Lindi Jumbo Limited
TANZANIA

LINDI JUMBO LIMITED

PROGRESS REPORT

COMMERCIAL JUSTIFICATION

MINING LICENCE No. ML 579/2018

MAY 2024

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1 ABBREVIATIONS

DFS	-	Definitive Feasibility Study
ESIA	-	Environmental and Social Impact Assessment
IUCN	-	International Union for Conservation of Nature
IRR	-	Internal Rate of Return
LJ mine	-	Lindi Jumbo mine
LJL	-	Lindi Jumbo Limited
LOM	-	Life of Mine
ML	-	Mining License
NPV	-	Net Present Value
PL	-	Prospecting License
ROM	-	Run of Mine
TGC	-	Total Graphitic Carbon
t	-	tonne
tpa	-	tons per annum
TSF	-	Tailings Storage Facility
WKT	-	Walkabout Resources Pty Ltd.
WRD	-	Waste rock dump
ZoI	-	Zone of Instability

2 EXECUTIVE SUMMARY

Walkabout Resources Limited (WKT, Walkabout) hold the mining rights (6.8 km^2) and prospecting rights (active and applications) for graphite over 162.2 km^2 in the Lindi Region of Tanzania. A Measured, Indicated and Inferred 2012 JORC Resource has been identified within the mining licence area, ML579/2018. The Resource contains a high-grade envelope near surface, suitable for open pit mining.

In January 2017 WKT issued a feasibility study on the project. The study demonstrated the project to be viable and to produce healthy returns. Following changes to the Tanzanian mining legislation, an amendment to the Definitive Feasibility Study (DFS) was released in August 2017. An updated DFS was completed in 2019 based on the additional drilling campaign completed in 2018.

The following are highlights of the latest results from the updated definitive feasibility study based on the latest work.

- The mining plan utilises high-grade (>17% Total Graphitic Carbon (TGC)) plant feed over the Life of Mine (LOM).
- Resources (at 5 % TGC cut-off) of:
    - Measured 6.5 million tonnes at 12.1 % TGC
    - Indicated 8.4 million tonnes at 10.5 % TGC
    - Inferred 26.9 million tonnes at 10.5% TGC
    - Combined 41.8 million tonnes at 10.8% TGC
- Reserves of:
    - Proven 2.5 million tonnes at 19.3% TGC
    - Probable 3.0 million tonnes at 16.7% TGC
    - Total 5.5 million tonnes at 17.9% TGC
- The Feasibility Study confirms robust economics and returns even at potential softening price regimes for premium material.
- On mine cash cost of US$282/t of concentrate at 95% TGC delivered at mine gate.

- Upfront Capex of US$27.8 million. Ongoing sustaining and deferred capital of US$1.0 million.
- Weighted average product basket price of US$1,515/t of concentrate at 95% TGC was used in project evaluation.
- Pre-tax NPV10 of US$325m with Pre-tax IRR of 142%.
- Project Post-tax NPV10 of US$197m and Post-tax IRR of 119%.
- Operating model of "Fully Outsourced – Build, Own, Operate" (BOO) is used as the basis of costing for major items in the feasibility study.

The Lindi Jumbo project is located in southeast Tanzania approximately 200kms from the Port of Mtwara. The Company currently holds 100% of the mining licence (ML579/2018) and surrounding prospecting license (PL13376/2018). The Company also owns 70% of the neighbouring prospecting licenses (PL13352/2018 and PL9993/2014) with the option to acquire 100%. Figure 1 below shows the location of Lindi Jumbo Graphite Project mining and exploration licenses.

