

Walkabout Resources – (WKT.AX)

WKT is an explorer/near term producer of graphite, gold, silver, cobalt, lithium, coal and copper.

Important notes

“Cobalt mineralisation with grades up to 0.13% Co identified in rock chip sampling”

“Copper and silver mineralisation also identified with grades of up to 1.27% Cu and 50.3 g/t Ag in individual samples”

“Up to 2.7% Cu and 58.5g/t Au rock chips reported at Slieve Gallion”

“WKT’s expanded Northern Ireland exploration footprint now approximately 1,250km²”

“The Slieve Gallion JV licence is located adjacent to and approximately 20km from the 4.4Moz Curraghinalt gold resource owned by Dalradian Resources (AIM:DLAR)”

WKT’s Northern Ireland project is located 20km from the massive 4.4Moz Gold project.

“The Slieve Gallion JV licence is located adjacent to and approximately 20km from the 4.4Moz Curraghinalt gold resource owned by Dalradian Resources (AIM:DLAR)”

Dalradian MCAP = 375.26m AUD

The Curraghinalt project is Dalradian Resources only active project/prospect, therefore the market values this project at 375m AUD.

The board of directors

Trevor Benson

- >30 years experience investment banking, stockbroking.
- “He has experience on numerous ASX listed company Boards both as Chairman and Director, and spent 12 years with UBS, including managing a \$300m resource fund for overseas investors, and worked within the Treasury operations of Top 10 ASX listed corporations.”

Allan Mulligan

- Mining engineer > 30 years of mine management and production experience.
- Specialised in technical assessment and production economies.

Andrew Cunningham

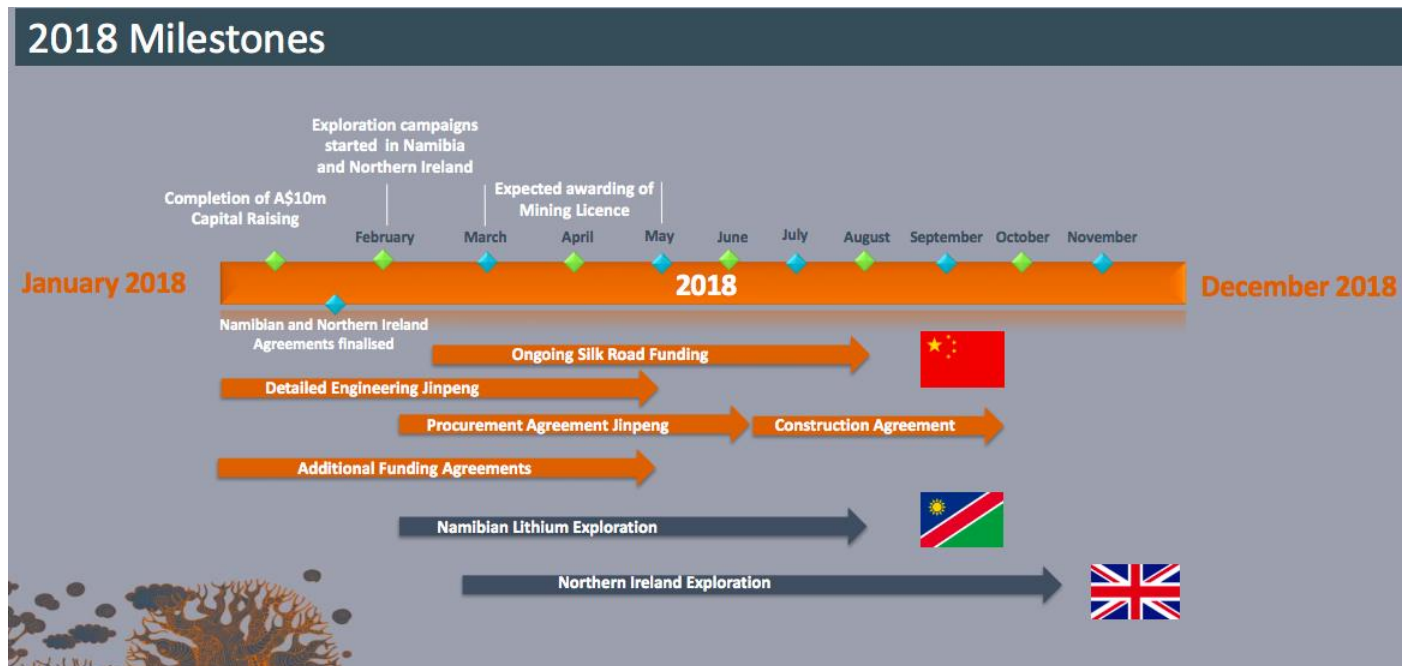
- Geologist and member of the Australian institute of Geosciences.
- Over the last 18 years he has managed all facets of exploration and development in Africa.
- Has held senior Geologist positions with major international mining companies.

