QUARTERLY REPORT

31 October 2024

walkabout
RESOURCES LTD
ASX:WKT

WALKABOUT RESOURCES LTD

ACN 119 670 370
ASX Code: WKT

WWW.WKT.COM.AU

45 Ventnor Avenue,
West Perth, WA 6005
P.O. Box 263,
West Perth WA 6005

T: +61 8 9429 8874
admin@wkt.com.au

DIRECTORS

Andrew Cunningham
Managing Director

Mike Elliott
Non-Executive Chairman

Phil Montgomery
Non-Executive Director

Peter Finnimore
Non-Executive Director

ORDINARY SHARES
671,261,451

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

Amani Gold Project
Tanzania (100%)

Northern Ireland Gold and
Base Metals (50%)

Scotland Gold and Base Metal Projects (100%)

September 2024 Quarterly Activities Report

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

HIGHLIGHTS – LINDI JUMBO GRAPHITE MINE

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

- No significant incidents, with zero Lost Time Injuries (LTIs) recorded during the quarter.

OPERATIONAL PROGRESS

- Mining operations successfully maintained stockpile levels at approximately 40,000 tonnes.
- Vast majority of the material mined was “free dig”.
- Substantial increases in contained graphite delivered to the Run of Mine (RoM) pad, outperforming the DFS Ore Reserve Model.
- 3,349 tonnes of graphite concentrate produced since first bag, through to the end of Q3.
- Following the planned September shutdown, production averaged more than 50 tonnes of bagged graphite concentrate per day in September – approaching 50% of nameplate capacity.
- Average recoveries for the quarter at 91%, significantly above target.

PRODUCT SALES

- All proceeds for sales made during the quarter were received.
- Lindi Jumbo products seeing ongoing high demand, with requests for delivery in 2024 exceeding forecasted production.

FUNDING

- US$2m of Senior Debt Tranche B was drawn during the quarter.
- Credit-approved working capital facility offers received from two Tanzanian banks.

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

"The first quarter of ramp-up has demonstrated that the Lindi Jumbo Graphite Mine produces a sought after, high-quality graphite product; with demand exceeding our forecasted production for the remainder of the year.

Our teams are working diligently to increase production, which will enable the realisation of full production capacity within the next couple of months."

Lindi Jumbo Graphite Mine, Tanzania

HEALTH, SAFETY AND ENVIRONMENTAL PERFORMANCE

The Company maintained its strong safety record, with zero significant incidents or Lost Time Injuries (LTI's) during the first three quarters of 2024. As of the end of Q3, the Lindi Jumbo Graphite Mine has achieved a remarkable 2 years and 290 days without an LTI.

OPERATIONAL PROGRESS

MINING OPERATIONS

Mining operations continued, with a primary focus on maintaining RoM stockpiles at 35-40Kt of medium and high-grade ore; in addition to producing sufficient waste material for the continuous build of the Tailings Storage Facility (TSF). No blasts were conducted during the quarter, with the vast majority of the material still excavated from within the "free-dig" portions of the 3-year mine plan area.

Consistent with expectations, mining of the Lindi Jumbo graphite deposit has been very predictable, with positive increases in both tonnages and grade compared to the DFS Mineral Resource Block Model. This has resulted in higher-than-anticipated contained graphite being delivered to the RoM pad.

This has enabled the Company's targeted graphite output to be achieved with reduced ore mining, lowering the costs per tonne. These efficiencies will be reflected in updated Lindi Jumbo reserve and resource statements.

As of 30 September 2024, stockpiles contained approximately 40,000 tonnes of ore with an average grade of 15.33% Total Graphite Content (TGC). To ensure consistent feed grade to the processing plant, RoM pad ore blending is being employed.

Table 1: ROM High-grade stockpiles at Lindi Jumbo Graphite Mine as at the end of September 2024. Note - numbers are rounded.

STOCKPILE	QUANTITY		SOURCE
	Tonnes (t)	Grade (%TGC)	
EX IN-PIT DEVELOPMENT ORE	8,000	14.31	TSF CONSTRUCTION
RoM PAD	29,000	14.77	OPERATIONAL & DEVELOPMENT ORE
FINE ORE STOCKPILE	3,000	16.30	CRUSHED ORE

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GRAPHITE PRODUCTION

Saleable bagged graphite concentrate production for the quarter totalled 3,009 tonnes.

Production ramp-up continued through the quarter, focused on increasing and maintaining throughput across the entire processing circuit and – for short periods – testing each section at nameplate throughput capacity.