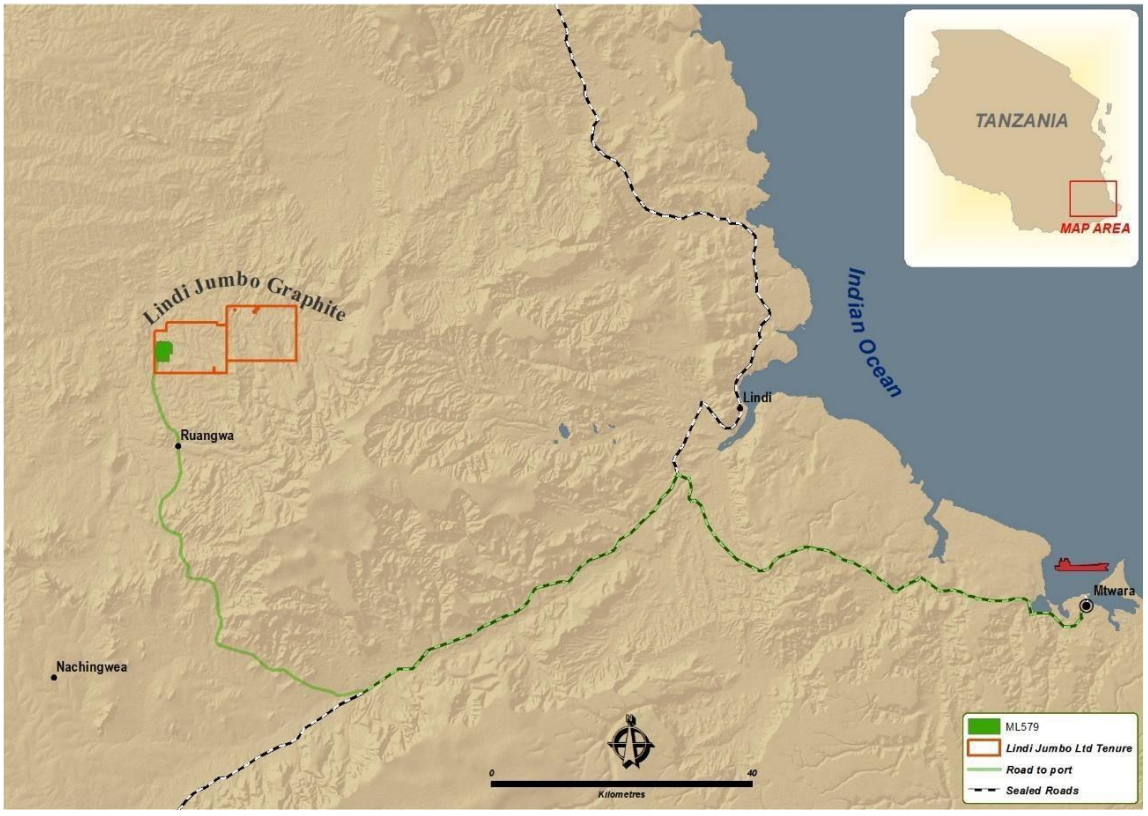

Figure 1: Location of Lindi Jumbo Graphite Project

The Project has been authorised for Environmental Impact certification by the National Environmental Management Council of Tanzania. The Mining Licence (ML579/2018) was granted in October 2018 and is valid for 10 years and renewable.

In December 2018, following an infill drilling and trenching program, the Measured, Indicated and Inferred Mineral Resource was updated. The resource contains three discrete high-grade zones which present the opportunity for selective, high-grade mining.

The high-grade nature of the Mineral Resource provides a significant competitive advantage in capital and operating cost reduction and also in metallurgical performance through the production of a premium graphite product. This product is able to secure premium sales prices in a highly competitive market.

As a result of the forecast high growth in demand for natural large-flake graphite and the premium nature of the product produced during test work, Walkabout have elected to fast track the project to production.

2.1 Financial Summary

The technical and financial parameters of the feasibility study are for the development of a mining and processing operation at Lindi Jumbo to produce an annual output of 40,000 tonnes per annum of four discrete products of graphite concentrate for sale FOB from the Port of Mtwara.

Production will entail the milling of 5.5 million tonnes of ore over the 24 year life of mine, an average of 226,000 tonnes per annum (19,000 tonnes per month).

The product sales price used for the feasibility study modelling of the Lindi Jumbo Project is a weighted life of mine mixed basket price of US$1,515 per tonne.

Key results of the cost modelling and financial evaluation are shown in Table 1.

Table 1 – Financial Metric

Financial Metric	Unit	LOM Value
Life of Mine Modelled	Years	24
Operating Costs (excluding concentrate transport)	US$/tonne conc	282
Operating Costs FOB Port of Mtwara	US$/tonne conc	347
Pre -production Capital Costs	US$m	27.8
Peak Funding Requirement	US$m	28.1
Sustaining Capital	US$m	1.0
Average Annual Free Cashflow	US$m	28.8
Life of Mine Revenue	US$m	1,445
EBIDTA average annual	US$m	41.1
Pre Tax NPV10	US$m	335
Financial Metric	Unit	LOM Value
Pre Tax IRR	%	142
Post Tax NPV10	US$m	197
Post Tax IRR	%	119
Operating Margin	%	77
Payback Period	Months	22

2.2 Resource Estimate

The updated JORC 2012 Measured, Indicated and Inferred Resource as at 31 December 2018 is based on the previously reported exploration results as well as the additional work completed during 2018 which included a resource upgrade and extension drilling and trenching program of 17 RC drillholes for 1,354m and 7 trenches for 654m was completed over the northern and southern portions of the deposit. The global Mineral Resource increased by 41.3% to 41.8 million tonnes at 10.8% TGC containing 4.5 million tonnes of graphite, as shown in Table 2.