Tom Murrell

- Has provided counsel to an elite group of companies on the ASX.
- He has been a Director of Investor Central, a Singapore-based financial news service since 2002.

Near Term Catalysts

The big ones I am looking for are the **drilling results at Northern Ireland, Eureka Lithium project** as well as the **Lindi Graphite mining licence**.



Basic Numbers

The WKT Announcement dated 22 January 2018 states that the company has successfully raised \$6.7m at a share price of \$0.10 per share, this raise was oversubscribed. The December 2017 quarterly cash flow states that they have a further \$4m = 10.7m cash on hand.

WKT has 268.42m shares on issue.

The Top 40 holds 45.04% of the SOI.

At 8.9 cents the MCAP is \$23.62m, with an EV of \$13.62m (Aprox).

For an EV of \$13.62m you seem to get a lot of bang for your buck, lets take a look!

Location

WKT has tenements in Africa and Northern Ireland. With all being relatively close to railway/ports, the geographical location is not a worry.

Northern Ireland – Gold and Base Metal Play

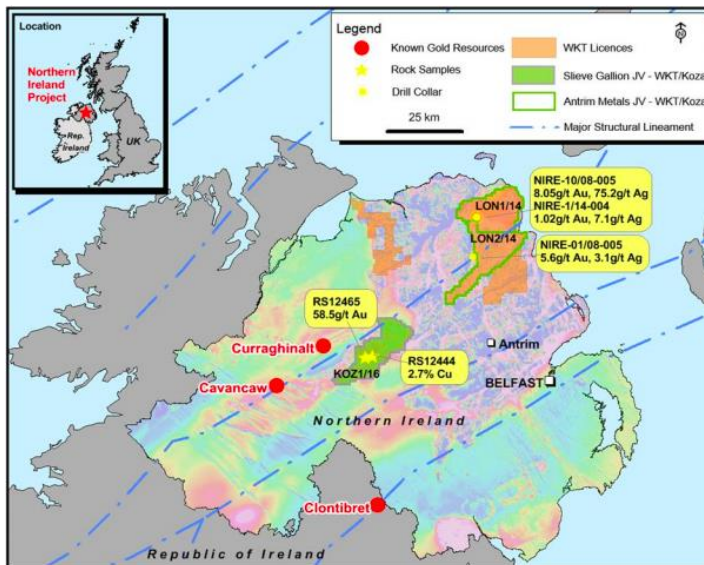


Figure 1: Map showing WKT and Koza UK JV licences in Northern Ireland with significant results.