During the quarter, the plant was operated at a lower feed rate (40% -70%) to provide a stable throughput base to calibrate other sections of the processing plant. The current feed rate is 25% below nameplate capacity and will be steadily increased to reach nameplate output within the next couple of months.

Graphite recoveries are well above the forecast (71%) for the period, ranging between 85-95%, resulting in higher graphite output (concentrate); even at lower feed rates. October recoveries have continued at an average of 94%.

Table 2: Production for the September quarter.

	Tonnes	Grade (% TGC)
MINING		
Ore	28,460	17.31
Waste	63,842	-
PROCESSING		
Crushed ore	30,567	16.56
Processed ore	24,012	16.56
Graphite Concentrate Produced*	3,349	92%

**** Includes 340 tonnes produced during commissioning in the previous quarter.***

The most significant limitation to production during the quarter was lower-than-planned plant availability i.e. higher downtime. The major cause of this downtime was electrical disruptions caused by fugitive graphite dust emissions, predominantly from the burner-dryer interface.

As a conductor of electricity, graphite dust was causing regular shorting of electrical components across the entire plant. During a planned 6-day shut-down in September, remedial work was undertaken on the dryer/burner and several other areas responsible for the majority of the downtime. The modifications were effective in achieving the desired result.

During August, and the period after the September plant shutdown, average output exceeded 50 tonnes of graphite concentrate per day. Since the reporting period, daily production at times reached 90 tonnes of bagged graphite concentrate equating to approximately 80% of targeted production per day.

This performance was achieved despite feed rates constraints due to slow returns of process water from the TSF. The bore field supplements returned processed water from the TSF, but will need to be carefully managed during the dry season (which generally ends in November). Additional water bores will be drilled and equipped during the wet season.

Since the commencement of production, product purity has averaged slightly below target, with a concentrate grade of 92.74% TGC in September. This variance is predominantly due to higher-than-planned production of fines and ultra fines, capturing most deleterious material within the finer concentrate fractions.

The majority of the coarse flake material (>180 microns) exceeds 94% TGC in final concentrate.

With the processing team having successfully established continuity and stability in the concentrator section of the processing plant, the focus has now shifted to:

1. Optimising the grinding circuit - enhance flake preservation and reduce ultra fines before concentrating the material.

2. Grade optimisation within the concentrator section, targeting an average grade for all flake sizes >94% TGC.

3. Optimise screening efficiency to ensure final concentrate meets specifications for the four products produced (-80mesh, +80mesh, +50 mesh and +30mesh).

This optimisation process is expected to continue over the next quarter.

Initial results during October indicate notable improvement in both flake distribution and screening efficiency, with the majority of final concentrate produced now consisting of coarse flake above 180 microns.

Calibration and optimisation of the screening section was delayed due to the previously outlined issues in the burner/dryer section and the extended lead time for upgraded feed valves to the Rotex screens. These factors led to sub-optimal screening with the majority of early screened and bagged material not meeting the stringent size distribution requirement (ie >80% compliance) demanded by most high-end customers.

Rejected bags required either re-screening (a lengthy, costly process) or were sold at a discount as “unsorted” concentrate, of the relevant mesh size. October modifications to screens have significantly improved screening efficiency, resulting in far fewer unsorted bags.

Subsequent to the Quarter, production during the last three weeks of October averaged approximately 60 tonnes per day, with a target to steadily increase output over the coming months.

Figure 1: View from the southwest of the open pit in the foreground and plant and TSF in the background. Distance from pit to plant is approximately 700m.

SALES

Port congestion at Dar es Salaam, along with logistical delays and government inspections and verification sampling, meant that only a part of June and July production was exported before the end of the quarter. Shipments to Europe and India during the quarter totalled 13 containers, for 331 tonnes of product. Given that the shipped product was the first production from the Lindi Jumbo plant (June/July) it was primarily comprised of small flake (-80 mesh) and “unsorted” coarse flake.

As such the average realised price during the quarter of $533/t was significantly below the average of the remaining order book. Exports during the quarter were to seven different end customers, primarily as pilot sales aimed at confirming product quality matched previously provided lab samples.

In late September, with offshore shipping queues exceeding 50 ships, various government stakeholders and port operators met to implement bureaucratic changes intended to improve port efficiency. Offshore ship queues have since reduced by more than half.

Given the port congestion and in-country logistical challenges experienced during the quarter, most planned shipments have been delayed until the fourth quarter, with more than 2,200 tonnes booked for export in November.