Table 2 – 2017 Mineral Resource Estimate

GILBERT ARC GRAPHITE DEPOSIT (LINDI JUMBO PROJECT) DECEMBER 2017 MINERAL RESOURCE ESTIMATE USING A 5% TGC CUT-OFF				
Classification	**Domain**	**Tonnes (millions)**	**TGC %**	**Contained Graphite (tonnes)**
Gilbert Arc				
Measured	1	3.9	7.1	277,500
	3	0.8	13.1	111,200
	7 (HG)	0.5	20.7	96,000
	8 (HG)	0.5	24.8	124,800
	9 (HG)	0.7	24.2	172,400
Subtotal		**6.5**	**12.1**	**781,800**
Indicated	1	5.5	6.9	378,000
	3	1.4	13.1	183,900
	6	-		-
	7 (HG)	0.4	21.3	78,700
	8 (HG)	0.3	21.8	73,600
	9 (HG)	0.8	21.0	173,100
Subtotal		**8.4**	**10.5**	**887,300**
Inferred	1	5.5	6.6	363,500
	3	2.5	12.8	314,200
	6	4.4	13.1	579,300
	7 (HG)	0.5	19.8	96,200
	8 (HG)	0.3	22.8	62,200
	9 (HG)	1.1	24.1	253,500
Subtotal		**14.2**	**11.8**	**1,668,800**
Subtotal Gilbert Arc	Measured	6.5	12.1	781,800
	Indicated	8.4	10.5	887,300
	Inferred	14.2	11.8	1,668,800
		29.1	**11.5**	**3,337,900**
Southern Domains				
Inferred	11	1.0	5.7	57,200
	12	0.2	5.3	8,700
	13	1.8	7.6	136,800
	14	3.3	9.2	300,900
	15	5.3	10.8	568,600
	16	1.3	7.6	96,600

Subtotal Southern Domains		**12.8**	**9.2**	**1,168,800**
GRAND TOTAL	Measured	6.5	12.1	781,800
	Indicated	8.4	10.5	887,300
	Inferred	26.9	10.5	2,837,600
	Total	**41.8**	**10.8**	**4,506,700**

Note: Appropriate rounding applied

2.3 Mining

A geotechnical study was undertaken to determine the design criteria for the open pit mine design and pit optimisation. The pit optimisation exercise was repeated with a range of cut-off grades in order to optimise the cost per tonne of product produced. A cut-off grade of 10 % TGC was selected. Additional factors used in selection of the ultimate pit shell were the production rate and life of mine. It was specified that the production rate should be limited to 40,000 tonnes per annum (tpa) of concentrate as this is limited by potential market constraints. In order to achieve a mine life of at least 20 years at the specified production rate an in-pit resource of around 5 million tonnes is required. This guided the selection of the ultimate pit shell to use in the mining schedule. Figure 2 shows an isometric view from the southeast of the Lindi Jumbo pit shell with five mining stages. Table 3 below shows the mining inventory by pit stage.

