# **ASX ANNOUNCEMENT**

6 November 2023



# Poised for 'go live' - Lindi Jumbo Mine Development Update

Walkabout Resources Ltd (ASX:WKT) (Company), is pleased to provide an update on construction progress at its Lindi Jumbo Graphite Mine in Tanzania, as at the end of October.

#### **HIGHLIGHTS**

- Major milestone reached of 1 million hours and zero lost time injury over 675 days.
- Shipments of outstanding equipment continue to arrive in Tanzania.
- TSF construction 99% complete and on schedule, with HDPE liner virtually complete.
- Planned essential plant civil works 100% complete.
- Erection of the Concentrator building structure 85% complete.
- Erection of the Drying and Screening building structure 70% complete.
- TANESCO powerline energised and in use.
- Plant construction on track for the commencement of dry commissioning in Q4.
- Walkabout's Board of Directors visited site to observe progress and engage with local stakeholders.
- China's recent graphite export restrictions present an opportunity for Walkabout, to enter new markets and benefit from positive price momentum.

# Managing Director & CEO of Walkabout Resources, Andrew Cunningham commented;

"The construction teams in Tanzania continue to make significant progress and are delivering to schedule whilst also maintaining an impeccable safety record. The rapid progress on site as we near commissioning is exciting to witness and is testament to the commitment of the many parties who have poured time and energy into developing the Lindi Jumbo Graphite Mine.

It was an opportune time to welcome the entire Walkabout Board on site in October who met with local stakeholders and contractors. The experience was incredibly fulfilling for all parties and we had an overwhelmingly positive experience in our community meetings, as we seek to live up to our local decree of 'One Team, One Goal'.

Coming online in early 2024 – soon after Chinese export restrictions come into play –will secure Lindi Jumbo's role as the largest producer of large flake graphite for the expandable graphite market outside China - poised to provide the assurance of supply that currently hangs in the balance elsewhere."

## Lindi Jumbo Graphite Mine, Tanzania

## **HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE**

The Company comfortably reached a major milestone of one million hours with zero lost time injury over 675 days.

This safety performance is a major achievement, taking into consideration the continuation of multiple workstreams, a rapidly rising construction crew (currently totalling more than 250 people on site) and the rapidly evolving site environment, as the Company ramps up for construction completion and commissioning. Operational planning is well advanced, with consideration made to ensure this established safety culture is embedded into future mine operations.

#### SITE PROGRESS

#### **Concrete Works**

All planned critical concrete works at the Processing Plant are 100% complete.

Now, the civils contractor is focussing attention on the minor infill work – including floors, retaining walls and plinths for the containerised equipment, electrical transformers and other auxiliary equipment – to be delivered to site before the onset of commissioning.

## **Crushing Circuit:**

The commissioning engineers on site have been working through the entire crushing circuit in preparation for potential **early commissioning** of the circuit.

The electrical engineering team is in the process of pulling in all the electrical cabling, connecting the control panels into the Crushing MCC that has been installed. Electrical installation is expected to be completed in coming weeks (refer Figure 1).

Final pre-commissioning QA/QC inspections of the Crushing Circuit are being performed, with punch-list items being rectified. Conveyor belts are ready for installation and the prefabricated conveyor covers currently at the port of Dar es Salaam will be installed before wet commissioning.

#### **Concentrator Building:**

The erection of the steel building framework for the Concentrator Building has progressed rapidly and is now **85% complete** (refer Figure 2).

The last of the steelwork to support the installation of the drum scrubber and vibrating screen is on site. This will enable completion of the scrubber, vibrating screen and gantry cranes installation; and the commencement of roof panel installations. The installation of electricals for the Concentrator Building is in progress, with most of the cable racking in place and electrical cables being pulled in.

The installation of the piping continues and will be completed upon scrubber installation and the erection of the piping bridge between the Concentrator Building and the Thickener.



Figure 1: Installation of electrical cables within the cable racking (left) control panels within the Crushing MCC (right).



Figure 2: View from the north of the Concentrator Building.

#### **Drying and Screening Building:**

The erection of the central steel framework that started towards the end of September is now at **70% completion** (refer Figure 3 + 4). Approximately two weeks is estimated to completion before building cladding can commence.

All major columns have been erected and the installation of the steel floors on each of the four levels of the plants is progressing well.

This has allowed for various pieces of mechanical equipment to be lifted into place (surge bins, screw conveyors, vibrating screens and dust bag filters). Rotex screens are currently on a ship, awaiting unloading at Dar es Salaam port.

Once crane access becomes viable, the remaining containerised MCC's and Central Control unit will be placed into position, in preparation for the electrical circuits to be installed and tied into the switchgear.

All significant civils for the plinths of the filter presses have been completed. Once cured, the filter presses can be lifted into place, enabling the building structure, electricals and plumbing within the building to be completed.