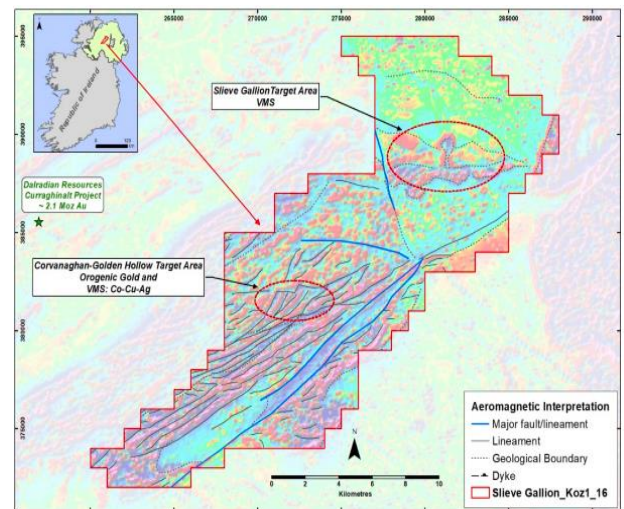
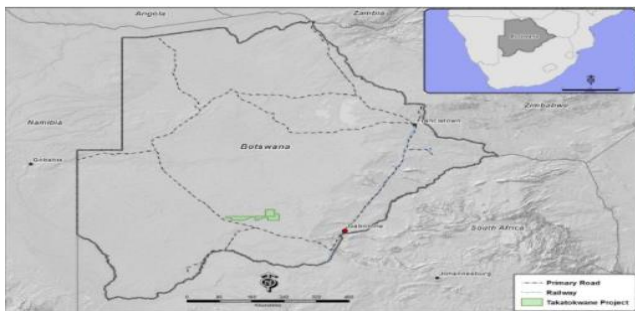


Figure 1: Aeromagnetic image showing two the high priority target areas over the Slieve Gallion License (KOZ1/16).

Takatokwane Coal Project



Resources

Takatokwane has a thermal coal JORC(2004) Inferred resource of 6.88 billion tonnes of raw coal, and a washed coal resource of 3.6 billion tonnes as announced in August 2012.

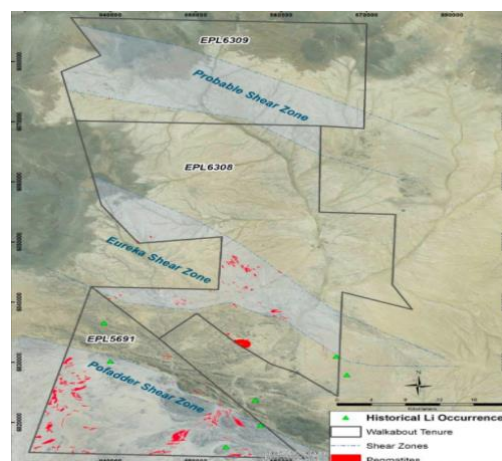
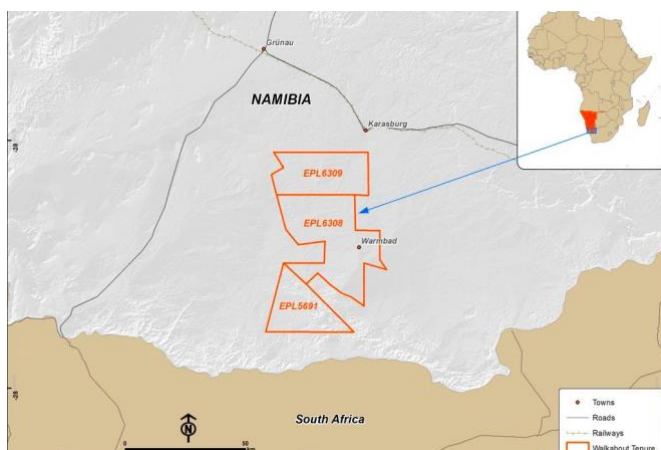
This resource was partly upgraded to a JORC(2004) Indicated resource in April 2013 with 748 million tonnes of raw coal and 318 million tonnes of washed coal (density 1.7), estimated within a target mining area.

Pre-Feasibility Study

A Pre-Feasibility Study (PFS) was initiated in early 2013 investigating development opportunities for the JORC(2004) Indicated resources and was finalised in December 2016. Further work on developing the financial and technical model is ongoing.