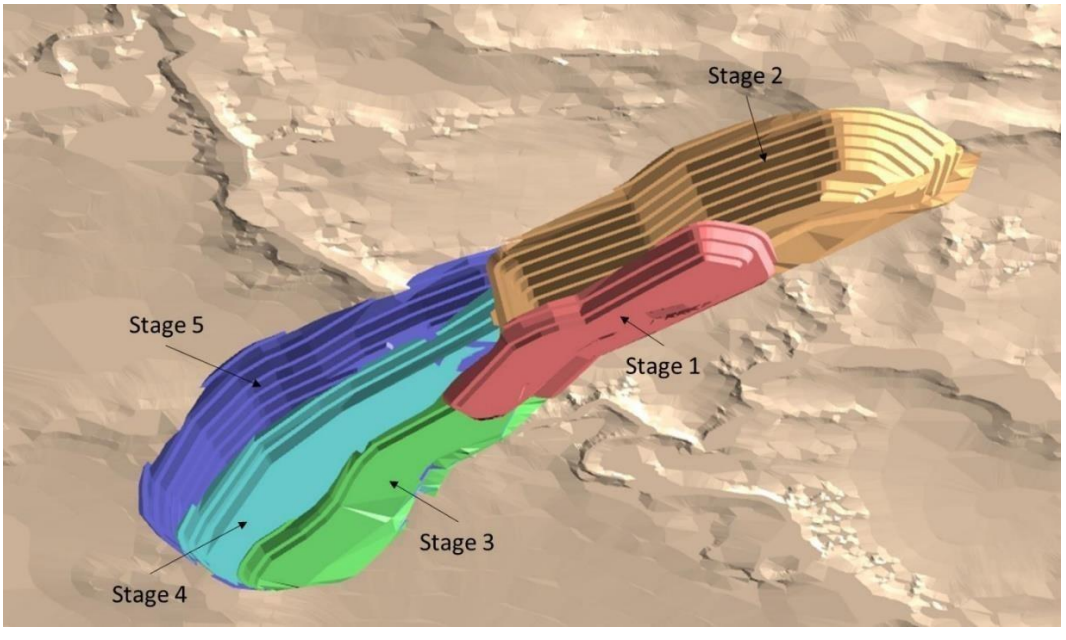

Figure 2: Lindi Jumbo Open Pit

Table 3 – The Mining Inventory by Pit Stage

MATERIAL TONNAGE AND GRADE BY STAGE							
Description	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**	**Total**	**Unit**
Total Tonnage	3,767,531	8,911,465	1,155,090	4,563,499	11,107,591	29,505,176	t
High Grade	234,897	262,828	114,396	319,916	1,418,582	2,350,619	t
High Grade TGC	23.0	21.6	23.7	22.6	23.6	23.2	(%)
Medium Grade	632,900	862,832	130,446	613,513	922,926	3,162,617	t
Medium Grade TGC	13.6	13.9	15.9	13.8	14.1	14.0	(%)
Low Grade	1,150,335	1,525,334	505,751	1,245,149	3,651,642	8,078,211	t
Low Grade TGC	5.9	5.8	5.6	6.0	6.2	6.0	(%)
Waste Tonnage	1,749,399	6,260,470	404,497	2,384,922	5,114,441	15,913,729	t
Strip Ratio	3.3	6.9	3.7	3.9	3.7	4.9	-

The mining schedule targets higher grade material with improved recovery factors in the early years in Stages 1 and 2 where the high grades of resource domains 7, 8 and 9 are accessed. The mine plan allows for mining North of the Matarambele River for the first 3.5 years before the river needs to be diverted.

The mining contract is planned to be fully outsourced where the contractor will purchase, supply and manage all equipment and personnel. There is a limited allocation of capital to mining to provide for contractor mobilisation.

Weathered ore and waste will be excavated using a hydraulic shovel and loaded onto dump trucks for hauling out of the pit to the Run of Mine (RoM) stockpile, low grade stockpiles or waste dumps. Where the weathered material requires ripping by dozer before excavating this will be done using a tracked dozer. Fresh ore and waste will be drilled and blasted before being loaded and hauled in a similar manner. Waste will be transported to the waste dump site, which has been identified in the vicinity of the open pit. Ore will be transported to the RoM pad adjacent to the processing plant in preparation for feeding to the plant. A RoM stockpile of approximately one month's supply or 20,000 tonnes will be maintained.

Low grade ore will be placed on a low grade stockpile for potential processing or sale at a later date. The low grade stockpile reaches a maximum of 8 million tonnes at an average grade of

6% TGC.

Waste and ore will be transported from the pit to the waste dump, RoM pad or stockpile by articulated dump trucks of 30 tonne capacity. The initial primary mining equipment fleet required consists of two excavators and two trucks, with trucks increasing as depth and strip ratio increases. Additional ancillary equipment has been allowed for in the cost estimates.

2.4 Processing

A graphite processing flow sheet was developed based on an extensive metallurgical test work program. The focus of the test work program has been the preservation of flake size into concentrate within a minimum concentrate grade of 95% TGC.

Confirmation of attritioning regimes, mill charges and speeds and retention times has been undertaken. The proposed flowsheet consists of the following primary activities:

- Crushing
    - Ore receiving - ROM bin and apron feeder
    - Primary Crushing - jaw crusher
    - Secondary crushing – a cone crusher in closed circuit with screen
    - Fine ore bin – live capacity 350 tons
- Grinding and Flotation
    - Drum Scrubber
    - Milling – a single rod mill operating in closed circuit with a spiral classifier
    - Rougher/Scavenger Flotation – rougher and scavenger flotation followed by re-flotation of rougher concentrate.
    - Tailings disposal and storage – a thickener for process water recovery, followed by pumps for transferring thickened tailings to the tailings storage facility.
    - First regrind and cleaner flotation – a spiral classifier feeding a tumbling mill with ceramic grinding media, followed by the first cleaner flotation stage.
    - Final regrind cleaner flotation – four stages of attrition regrinding and cleaner

flotation, followed by a final cleaning stage.

- Concentrate Handling
    - Filtration and concentrate drying.
    - Screening of dry concentrate.
    - Bagging of concentrate.

The plant has been sized for a feed of 280,000 tpa of ore with a grade of > 16% Total Graphitic Carbon (TGC), to produce 40 ktpa of graphite flake concentrate with an average grade of 96% TGC. This corresponds to a graphitic carbon recovery of about 90%.

Much of the equipment is to be sourced from China where several decades of graphite processing intellectual property (IP) is located. Figure 3 below shows the layout of the process plant. The process plant contracting philosophy is also that of fully outsourced operations, costs estimated on this basis for the plant operation are shown in the table below.

