

# ASX ANNOUNCEMENT

25 October 2021



RESOURCES LTD

ASX:WKT

## Lindi Jumbo Project Update: EPC Contract signed and construction milestones achieved

Graphite developer Walkabout Resources Ltd (ASX: WKT) is pleased to announce that its mine construction schedule is on track, and provide a project development update on activities supporting the development of its 100% owned Lindi Jumbo Graphite Mine in south eastern Tanzania.

### HIGHLIGHTS

- Commencement of Engineering, Procurement and Construction (EPC) Contract with Yantai Jinpeng Mining Machinery.
- EPC contract signed with Yantai Jinpeng Mining and Machinery Co. Limited.
- The Company has exercised an option to upgrade the scope of the screening and bagging section of the Processing Plant.
- Electricity rationing in China has not impacted the Processing Plant manufacture and procurement activities at Jinpeng.
- Axis Group International actively involved at the EPC contractor in Yantai, China reports progress is steady and to schedule.
- Bulk Earthworks at the Processing Plant, ROM pad and associated infrastructure on track for concrete works to commence shortly.
- Erection All Risks project owners insurance package approved by CRDB and implemented by the Company.

### Engineering, Procurement and Construction Contract

Lindi Jumbo Limited (the Company), a company incorporated in the Republic of Tanzania and a 100% owned subsidiary of WKT, has executed the Engineering, Procurement and Construction Contract (EPC) for the Lindi Jumbo Graphite Process Plant with Yantai Jinpeng Mining and Machinery Co. Limited (Jinpeng) in China. This follows the mobilisation payment made to Jinpeng in September to effectively activate the contract (see ASX announcements of 13 April 2021 and 20 September 2021).

The execution of the second material contract is part of the Conditions Precedent (CP) for drawdown of the US\$20 million debt facility by CRDB Bank in Tanzania. The project capex is substantially de-risked with this contract being for a fixed price. Together with the previously announced earthmoving and civils contract with TNR more than two-thirds of the project is now contracted.

The EPC contract sum including the plant enhancement scope change is US\$11.9 million. \$0.5 million of this had already been paid as part of the early start program & a further \$1.6 million paid on mobilisation. The contract allows for additional separable portions for power, mobile equipment & shipping. Lindi Jumbo has indicated it will source the mobile equipment from Jinpeng for \$0.6 million that includes a telehandler, front-end loaders and mobile crane. Mine power is subject to a separate contracting process with alternative vendors.

The EPC contract costs have been revised to current market prices predominantly for steel and labour. An estimated escalation of 150% in shipping costs to the original budget has arisen due to the global Covid pandemic influenced shortage of shipping containers. The resulting increase in fixed cost from the original budget is currently not seen as material and negotiations are underway in the various remaining areas of the Project to likely offset these increases.

**Walkabout Resources' CEO, Andrew Cunningham commented,** "The formal signing of the EPC contract is another major milestone for the Project as we work towards satisfying all of the CP's towards the drawdown of the debt and keeping the project development to schedule. Construction progress on site and in China has been impressive and I look forward to the delivery of the plant equipment to Tanzania and further development on site over the coming months".

## Plant Enhancement

The Lindi Jumbo deposit has some of the highest proportions of very large flake graphite in final concentrate globally resulting in a higher basket price for premium products. Since the initial plant design, the Company has become increasingly confident in the premiums available for the supply of its jumbo and super-jumbo product. To regularly obtain that premium it will be necessary to be known as a supplier of high-quality graphite concentrate with very high proportions of the product meeting or exceeding the minimum size specifications.

The Company has exercised its option to apply an upgraded design to the back-end of the plant that deals with the screening and bagging of the graphite concentrate. This change of scope includes the redesign of the final processing building that is larger to include enhanced screens and supporting equipment and automated bagging units. These changes will not only improve plant precision for sorting final products but also provide options consistent with our growth intentions.

The incremental cost of adding these scope changes to the EPC contract is approximately US\$1.5 million.



**Figure 1: Madame Yu Jianhuan (Chairman) and Xu Qingyan (General Manager) together with members of the engineering team involved with the Lindi Jumbo Project at the signing of the EPC Contract in Yantai, China.**

## Processing Plant Construction Progress

Since the mobilisation payment made to Jinpeng in September, manufacturing and procurement progress at Jinpeng has been to schedule. Axis Group International acting as the Lindi Jumbo representative at Jinpeng has been undertaking quality management checks on the procured construction materials and completed works. The first shipment batch is planned to be despatched by mid-November 2021. To date the power rationing in China aimed predominantly at high

energy consuming industries has not affected Jinpeng and there has thus been no adverse effect on their procurement and fabrication schedule.

To mitigate shipping cost increases we expect to leverage off both Jinpeng and the Axis Group's recent experience in delivering equipment to Africa (including Tanzania). They will be loading approximately 90 containers in 10 batches in a staggered delivery sequence in line with the construction schedule on site. As part of the Scope, Jinpeng is responsible for the transport and shipping of the batches from their premises in Yantai to the Port of Dar es Salaam.



**Figure 2: Axis Group International staff working at Jinpeng standing in front of one of the recently completed tanks for the Lindi Jumbo Processing Plant.**

The Company is currently finalising the appointment of a local Tanzanian logistics company to receive the batches at the port, manage customs clearance and the road transport to site. This company will work closely with Jinpeng and the Axis Group International to ensure that the potential for clearance and transport delays are minimised.

### **Siteworks in Tanzania**

Site bulk earthworks are progressing to schedule and within budget with the focus on:

- Terracing and levelling at the processing plant area in preparation of the concrete works;
- Upgrading of the access and internal roads;
- Construction by the civils contractor TNR of the Tanroads designed low-water drift across the stream near the town of Ruangwa;
- Topsoil clearing and preparation of the TSF area;
- Site preparation and installation of the contractor workshop area;
- Demarcation of the Mining Licence boundary.

The excavation and terracing of the processing plant area is nearing completion with filling and compaction in preparation of the concrete works and installation of the ROM retainer wall due to commence shortly. The preparation of roads has made the construction site accessible and ensures construction to continue throughout the wet season.





**Figure 3: Allan Mulligan (COO) and Bruce White (PM) inspecting the construction by TNR of the Tanroads designed Low Water Bridge over the stream near Ruangwa.**

In line with the local content requirements for all mining projects, the Erection All Risks project owners insurance package was secured through a local insurance broker in Tanzania, has been underwritten by two Tanzanian Insurers and has been approved by CRDB bank. The Insurance Policies have been listed as one of the Material Agreements in the Debt Facility Agreement.

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](http://wkt.com.au)