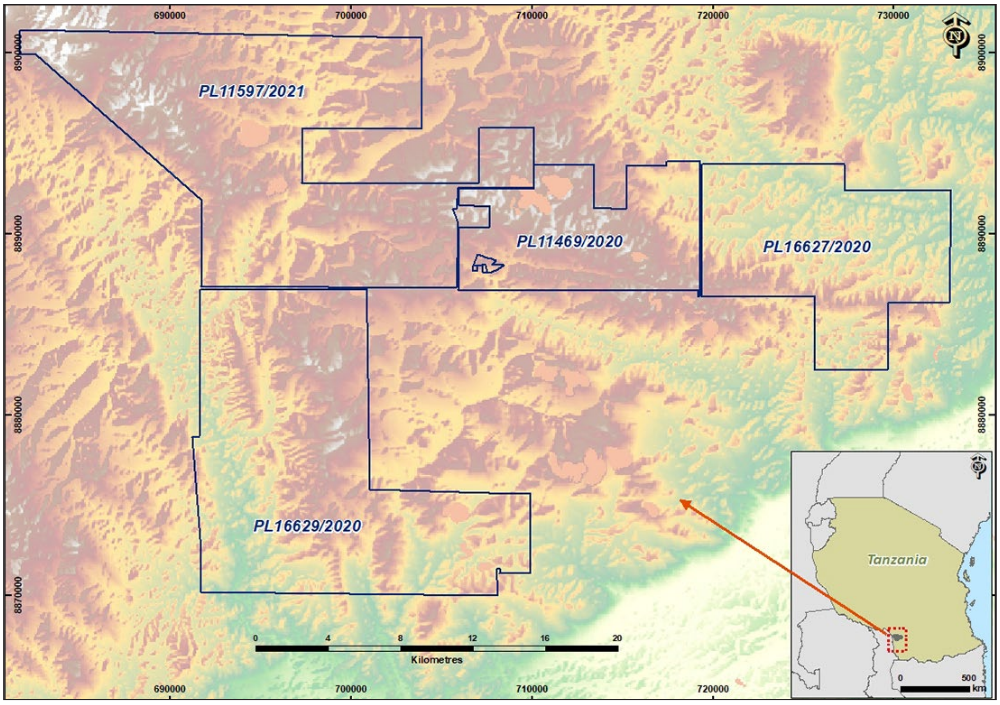


Source: Walkabout

AMANI GOLD PROJECT, TANZANIA - WKT 100%

- The Amani gold project comprises four granted prospecting licences ("PL") covering an area of 659.79 km^2 in southern Tanzania (Figure 22).
- Although the area has seen small scale production, including by the Germans prior to WW1, and more recent artisanal alluvial and hard rock mining, Walkabout is the first company to undertake modern exploration in the region.