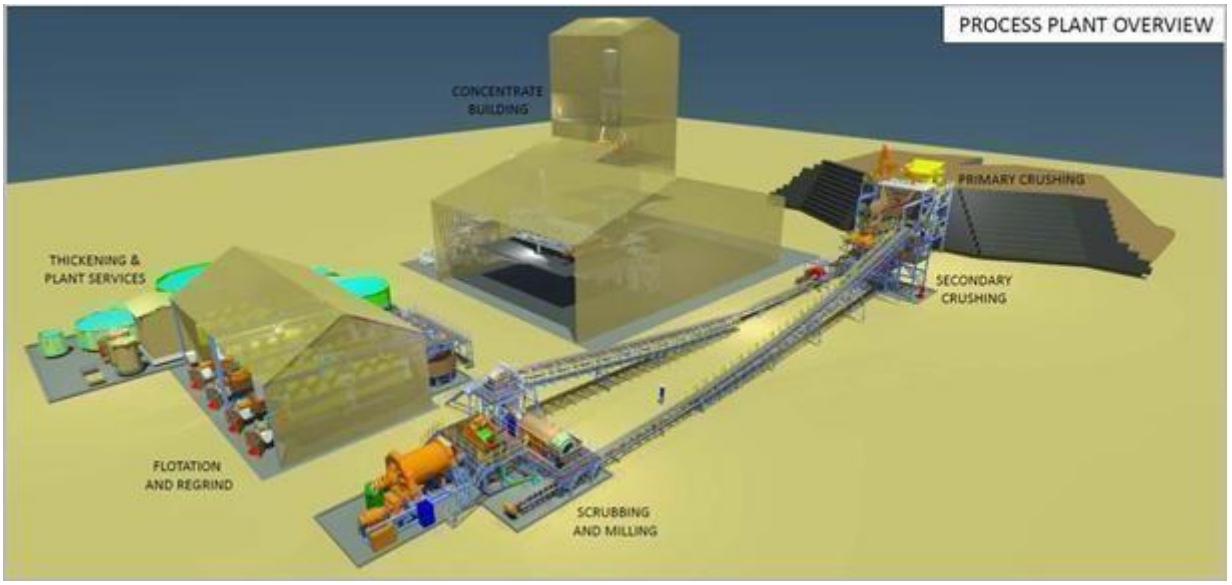

Figure 3: Proposed Lindi Jumbo Graphite Process Plant

Four high purity products are planned to be produced at Lindi Jumbo. The life of mine average ratio of products includes both weathered and fresh ore, which consist of different ratios of flake size. The cut-off between weathered and fresh was determined to be 10 metres below

surface. The products are targeted towards the high-end markets with an estimated 6,000 tonnes per annum of Super Jumbo (+500um) and 13,800 tonnes per annum of the Jumbo (+300um) products suitable for the expandable natural flake markets. The make-up of products and their contribution to project revenue over the life of mine is tabled below.

Table 4 – The Make-up of Products

PRODUCTS AND CONTRIBUTIONS TO REVENUE					
Product Type	**% of Total**	**Sales Price [US$/tonne]**	**Annual Sales**	**Annual Revenue [US$m]**	**% Contribution to Revenue**
Super Jumbo	14.8%	2,350	5,920	13.7	
Jumbo (+300µm / -	34.5%	1,850	13,800	25.3	42%
Large (+180µm / -300	25.0%	1,200	10,000	11.9	20%
Remainder (-180µm)	25.7%	890	10,280	9.1	15%
Total	**100%**	**1,515**	**40,000**	**60.0**	**100%**

The products are planned to be bagged and shipped separately with a shipping agent collecting at mine gate and managing all logistics, shipping and transport.

2.5 Infrastructure Requirements

The proposed TSF will cover an area of approximately 17 hectares and comprise of an initially engineered earth starter wall with a maximum height of 8 m (at the lowest point), sufficiently high to contain the tailings material during the initial period with a rate of rise less than the specified maximum of 2m/year. The TSF will be constructed in phases.

Surface infrastructure to support the mining and processing includes:

- Dewatering arrangements for the open pit.
- Bulk power supply – on site generation by diesel driven generators pending connection to a high reticulation feed.
- Bulk water supply from a bore field in close proximity to the mine.
- Potable water supply.

- Camp and accommodation facilities to be built, owned and operated by others.
- Administration Offices and stores.
- Workshop for both plant and mining fleet maintenance.
- An Explosive Magazine
- A weir and a minor stream diversion which is required to divert an ephemeral stream around the proposed open pit.
- A road diversion around the proposed pit.
- Site roads and storm water control.
- Surface vehicles to support the operation.

2.6 Environmental and Social Permitting Requirements

The proposed project area is partly occupied by a limited number of local people and some of them are involved in agriculture and domestic livestock keeping. In terms of conservation significance, most of the flora and fauna of the area falls under the category of Least Concern (LC) under IUCN categorization.

