

ASX ANNOUNCEMENT

07 September 2023

DEVELOPMENT PROGRESS - LINDI JUMBO MINE

Walkabout Resources Ltd (ASX:WKT) (Company), is pleased to provide an update on construction progress at the Lindi Jumbo graphite mine in Tanzania.

HIGHLIGHTS

- No lost time injuries for 623 days.
- Shipments continue to arrive in Tanzania.
- TSF construction 90% complete and on schedule, with HDPE liner installation progressing well.
- Planned essential civil works 97% complete and remaining ahead of the processing plant construction.
- Erection of the Concentrator building structure in progress, with all mechanical equipment in place.
- Costs of funding delays on capex have been relatively minimal.
- Redundancy in power supply has been contracted to reduce risk and support growth.
- Plant commissioning remains on track for commencement during the 4th quarter.

EQUIPMENT DELIVERY AND MANUFACTURING

Shipments of structural, mechanical and electrical equipment continue to arrive in Tanzania, with more than 95% of the equipment and structural materials are now on site. All prefabricated steel for the Screening and Bagging building have arrived on site, with more than 850 tonnes comprising over 35 truck movements delivered during August.

All the Motor Control Centres (MCC's) for the plant have been shipped to site and will arrive in Tanzania in the coming days. The MCC's are fully prefabricated and once delivered to site will be connected to the electrical circuits currently being installed.



Figure 1: Lindi Jumbo MCC's (left) and switchgear (right) upon completion in China.

SITE WORKS

There have been no lost time injuries on site for over 600 days which is a major achievement and demonstrates to the strong safety culture supported by all employees and contractors taking into consideration that there are currently more than 200 people working on the project.

With the concrete works at the Concentrator Building complete, the erection of the steel building framework is in progress. Once the structural steel building has been completed, the remainder of the mechanical equipment, including the drum scrubber, will be “tied” into the building. The majority of the steel platforms within the Concentrator Building have been installed and the focus will be on the installation of the electrical and piping circuits within the Crushing Circuit and Concentrator Building.



Figure 2: Steel platforms around the grinding and flotation circuits within the Concentrator Building (left) and the start of the installation of the building steel framework (right).

Essential civil works for the entire project are 97% complete, with all major concrete works required to finalise plant construction in place. The civil works are now well ahead of the mechanical construction team and construction team numbers will be increased over the next few weeks to accelerate the mechanical, electrical and piping installation.

Within the Screening and Drying building, the 28m long by 3m diameter rotary dryer has been placed into position, allowing for the outstanding concrete works within this area to be finished. This will also allow for the completion of the structural steelwork, erection of the prefabricated building framework and the mechanical equipment to commence within the Drying and Screening building. The structural and mechanical teams assigned this work are on-site and have started the detailed construction planning.





Figure 3: Lift of the first section of the rotary dryer (top) and the complete dryer in place (bottom).

Civil works for a number of the ancillary buildings and equipment are ongoing and although not on the critical path, these structures will be erected in time to house spare parts that will come as part of the final shipment from China due next month.

The TSF is at 90% completion with the installation of the HDPE lining progressing well. All bulk earthworks associated with the TSF have been completed with the final trimming, drainage and civils in progress.



Figure 4: Aerial view of the TSF as at the beginning of August.



Figure 5: Installation of drainage pipes and HPPE liner.

POWER

The current construction schedule has the connection to the power supply on the Lindi Jumbo critical path. Although grid power has been delivered to site and is awaiting to be energised, the delivery to site of the contracted 33KV transformer is not expected until November. To mitigate potential commissioning delays and to reduce future operating risk, Lindi Jumbo has reverted to acquiring diesel generators for full backup power. These generators are expected to arrive on site next month and will be critical for the timely commissioning and startup of the processing plant while the transformer is being installed. The cost of this risk mitigation and redundancy will add nearly US\$1 million to the project cost and was factored into the sizing of the senior debt facility.

All indications are that the stability and availability of the grid power will allow for continuous operations, but the availability of full backup power gives the Company the extra comfort needed that the plant will be able to run as per design, even during unforeseen power outages. This approach has been strongly supported by Gemcorp. While there remains some spinning reserve in the Tanesco power grid, the power redundancy allows growth production to be unencumbered by any potential limitations in incremental grid supply.

CAMP

Lindi Jumbo had intended to utilise a Build Own Operate and Transfer (BOOT) arrangement for its mining camp. The economics of the available solutions were inferior to a Lindi Jumbo owned camp being funded from the existing senior debt facility. Therefore, Lindi Jumbo has opted for the building and operation of a temporary camp scaled for our needs during commissioning, ramp up and during the full production phase. A permanent camp will be constructed and funded out of operating cashflows during the first couple of years of operation. The temporary camp will not add to the original DFS Capex budget.