Currently the Project is waiting on developments of the Trans Kalahari Rail Line by the Governments of Botswana and Namibia to provide a supply service to a seaborne port.

Eureka Lithium Project



Project Geology

Southern Namibia is a relatively under-explored region with known lithium occurrences that has been the focus of a recently published mapping programme completed as a joint initiative between the Council for Geoscience (South Africa) and the Geological Survey of Namibia.

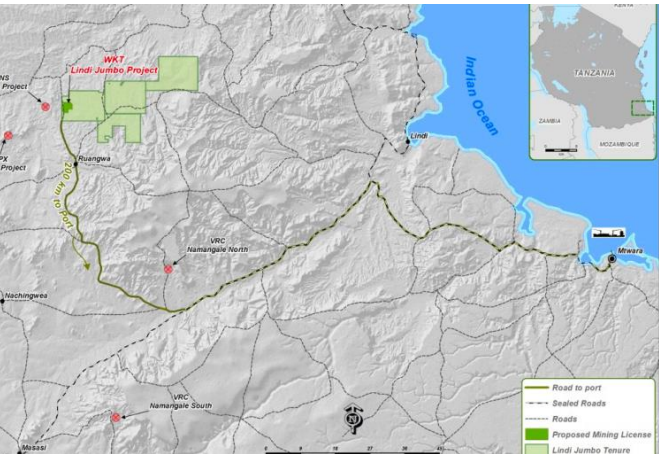
In Namibia, lithium is hosted in Neoproterozoic Rare Metal Pegmatites of the Orange River Pegmatite Belt (ORPB). These pegmatites have been noted from the Tantalite Valley pegmatite swarm approximately 10km to the south of the Eureka project area, and are associated with both the Pofadder Shear zone, and to the south within the Sandfontein-Ramansdrift pegmatite swarm.

The recent mapping delineated extensive and large pegmatites within the Walkabout licence area with more than 60 pegmatites for a combined strike length of approximately 90 line-kilometres of outcrop mapped in various pegmatite clusters, with the largest outcrop being over 2km in strike length. The highest concentration of pegmatites on the licences occur within, and proximal to, the Eureka shear zone, which transects the southern central area of EPL 6308 that was identified during the course of the recent mapping project. There is a high probability that the extent of the pegmatite bodies could be further increased as most of the area is covered by a thin veneer of recent sediments. Additional pegmatite bodies (outside of the recent mapping area on EPL6308) were also encountered by the WKT team and these are likely to extend northward into EPL6309 (which was not mapped as part of the government project).

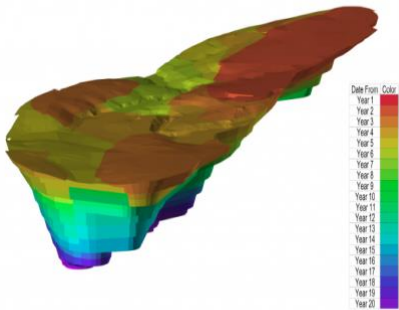
Mineralisation generally consisting of tantalite, columbite, beryl, lithium and REE is variably developed in several of these pegmatites including those that flank the southern portions of EPL 6308. Lithium mineralisation has been sporadically mined for the past 45 years to the south of the Eureka Project area (Namibia Tantalite Investment Mine). Petalite is not known to occur with any of the Li bearing pegmatites and they are classified as spodumene-Li-mica, amblygonite type.

Structural features are the main controlling factor in the distribution of the pegmatite bodies with shearing dominating these controls as noted within the Eureka shear zone developed in EPL 6308. This suggests that there is also good potential for pegmatite development within the southern portions of EPL 6309 and that a NW trending pegmatite swarm noted in the NE of EPL 6308 is likely to continue northwards into the unmapped and undercover areas of EPL 6309. The probability of an additional shear zone running through EPL6309 is also under investigation by the WKT geological team.