Generally, the biodiversity value of the area is quite small compared to the benefits that will occur by executing the graphite mining project, especially to the local communities surrounding the project area.

From the Environmental and Social Impact Assessment (ESIA), it can be concluded that the impacts of the proposed project are minor and easily mitigatable.

In general terms, all the stakeholders view the project as a positive initiative in terms of community support by improving social services and social infrastructural facilities, i.e. health, road, water availability, village government offices and education facilities.

Employment was viewed as one of the major positive impacts of the development of the mine and helps reduce the poverty level of the people in the Ruangwa District and country wise.

The valuation for the Resettlement Action Plan (RAP) completed in 2018 was approved by all the stakeholders and officially signed off by the Chief Government Valuator in Dodoma, Tanzania during January 2019. This valuation of US$2.1 million, has a statutory foundation and is not negotiable by any party.

2.7 Financial modelling and indicators

The discounted cashflow model was developed for the project. The model has assumed the following financial parameters:

- Real terms model.
- Life of Mine modelling – 24 years of production.
- Discount Rate – 10% considered appropriate for mid-scale East African projects.
- Tax Rate – 30% engaged after capital allowance has been reached.
- Royalty Rate – 3% as per other projects.
- Contingency – 7.5% calculated as a function of accuracy of cost and quantity.
- Tanzanian Government Free Carry – Dividend of 16 %.
- Clearance Tax – 1% of revenues.
- Equity – 100%.

The key results of the discounted cash flow modelling are in Table 5.

Table 5 – Financial Analysis Results

Metric	Steady State Average	LOM Total	Unit
Revenue	59.8	1,445	USD m
Operating Cost	13.8	334	USD m
Capital Cost	-	28	USD m
Ongoing Capital Cost	0.04	1	USD m
EBITDA	44.3	1,070	USD m
WKT Free Cash Flow	26.5	610	USD m
Pre-Tax NPV (10%)	N/A	325	USD m
Pre-Tax IRR	N/A	142	%

Post-Tax NPV (10%)	N/A	197	USD
Post-Tax IRR	N/A	119	%
Payback Period	N/A	22	months
Peak Funding Requirement	N/A	-28	USD m
On-Mine Unit Operating Cost (FOB Mtwara)	347	347	USD / t conc.
Operating Margin (before Royalties)	77%	77	%
Royalty Paid	1.7	41	USD
Tax Paid	12.7	312	USD
TZ Government Dividend	5.1	118	USD
Total Sovereign Payments	19.5	472	USD

Sensitivity calculations were derived for the main economic drivers, capital, operating costs and revenue. The model was tested by a 30% variation to both the negative and positive. The outcome of this modelling is that the highest sensitivity is to revenue, although a 30% reduction in revenue still yields a post-tax NPV10 of over US$100m as shown in the figure below.

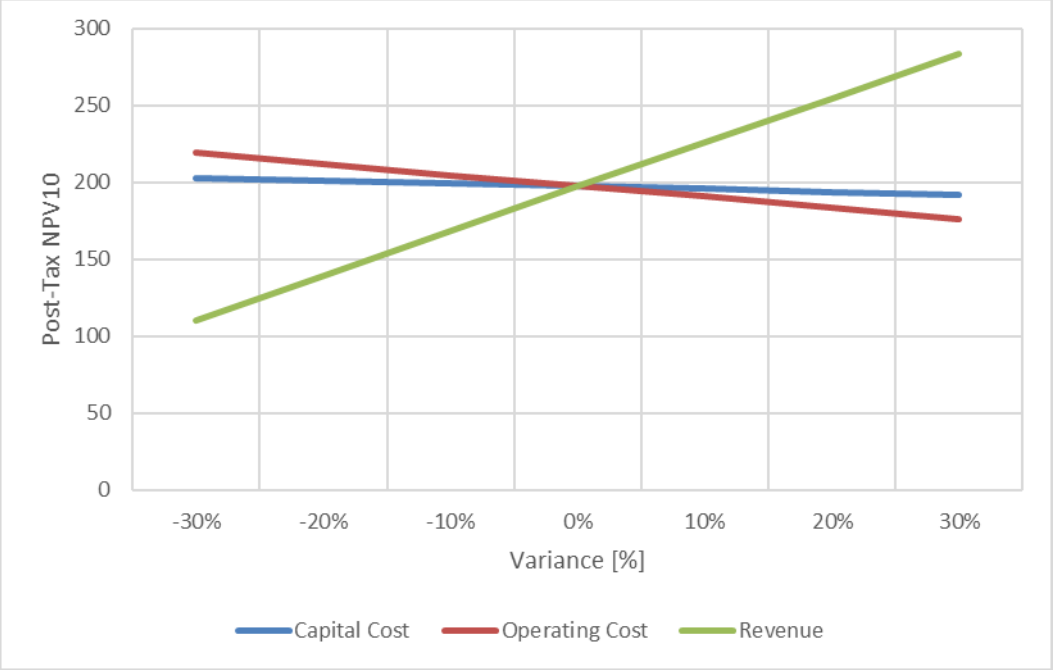

Figure 4: NPV10 Sensitivity to Revenue, Costs And Capex

Based on this Last resource report, Ore Reserves have been declared in terms of JORC 2012. The Ore Reserves are reflected in Table 6.