OPERATIONAL READINESS

A number of formal tenders have been received for the outstanding essential outsourced services to the mine (laboratory, fuel and logistics) and the Company is in the process of selecting the preferred tenderers in accordance with the Mining (Local Content) Regulations.

Hiring of essential staff is in progress and onboarding has commenced and will continue in preparation of the startup of the mine. Jinpeng, the EPC Contractor responsible for the successful completion and functional handover of the processing plant, has agreed to supply some important staff for a period of 6-12 months post commissioning to support the ongoing operations and to ensure a structured training, familiarisation

and handover schedule to the Lindi Jumbo operational team. Lindi Jumbo plant commissioning remains on track to commence during the 4th quarter.

MINE OPERATING COSTS

Most of the functions of the mine will be outsourced and as part of the tendering process the various final contractual rates are still under negotiation. Current indications are that while costs have generally increased some 15-20% since the release of the 2018 DFS, important changes such as the 3-year mine plan, introduction of grid power and now Lindi Jumbo owning the temporary camp could each potentially have a positive impact on the final mine operating costs. It is not expected that there will be material changes to the 2018 DFS numbers.

CAPEX FORECAST

With the contracting of the power and camp scope changes and the Lindi Jumbo plant construction nearing completion, the final estimated capital cost for the mine is US\$34.5m net of VAT. Total scope changes are \$3.8m with the bulk incurred in 2021. The impact of prolongation from the delays in project funding and Covid19 have been mitigated to approximately 4.2% of the forecasted final capex value.

Type of Change	Nature of Change	US\$ million	Detail
Original DFS Capex		\$27.8	
Rate	EPC Rate change to the Original DFS	\$1.5	<i>ASX Announcement of 25 October 2021.</i>
Scope	Plant Back End (Screening)	\$1.5	<i>ASX Announcement of 25 October 2021.</i>
Scope	Logistics and Transport	\$0.5	<i>Increase in Shipping and Trucking costs due to an increase in plant equipment and construction materials (steelwork) after scope changes.</i>
Scope	100% Backup Power	\$1.0	<i>This announcement</i>
Scope	Early mining/starter pit	\$0.8	<i>Potential savings on future Opex.</i>
Adjusted DFS		\$33.1	
Prolongation	Earthmoving and civils contractor	\$0.8	<i>12 months extra equipment on site. Delay in funding.</i>
Prolongation	Indirect Costs	\$0.6	<i>Mine staff, security and other indirects.</i>
Projected Total Capex		\$34.5	

With the near conclusion of the earthmoving and civils contract and the EPC contract being fixed price, the only real scope for immaterial changes in the projected total capex come from indirect costs from any further delays.

PRODUCT MARKETING

In recent months, the Company has been quite active with our Sales and Marketing partner, Wogen International, engaging with end customers to prepare for firm sales orders once production commences.

These activities have included visits by company representatives to potential end customers in China and Europe. Over the past 6 months extensive product testing has also been undertaken by potential customers who have found Lindi Jumbo graphite suitable for all major uses of coarse and fine flake graphite. Feedback from customers in the premium graphite products market has been that the samples were the best samples they had ever received for use in their line of high-end graphite products.

Lindi Jumbo and Wogen expect to begin to receive trial orders during the next quarter for delivery as soon as product becomes available. Specific shipment orders are expected to be finalised before the end of the year.

Lindi Jumbo's marketing focus remains on end customers who willingly pay a premium for a premium product.

With market activities to date, Lindi Jumbo is confident in selling its fines product at market rates and its larger (Large and Jumbo) product for premium prices. The market for Super Jumbo is relatively small and growing and will be a priority for the Company.

CEO of Walkabout Resources, Andrew Cunningham commented;

"The availability of capacity under our Senior Debt facility has enabled the project to make scope changes to further de-risk and potentially lower the cost of future operations. The near completion of construction means the current focus is shifting toward planning for commissioning, plant ramp up, operational readiness and product sales and marketing. It is exciting to see Lindi Jumbo shaping up to be the outstanding graphite producer we knew it would be."

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 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.

In addition to the Lindi Jumbo Project, Walkabout is also exploring in south west Tanzania at the Amani Hard Rock Gold Project.

The Company has also acquired an exciting exploration portfolio for gold and base metals in Scotland and Northern Ireland and is conducting ongoing mineral exploration in these areas.

Learn more at wkt.com.au