The Crown Jewels- Lindi Jumbo Graphite Project



Illustrating the progression of the pit by year. It demonstrates the focus on the shallower, high grade material in the early years with the deepening of the pit taking place later in the life of mine.



Definitive Feasibility Study

A Definitive Feasibility Study (DFS) was completed in February 2017 and updated in August 2017 in response to changing Tanzanian Government Legislation. The DFS confirms the project to be technically sound with excellent economic returns even at potential softening price regimes for premium graphite flake material. Payback period for the project is less than two years. The DFS was based on an annual production of 40,000 tonnes of graphite concentrate with a high grade feed to the plant of < 300,000 tonnes per annum. Mining studies were based on a Measured and Indicated Mineral Resource only.

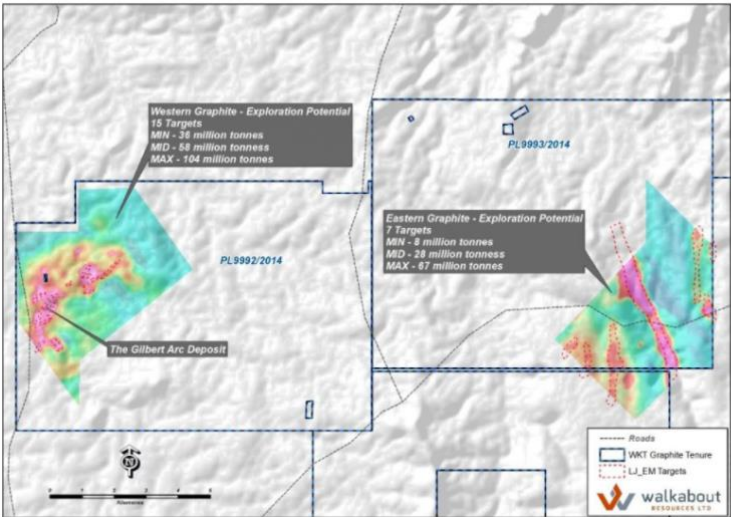
The following are highlights of the findings of the feasibility study.

- Lowest operating costs in Tanzania of US\$349/t in concentrate FOB at the port of Mtwara.
- Lowest upfront Capex in Tanzania of US\$29.7 million.
- Highest Ore Reserve grade in Tanzania at 16.1%TGC
- Ore reserve based only on 42% of the Measured and Indicated portion of the Mineral Resource
- Very short development timeframe of seven months from financing.

Product Type	Mesh	Mass Dist. %	Grade %TGC	Sales Price (US\$/t)	Annual Sales (tonnes)	% Contribution to revenue
Super Jumbo (+500µm)	+35	14.8%	>95	3,500	6,000	33%
Jumbo (+300µm)	+50	34.5%	>95	1,750	13,000	39%
Large (+180µm)	+80	25.0%	>95	1,000	10,500	16%
The Rest (-180µm)	-80	25.7%	>95	750	10,500	12%
Total		100%	>95	1,534	40,000	100.0%

* Source: Stormcrow, Benchmark Mineral Intelligence, Industrial Minerals and market sources.

Exploration Targets over two VTEM areas on PL9992 and PL9993



Recent price performance

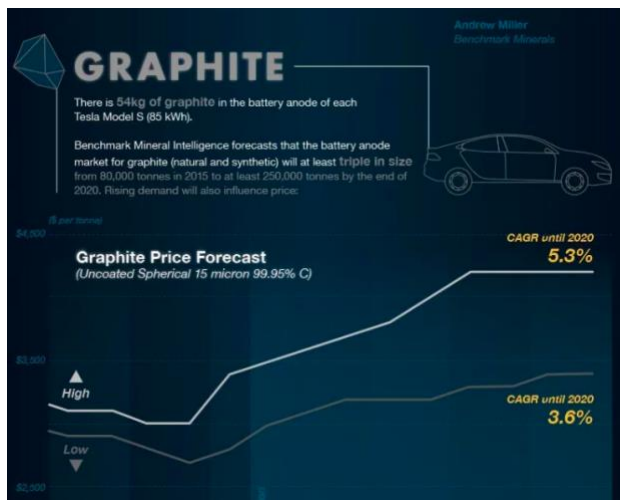
The chart shows the recent capital raise, due to it being placed at a massive discount. The share price has effectively dropped to CR levels.