Table 6 – Ore Reserve Summary

LINDI JUMBO GRAPHITE ORE RESERVE SUMMARY			
Category	**Tonnes**	**TGC %**	**TGC (t)**
Probable Ore Reserves	2.540	19.3	0.489
Proven Ore Reserves	2.972	16.7	0.498
Total Ore Reserves	**5.513**	**17.9**	**0.987**

Note: Totals may not add up due to rounding.

3 INTRODUCTION

Walkabout Resources Limited (WKT) have secured mining and prospecting rights for graphite over 169 km2 in the Lindi Region of Tanzania. A Measured, Indicated and Inferred 2012 JORC Resource (Gilbert Arc Deposit) has been identified within the mining licence area, ML579/2018. The Resource contains a high-grade envelope near surface, suitable for open pit mining.

In December 2016, following an infill drilling program, the Maiden Inferred graphite Mineral Resource at Lindi Jumbo was reclassified to Measured, Indicated and Inferred. Since the declaration of the maiden resource significant additional exploration work has taken place. The latest round of drilling completed in 2018 led to the updated declaration of an new Mineral Resource.

In January 2017 WKT issued a feasibility study on the project. The study demonstrated the project to be viable and to produce healthy returns. Following changes to the Tanzanian mining legislation, an amendment to the DFS was released in August 2017. WKT have progressed the front-end engineering aspects of the project, along with the additional exploration drilling during 2018.

The project development philosophy is one of engineering, procurement and construction (EPC) contracts with all major aspects of the project development being implemented by means of turnkey contracts, thereby minimising risk for the project owner and reducing owner's team and engineering, procurement, construction management (EPCM) costs.

4 MINERAL RIGHTS AND TENURE

The Lindi Jumbo Gilbert Arc Graphite resource is located within mining lease ML579/2018 held by Lindi Jumbo Ltd to the north of the town of Ruangwa (Figure 7, Table 7). The project also includes one granted prospecting licence PL9993/2014, and two prospecting licence applications PL13376/2018 and PL13352/2018.

Table 7 – Summary of license Tenure

Licence type	Licence Number	Area (Sq km)	Date Granted	Expiry Date	LJL % OWNERSHIP
ML	579/2018	6.89	4-Oct-18	3-Oct-28	100%
PL	13376/2018	74.96	28-Nov-18	Application Recommended	100%
PL	13352/2018	43.9	26-Nov-18	Application	70%
PL	9993/2014	43.44	22-Jul-14	21-Jul-18	70%
Total		**169.19**			

Note: Licenses above are all active.

LJL = Lindi Jumbo limited

The Lindi Jumbo Graphite Project originally comprised four contiguous prospecting licences PL9992/2014, PL9993/2014, PL9994/2014, and PL9906/2014. The Gilbert Arc Graphite deposit was located on the western portion of PL9992/2014 (Table 7).

A mining license was applied for over the Gilbert Arc Graphite deposit in PL9992/2014 in September 2017. Under the terms of the Mining Act 2017, the underlying prospecting licence PL9992/2014 would cease to exist on grant of the mining licence. While the mining lease application was being reviewed and processed by the Ministry, the two project licenses (PL9992/2014 and PL9993/2014) came due for renewal in July 2018. A renewal was lodged and granted for a 50% area of PL9993/2014 as allowed under the Act, while no action could be taken on PL9992/2014 until both the mining licence application process was completed and the four month moratorium passed.

The Mining Licence covering the Gilbert Arc deposit was granted as ML579/2018 on the 28

August 2018 to Lindi Jumbo Limited, a wholly owned subsidiary of Walkabout.

The expired area of PL9992/2014 was subsequently re-applied for by the company and is currently an application that is recommended for grant. In addition, the 50% area of PL9993/2014 that was relinquished as required by the Act on first renewal, was subsequently reapplied for as PL13352/2018 and remains an active application.