The burner for the rotary dryer has not yet been installed, as it is currently awaiting ship loading in China.

The steel and platework for the ancillary buildings have arrived in Tanzania and the structures will be erected in time to house spare parts that will come as part of the final shipment from China, due next month.

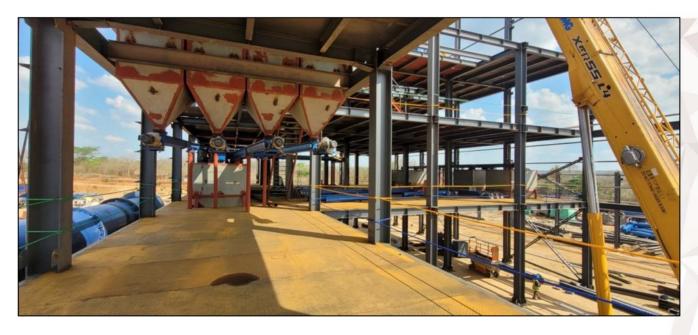


Figure 3: Surge bins and screw conveyors on the first floor of the Drying and Screening Building. These will supply the four products of dried and screened flake concentrate to the automated bagging units on the ground level of the building.

### Tailings Storage Facility (TSF):

The **TSF** is **99%** complete (refer Figure 5), with High Density Polyethylene (HDPE) lining installation being the major activity on site during October.

The HDPE slurry pipes from the plant and the return water pipe are being installed as well as the various pumps within the TSF and return water dam. A final TSF inspection and operating permit is expected shortly.



Figure 4: View from the southwest of the Drying and Screening building.



Figure 5: Aerial view from the east of the Project. TSF with the HPDE lining nearing completion in mid-October.

#### **Camp Facilities:**

Construction of the camp facilities are **in progress** in anticipation of the arrival of **containerised accommodation units in December**.

Certain facility structures (including the mess hall, kitchen, and ablution blocks) will be more permanent structures. Materials for the build of these amenities have been sourced locally and the construction team was recruited from surrounding villages. The camp will not need to be fully operational until after wet commissioning.

#### Main Road Access:

Permanent road access works are progressing well and will be completed before the onset of the wet season.

Various drifts and culverts will be installed to ensure access through the year. This road runs the entire length of the Mining Licence and will ensure less disturbance and traffic interaction with the local communities.

#### **POWERING OF THE PLANT**

As noted in the last project update, the **plant power supply remains on the critical path for scheduled wet commissioning**.

While grid power is currently being used on site, it is limited to a 100 KVA transformer to supply power for construction. One 5 MW stepdown transformer, which will be connected to Grid Power, is being manufactured and is due for receipt in Tanzania before the end of the month.

Various switchgear and smaller transformers, which will be the final connection between the Process Plant and Grid Power, are currently enroute to Tanzania, due for arrival in the next few weeks.

The shipment of two backup 1MW diesel gen sets has been delayed and are now due to be shipped in mid-November. While not expected at this point, any delays in the receipt of critical power supply equipment could subsequently delay energising the process plant for the commencement of wet commissioning.

# **EQUIPMENT DELIVERY AND MANUFACTURING**

All of the remaining mechanical equipment (burner, Rotex screens, piping and valves, electrical switchgear and instrumentation) are either en-route to Tanzania, awaiting berth positions at the Port of Dar es Salaam, or awaiting loading in China.

Dar es Salaam Port is currently experiencing delays due to dredging activities. Currently 50 vessels are in port or anchored outside the port. Current wait times are approximately 10-12 days. Lindi Jumbo currently has 2 ships waiting to unload, 1 ship in transit and 4 yet to be dispatched (spares, automation instruments, transformers and gensets).

#### **OPERATIONAL READINESS**

A number of **formal tenders have been received** for outstanding essential outsourced services (laboratory, fuel and logistics). The Company is in the process of selecting the preferred tenderers in accordance with local mining regulations.

Recruitment is in progress and onboarding continues in advance of mine start up. The majority of the Commissioning and Production Management personnel are in place with work progressing well in preparation of dry commissioning. This includes establishing the safety, health, environment, process, engineering, HR, training and maintenance functions within the processing and technical services disciplines. The Lindi Jumbo plant commissioning remains on track to commence during the December quarter.

#### **CAPEX FORECAST**

The Capex forecast **remains within guidance** (US\$34.5m net of VAT) as announced to the market in September (see ASX announcement 7 September 2023).

#### **COMMUNITY RELATIONS**

A meeting with leadership from three villages impacted by the Mine Relocation Assistance Program was facilitated to coincide with a visit from the Walkabout Board (refer Figure 6). The Program which has been operational since 2019, has been integral to the employment of a local workforce during mine construction.

The leaders expressed their appreciation for the significant economic and social advantage Lindi Jumbo has made in their communities. With one village leader expressing, "Lindi Jumbo has given us a reason to send our kids to school."