With both the MACD and RSI showing signs of an oversold stock, a breakout off a good announcement is highly likely.

EV Metals

With a lot of hype around Cobalt and lithium a good drill result is sure to mean a massive re rate. Both lithium and cobalt have gained both huge attention and demand throughout 2017-2018.



With WKT Owing a stake in the big four EV metals

- Graphite
- Lithium
- Cobalt
- Copper

They are destined to be a great hold throughout this electrifying day and age.

Metal prices

The 5 year price charts of gold, silver, copper, cobalt and graphite. Note the solid gains over the last 1-2 years. The company appears that it could be "in the right place at the right time" in that respect.



Cobalt



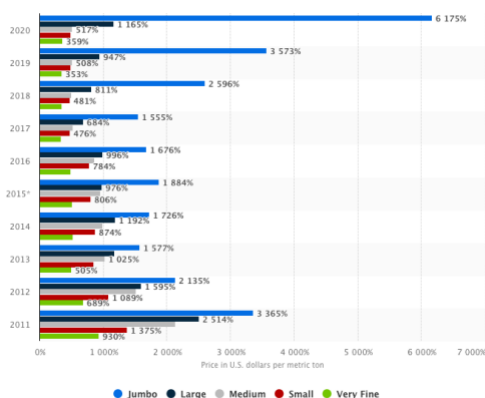
Copper



Gold



Silver



Current graphite prices US\$/tonne (94-97%C)

XL flake \$1,750/t (+50 mesh)

Large flake \$1,150/t (+80 mesh)

Medium flake \$950/t (+100 to -80 mesh)

Small flake \$700/t (-100 mesh)

Graphite Price Update!!

Graphite prices are up 25 to 30 per cent in the last couple months due to an improving steel industry, environmental related production problems in China and continued strong demand growth from the lithium ion battery industry. While still early, this is the first real sign that battery demand is finally doing for graphite prices what it has already done for lithium and cobalt. Prices for large flake graphite are now up to \$1,200/t from US\$750 earlier this year. This is still well below the 2012 peak of US\$2,800/t which was entirely due to the commodity super cycle and strong steel demand. Batteries were then a small part of the market. Batteries are now approximately 25 per cent of the market and are growing rapidly. With steel demand also recovering and production issues in China and many producers closing down for the winter months, the supply/demand picture for graphite is very favourable and the potential for higher prices very real.

Graphite

Notable projects

LINDI Jumbo Graphite Project

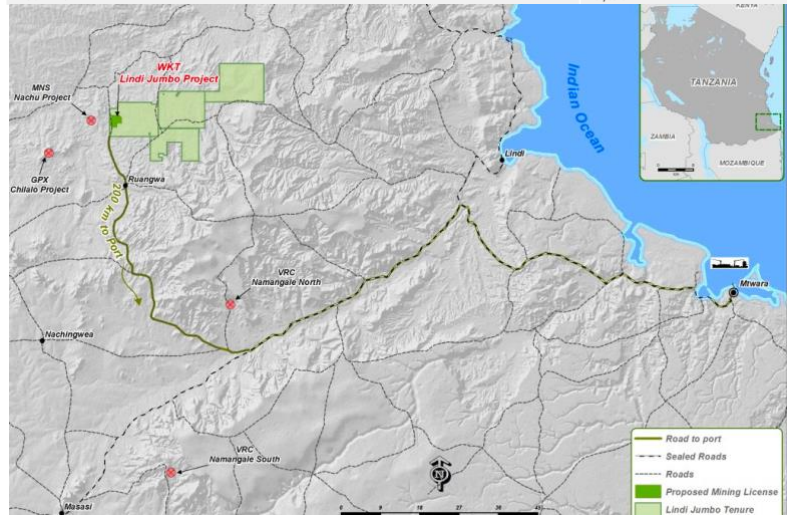
WKT hold a 70% stake in the Lindi Jumbo graphite project. With prices of graphite set to rise over the next few years The Lindi graphite project could be a valuable project.