Lindi Jumbo products remain in high demand by end customers, with 2024 product delivery already exceeding forecasted production. Final pricing for these orders is set when a shipping date is confirmed and a sales contract is signed.

The pricing range based on sales orders received to date from 11 different customers was provided in the ASX announcement dated 4 September 2024, and this guidance remains valid for products meeting customer specifications.

Based on current sales experience and demand the company is confident it can sell all of the fine flake (-180 microns) production to customers outside China.

With improved port efficiency and greater predictability in Lindi Jumbo production the “mine to market” period is expected to decrease significantly during the fourth quarter.

Figure 2: Sorting bags at the bagging section (left) and stock ready for transport to the port (right).

COSTS

The Company previously provided guidance of monthly FOB costs of US$1.4-1.5 million. Due to the early ramp up phase, cash costs during the quarter were significantly below this guidance, with total cash costs at US$1.81 million ($601/t produced) for the quarter.

Even in this early stage of ramp up, the cash cost per tonne produced, was similar to the realised price (mainly for fines and unsorted coarse material). On an accruals basis, cash costs were US$2.92 million ($970/t).

THEORETICAL CASH BREAKEVEN

If monthly costs are $1.4m, even at the December quarter’s estimated average production of 2,500t/mth, the required sales price to break even would be $560/t.

Lindi Jumbo has already sold and delivered -80 mesh product (its lowest value product) to Europe well above this price.

WORKING CAPITAL

Lindi Jumbo drew a further US$2m from Tranche B of its senior debt facility during the quarter to fund working capital during ramp up. A further US$500,000 was drawn down in October.

Delays in product export have postponed the receipt of sales proceeds, resuliting in an accrual of product inventories awaiting shipment in port warehouses. Expediting these shipments is a priority, as 80% of the sales proceeds are received at ship loading. As of the date of this report, customers have paid the outstanding balance for all September quarter sales.

Lindi Jumbo incurs value added tax (VAT) on it purchases, including mine construction costs. As an exporter, Lindi Jumbo is entitled to VAT refunds. Refunds have been received through to February 2023, but refunds for claims since that date are now long overdue. Lindi Jumbo is working closely with the Tanzanian Revenue Authority (TRA) to expedite these refunds.

Due to delays in receiving sales proceeds and VAT refunds, Gemcorp has extended the quarterly interest payment on the the senior debt until 11 November 2024.

Several directors and shareholders have extended a A$600,000 unsecured bridging loan to the Company on similar terms to the 2023 loan, pending receipt of sale proceeds or other working capital funds *(see ASX announcement of 28 October 2024).*

The Company has secured credit-approved multi-currency revolving loan facilities from two Tanzanian banks, with final terms under negotiation. As cash-flow finance rather than asset backed project debt, the facilities require regular sales receipts. Therefore, the delay in shipments has also impacted the finalisation of these transactions.

PROJECT COMMISSIONING

A small cohort of the EPC contracting team remain on site for the formal contractual handover of the processing plant. Several outstanding contract items are scheduled for completion over the next quarter.

GRAPHITE MARKETS AND PRICING

Coarse flake graphite markets, while cyclical, have not experienced the same price pressures as the fine flake market, where synthetic graphite is a direct competitor. Coarse flake prices have increased this year, now more than 10% higher year-on-year.

Low Chinese fine flake prices have led to several fine flake mines ceasing production thereby reducing by-product coarse flake availability. Therefore, coarse flake customers are seeking reliable suppliers who can meet demand at all points of the commodity cycle.

Emerging trade restrictions between China and Europe/USA, such as export permits and tariffs, has led to a growing price premium on reliable graphite supply from non-Chinese customers.

By remaining fully exposed to market prices for both coarse and fine flake graphite, Lindi Jumbo is well positioned to benefit from these favourable market trends.

UPCOMING OPERATIONAL PRIORITIES

Lindi Jumbo's priorities for Q4 include:

- Increased flake preservation throughout the crushing, grinding and concentrator sections of the plant.
- Grade optimisation within the concentrator section.
- Increasing screening efficiency.
- Ramping up production rates to be consistently at the 40kpta capacity.

Corporate

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

ENDS

For further information, please contact:

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

Or

Ash Baxter
Media Liaison
+61 497 257 718
ash@gilligangroup.com.au

About WKT

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

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

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

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

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

COMPETENT PERSON'S STATEMENT

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

FORWARD LOOKING STATEMENTS AND DISCLAIMERS

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

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

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

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