

ASX ANNOUNCEMENT

4 September 2024



Lindi Jumbo produces 94 bags of graphite in single day

Walkabout Resources Limited (ASX:WKT) (“Walkabout” or the “Company”) is pleased to announce that production levels have increased significantly during August and that larger sales orders are ready for export at competitive prices.

HIGHLIGHTS

- August average daily production exceeds theoretical break even
- Sales being booked and shipped at attractive pricing
- Record production of 94 bags of dry graphite concentrate for a 24-hour period (nameplate capacity is 110 bags per day)
- Marked increase in plant operational availability with plant operating uninterrupted multiple times for periods exceeding 48 hours
- Recoveries are tracking above DFS modelling
- Operations continue safety record of zero LTI's

Walkabout's Managing Director and CEO Andrew Cunningham commented, “The significant increase in plant availability and utilisation over the past month reflects the commissioning team's focus and has enabled the processing teams to concentrate on optimising the value attributes of the Lindi Jumbo product.

Exceeding the theoretical breakeven output point is an important milestone to reach during the ramp-up phase of the Project. Lindi Jumbo is already demonstrating the benefits of its very high-grade deposit thereby operating at the lowest end of the cost curve while achieving a higher basket price due to its greater proportion of coarse flake graphite products.

We look forward to further increasing our production over the remainder of the quarter and shipping more high-quality product to our global customers”.

PRODUCTION RAMP UP AND OPERATIONS

Lindi Jumbo has continued its strong safety performance throughout the construction of the project and into operations. Safety performance is continuously monitored and audited on a regular basis to ensure that all shortcomings and incidents are identified and properly investigated with improvement actions taken to avoid reoccurrence.

Lindi Jumbo continues to increase its production during the ramp-up period with individual plant circuits demonstrating that they can operate at volumes that exceed planned production. Production during August has averaged more than 55 bags of bagged dry graphite concentrate a day. The break-even point is approximately 50t per day based on US\$1.4m of monthly opex (see ASX Announcement of 2 July 2024)

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divided by a theoretical average selling basket price of US\$900/t. The maximum concentrate produced in a single day has been 94 bags (nameplate capacity of 110 tonnes per day).

Mining operations have been conducted to meet the dual objectives of maintaining the RoM pad stockpile volumes and producing sufficient waste to prepare the next lift of the TSF before the wet season later in the year. During July, we achieved positive uplifts in both tonnages and grade compared to the DFS Resource Block Model resulting in an increase of 50% in the contained graphite.

Stockpiles are currently at ~38,000 tonnes and are averaging the same level of TGC as mine production (~15 – 17 % TGC) and more than sufficient to meet the entire ramp-up schedule. The plan is to maintain enough material on the RoM pad for one month's head-feed at nameplate capacity of 25,000t per month. Feed grade to the plant has averaged 16.7% TGC for August and can be increased if necessary.

Product purity is proving to be positively correlated to an increase in flake size as was expected from pre-development test work in Australia and China, i.e. purity improves with the increase in flake size within the final concentrate. Current production is at purity levels expected by customers and the graphite recovery of more than 90% continues to exceed the levels set out in the DFS and current production model.

As expected, the biggest challenges for the plant ramp-up during July and August has been eliminating the frequency and length of periods of plant downtime. This is a feature of any plant commissioning. On both fronts August has shown marked improvement from July with plant operational availability currently at ~84%. This is evidenced by the notable increase in production of dry, screened graphite concentrate during the month and the plant has been able to operate for more than 48-hours without interruption on multiple occasions during the month.

The main source of plant downtime has related to instability in the filter and drying sections of the plant with fugitive graphite dust emissions infiltrating and causing electrical shorting of critical components within the circuit of the burner unit. This is being addressed by both eliminating the sources of dust emissions, upgrading the electrical control systems and relocating these systems away from high potential dust areas. During much of August, the filtration section had been operating with only one of its two filter presses because of a need to replace an electrical component. Given the excess capacity in the backend plant, production has still exceeded plans. These improvements are already resulting in greater backend plant availability and throughput.

The Company has agreed with the EPC Contractor that their process engineers and the core of the mechanical team will remain on site until all the necessary modifications and upgrades to the processing circuit are completed and formal sign off of the processing plant is agreed. This leaves the EPC Contractor responsible for the minor electrical breakages and changes still taking place in the backend building. The Company considers this the best opportunity to complete the plant to its full satisfaction under the fixed price EPC contract.

Plant Opex has been slightly better than expectations with both diesel and consumable usage being lower than originally anticipated for the period. Mining costs have been lower than in the previous quarter when the focus was on ore stockpile expansion. Most permanent mine positions have been filled and the current roster system is working efficiently.

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Figure 1. Daily production within the bagging section after sampling and ready to be stacked in the loading shed.

PRODUCT SALES

The priority for sales to date have been to clear the stock produced during the commissioning and early ramp-up period.

Good pricing is being achieved with a large backlog of unfilled sales orders at attractive indicative pricing received from selected end-users. While no sales to date have been made to customers in China, Wogen does have firm orders to fill for Chinese customers to be shipped during September. To date pricing for Lindi Jumbo product has been in the range of:

Product	Outside China (US\$/t)	China (US\$/t)
Coarse flake (+80 mesh & +50 mesh) @ 94 - 95% TGC	US\$1,080 - \$1,600	US\$ 864 - \$912
Fine flake (-80 mesh) @ 90% - 95% TGC	US\$500 - \$750	-

All sales to date have been to Wogen for which an end customer has been contracted. Walkabout has a binding sales, purchase and marketing agreement with Wogan that covers 100% of the offtake at market pricing (80% cash received FOB).

With shipping disruptions in the Red Sea, shipments to Europe are generally being shipped around the south of Africa. This is delaying the timing by which the European end customers are able to confirm the product meets their ongoing requirements.



Figure 2. Large consignment of graphite concentrate ready for transport to Dar es Salaam in August.

LINDI JUMBO CASHFLOW

During August, Lindi Jumbo made what is expected to be its last draw on the senior debt Tranche B facility taking the drawn amount to US\$4m. Two Tanzanian domestic banks have provided Lindi Jumbo with credit approved overdraft facility proposals for US\$3.6m-\$4m. The overdraft facility will largely be used to meet differences in timing between receipts from sales and local operational costs. Lindi Jumbo is currently evaluating these offers. To become effective, both Company and senior debt provider approval is required.

OUTLOOK

With purity and recoveries tracking in line or better than DFS expectations, the main priority for the remainder of the quarter will be to steadily increase daily output toward planned concentrate output of approximately 110t/day. This will require an increase in the average feed rate and the continuation of the current levels of plant availability and utilisation. The feed rate has operated at significantly higher levels earlier during commissioning. Improvements in backend plant availability should allow for a substantial increase in the feed rate.

The processing team will continue to focus on improving product purity, large flake retention and screening efficiency and with longer periods of plant production the more significant the improvements should be.

This announcement is authorised for release by the Board of Directors.

-ENDS-

For further information, please contact:

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

Or

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

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.

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