Lindi Jumbo Ore Reserve and Mineral Resource

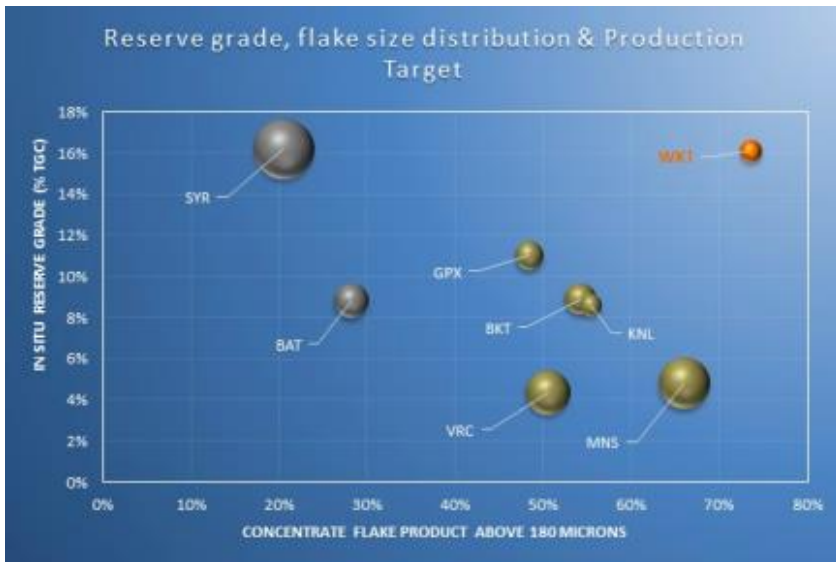
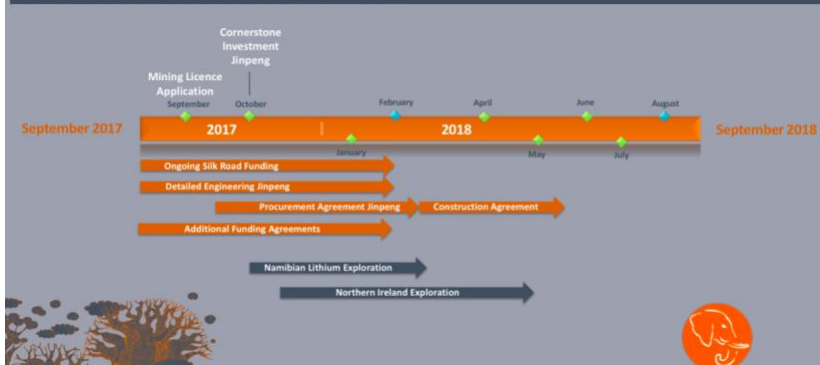
Ore Reserves			
Category	Tonnes (million)	TGC %	TGC (t million)
Proven Ore Reserves	3.2	16.6	529,423
Probable Ore Reserves	1.8	15.4	279,580
Total Ore Reserves	5.0	16.1	809,081
Mineral Resource			
Resource Category	Tonnes (millions)	TGC %	Contained TGC (tonnes)
Measured	6.4	12.2	780,800
Indicated	5.5	11.0	605,000
Inferred	17.9	10.5	1,879,500
Total	29.8	10.9	3,265,300
Total Excluding Domain 4	29.6	11.0	3,256,000