Lindi Jumbo is committed to providing local employment and supply opportunities to its host communities.

Our community relations team has been ramping up business development projects and prioritising areas for direct assistance as part of Lindi Jumbo's ESG framework.





Figure 6: Board meeting with chairpersons and their representatives from the local villages of Matambarale, Namikula and Namilema.

#### STAKEHOLDER RELATIONS

In October, the entire Walkabout Board and Leadership team including: Mike Elliott, Peter Finnimore, Phil Montgomery, Tony Allen and Andrew Cunningham, visited the Lindi Jumbo Mine to observe the peak of construction and attend to key Governmental meetings (refer Figures 7+8).

Over the past quarter, the Company attended and presented at various conferences and functions in Australia and Tanzania including Africa Down Under and the Dar es Salaam Mining Investment Conference (refer Figure 9). As the **first major graphite project outside of China to receive debt funding for the development of a flake graphite project**, interest in, and feedback to the Company has been extremely positive.



Figure 7: L to R Phil Mongomery, Paul Lombard, Tony Allen, Mike Elliott, Andrew Cunningham, Bruce White, Chediel Mshana & Peter Finnimore.

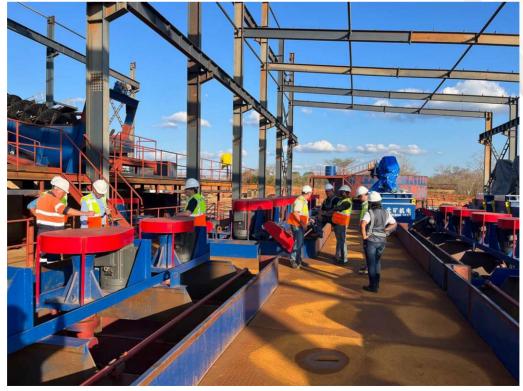


Figure 8: Board and Project Management Team in Concentrator Building.



Figure 9: Lindi Jumbo Director, Rachel Songo, presenting to Honourable Prime Minister Majaliwa at the recent Mining Investment Conference in Dar es Salaam.

# Product Sales and the Chinese Graphite Market – Supply Restrictions and Limitations

# GEOPOLITICAL FACTOR OF INFLUENCE: EXPORT CONTROL MEASURES FOR FLAKE AND SPHERICAL GRAPHITE

As announced by China's Ministry of Commerce and General Administration of Customs last month, temporary export control measures will be placed on flake graphite, spherical graphite and other products from 1 December 2023.

From that date, commercial export sales will be subject to approval from Chinese officials, who are seeking to effect various policy objectives.

With China currently the majority supplier of graphite worldwide, the news has understandably raised concerns for dependent customers from Korea, Japan, Europe and USA who are left uncertain as to how the permitting might be applied to their jurisdictions now or in the future. With limited new sources of non-Chinese graphite production, we expect that Lindi Jumbo is well positioned to obtain any resulting price premia for customer's supply chain certainty.

Graphite producers outside of China stand to benefit from these impending regulatory changes with Benchmark Minerals Intelligence reporting that since the announcement of the restrictions many traders and flake graphite mines outside of China are reporting that enquiries for material are flooding in.

Targeting first production in early 2024 – not long after Chinese export restrictions come into play – Lindi Jumbo will be the largest producer of large flake graphite for the expandable graphite market outside China and is well positioned to provide the assurance of supply that currently hangs in the balance elsewhere. As 100% of Lindi Jumbo production is currently unpriced, it also stands to fully benefit from any resulting premiums that emerge off the back of the export controls in China.

#### GEOGRAPHICAL FACTOR OF INFLUENCE: SEASONALITY OF CHINA'S GRAPHITE SUPPLY

Adding to supply strain is the possible inventory shortages of China's mined graphite as Heilongjiang Province enters the winter period as the Luobei and Jixi areas have to reduce / stop their production of flake graphite which normally leads to some tightening in the market.

The Lindi Jumbo graphite mine is set to offer year-round production of 40,000ktpa, so the opportunity exists for the Company to bridge potential market gaps for customers within these periods.

#### **WOGEN PRODUCT SALES**

Wogen is currently gathering product orders from end users for delivery during production ramp up. Most customers are expected to place fully priced pilot orders for smaller quantities initially while they compare actual product to the previously tested samples. If the pilot sales meet specification, regular periodic orders are expected to be placed.

This announcement is authorised for release by the Board.

-ENDS-

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#### **ABOUT WKT**

Walkabout is developing the high-grade Lindi Jumbo Graphite Project in Southeast Tanzania to take advantage of forecast market conditions for Large and Jumbo flake graphite products.

The Company holds 100% of a Mining Licence and between 70% and 100% of adjacent graphite prospecting licences at Lindi Jumbo with an enduring option to acquire the remaining 30% share. A high-grade graphite Mineral Reserve has been delineated within the Mining Licence area.

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

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

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