Figure 22: Amani tenements

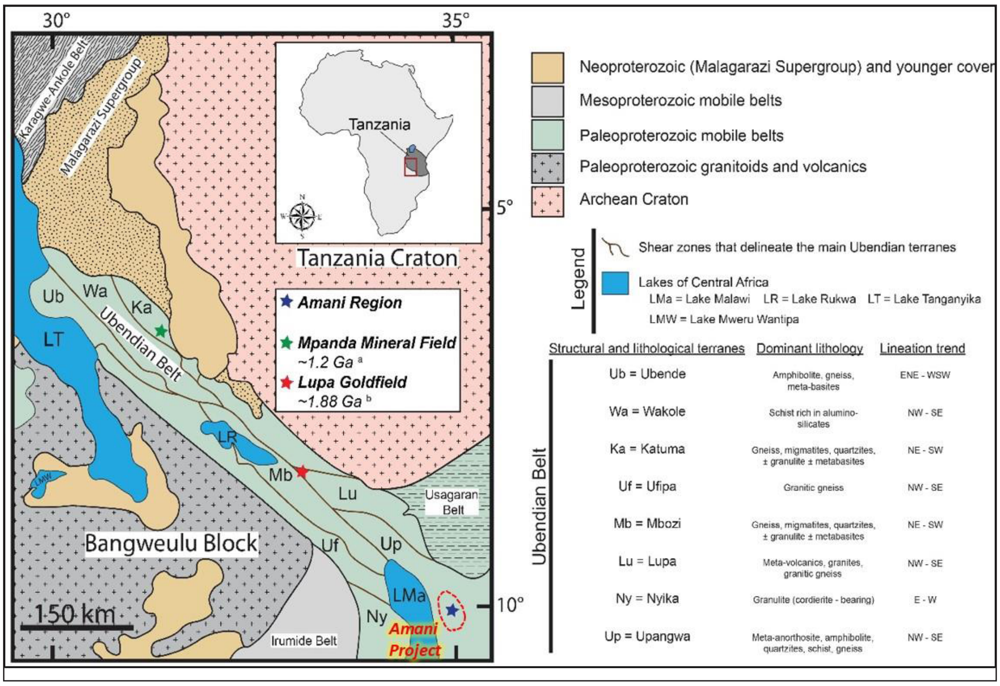


Source: Walkabout

Geology and Mineralisation

- Amani is considered prospective for structurally controlled and orogenic gold, and is located within the Ubendian Belt, one of a number of Proterozoic mobile belts in Southern and Central Africa (Figure 23).
- The Ubendian Belt hosts known gold occurrences, including the Lupa and Mpanda goldfields which are located to the northwest of Amani (Figure 22).
- The tenements are also host to several historic workings, including those worked by Germans prior to WW1 - the extent of the workings and production figures are unknown.
- More recent work has included extensive alluvial mining in the 1990s over several different catchments, indicating a number of sources for the alluvial gold.
- It has also been noted in some areas that the alluvial gold is angular, indicating proximity to the primary source.

Figure 23: Regional geology



Source: Walkabout

- The local geology includes the Ubendian Supergroup intruded by Ulembo Suite mafic and ultramafics, and overlain by Mesoproterozoic to Neoproterozoic units of the Amani and Rafiki Groups.
- Mineralisation is generally hosted in these younger units, and is structurally controlled, with sulphides and gold mineralisation hosted in steeply dipping shear and sub-horizontal extensional quartz-calcite veins.
- Also, the presence of copper carbonates on the surface in some areas suggests the presence of high grade copper-gold mineralisation at depth - overall the mineralisation is typical of the vein and shear hosted gold mineralisation found at Lupa.

Walkabout Activities

- Work by Walkabout has included geological mapping, geochemical sampling (rockchips, stream sediment and baseline soil sampling), in addition to regional geophysical interpretation and prospect targeting.
- This work was largely carried out in 2020, with, at the time, only PL11469/2020 being granted.
- The soil sampling identified 10 soil in gold anomalies (Figure 24, with seven of these (Ulembo 1 to 7) being coincident with mapped and interpreted shears, major structures and geological contacts.
- The largest is Ulembo 1, with a length of 2,400 m and maximum width of 900 m.

Figure 24: Gold in soil anomalies - PL`11469/2020

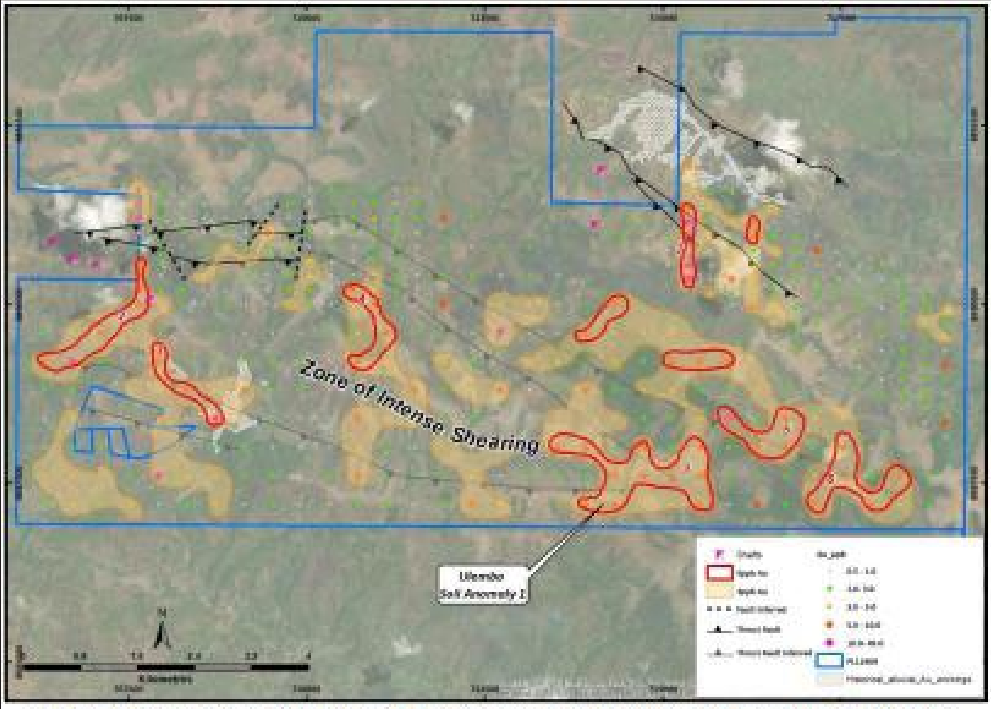


Figure 2: Soil sample results with delineated anomalies within PL11469/2020. Structural interpretation modified after Dunn et al., 2020 and Geological Survey of Tanganyika, Quarter Degree Sheet 85, Manda, 1957. Priority soil anomalies, artisanal shafts and alluvial workings indicated.

Source: Walkabout

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