* Apparent to Domestic market

Financial Metric	LOM Total
Revenue	\$ 1,188 million
Project Operating Cost	\$ 267.5 million
Project Capital Cost	\$ 29.7 million
Ongoing Capital Cost	\$ 5.8 million
Pre-Tax NPV (10%)	\$ 302.5 million
Pre-Tax IRR	108 %
Post-Tax NPV (10%)	\$ 180.2 million
Post-Tax IRR	87.7 %
Payback Period	19 Months
Peak Funding Requirement	-\$ 31.2 million
Operating Cost (FOB Mtwara)	\$ 349 (\$/t conc)
Operating Margin (before Royalties)	77.5 %
Average Annual Free Cashflow	\$ 28 million
Annual Average EBITDA	\$ 46.2 million
Life of Mine	20 years



Walkabout Resources – On the Run



This Project boasts great aspects of a profitable mining tenant

- **High grade graphite** (highest grade mineable resource)
- **Jumbo Flakes** (Second most expensive type of graphite)
- Product Basket price **\$1688 US**
- Plant can take **22,000 tones** of ore per month
 - o Can be **cheaply/easily expanded** if need be
- Life of mine **revenue 1,295m USD**
- Operating cost **LOM 268m USD**
- **Lowest OPEX** and **CAPEX**
- Lowest unit **operating cost \$352 per ton**
- Graphite
 - o Huge **demand in EV** and **flame retardant materials**
 - o Discussions underway to amend current **Chinese building regulations** and **make flame retardant materials compulsory**.
 - o Limited Supply out of China, price ^^
- WKT hold controlling stake (70%)
- "We have **THREE offtake partners**, each of those wanting to **take 100%** of our **product**".
- Please Watch https://www.youtube.com/watch?v=z0r_GT6AyQg&t=6s

Eureka Lithium Project

South African Lithium play

- Near Railway
- Known historical lithium occurrences
- 90km of Pegmatite strike length
- WKT hold 100%
- Namibia's most prospective land for LI occurrences
- 7kms away 1.6%Li₂O
- Well-developed area (Road, rail, power and water)
- More than 2,000km² in highly prospective land

Northern Ireland- JV with KOZA UK

- Allow WKT to earn in at least 75% of project
- 20km away from 4.4moz project (AIM:DLAR)
- Up to 2.7%Cu and 58.5g/t Au rock chips at Slieve Gallion
- 1,250km² Project foot print

Next steps (Personal Speculation)

I have spent hours upon hours of going through WKT announcements. I think the company looks like Lindi graphite project might really throw it under the spotlight once they receive their mining licence from the Tanzanian government. High grade copper, gold, cobalt and lithium could really put a rocket under it. Once management are given the all clear to mine the Lindi graphite project I expect a massive re-rate in the share price. If WKT are able to achieve a similar result in Northern Ireland as (AIM: DLAR) this will result in a massive re-rate of share price due to their project being worth 375m AUD. With a very experienced team leading the way, I feel safe to say that this will be one of those multi-bagger spec plays. Weighing out the risk vs reward at current prices, with a **cash: MC ratio of 0.423** I consider anything at these prices relatively safe. considering the average mining spec ASX play is around 0.1-0.3. I see this company looking ever better each day due to Mining licence due soon. With **\$10 million cash** I see this as both great for **future exploration** and insurance for a current buy in. With the top 40 and management holding a significant amount of the market cap I would consider this a relatively tight registry.

Below I will link a few announcements/ presentations definitely worth a read.

Please Read: https://www.wkt.com.au/wp-content/uploads/2018/02/2018-WKT-Feb-121_Indaba-Conference-CT-Final.pdf

<https://www.wkt.com.au/wp-content/uploads/2018/02/180227-Cobalt-discovered-in-Northern-Ireland-Joint-Venture.pdf>

<https://www.wkt.com.au/wp-content/uploads/2018/02/180222-Additional-JV-with-Koza-NI.pdf>

<https://www.wkt.com.au/wp-content/uploads/2018/02/180220-Project-Update-Final.pdf>