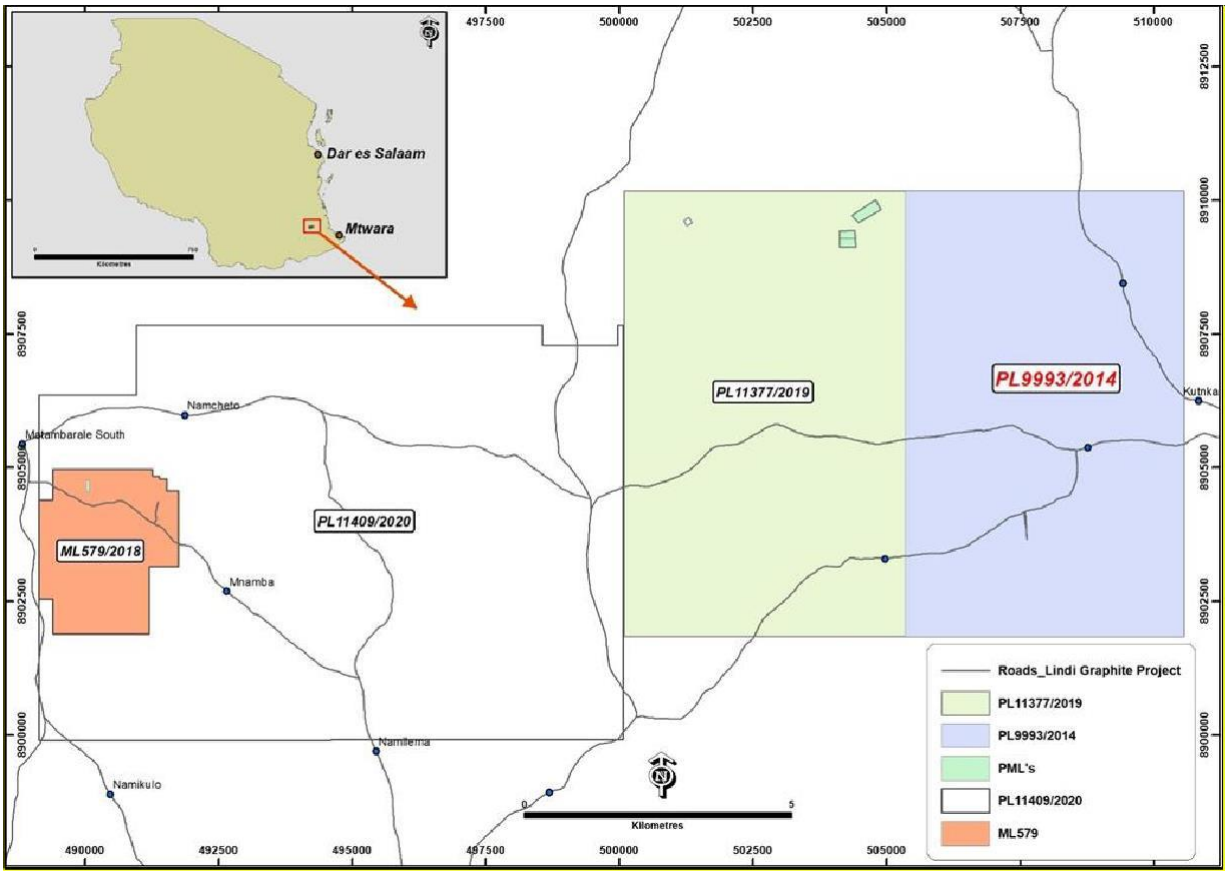

Figure 5: Tenement Location Plan for Lindi Jumbo Project Showing the Location of the Gilbert Arc Deposit And The Excluded Pml Zone

Table 8 – PML Area Excluded from Pl 9992/2014

Name	Sq.Km	Expiry Date	Holder	Commodity
PML003048SZ	1.31	25/08/2020	Saidi Nyamanyama (25%) + 3 others	Tourmaline
Total	1.31			

5 GEOLOGY AND RESOURCES

5.1 Mineral Resource Estimate

The maiden resource estimate in late 2015 was based on information from 15 RC drillholes for 916m and 3 diamond core holes for 214.96 m all drilled by Walkabout Resources. Drillhole spacing averaged around 160 m along strike and 50 m on section.

During August and September 2016, an infill drilling program of 19 RC (1,393m) and 5 DD drillholes (342.6m) was completed over the high-grade western flank of the deposit. Drillhole spacing over the core of the deposit was around 50m along strike and on section. This additional information was used to upgrade the Mineral Resource estimate, with a large portion of the deposit now in the Measured and Indicated categories.

During July and August 2018, a resource upgrade and extension drilling and trenching program of 17 RC drillholes for 1,354m and 7 trenches for 654 m was completed over the northern and southern portions of the deposit. The global Mineral Resource increased by 41.3% to 41.8 million tonnes at 10.8% TGC containing 4.5 million tonnes of graphite.

Grade envelopes have been wireframed to an approximate 5% Total Graphite Carbon (TGC) cut-off for Domains 1, 3 and 6, allowing for continuity of the higher-grade zones. The lower grade Domain 4 is wireframed to an approximate 3-4% TGC cut-off. Due to the low-grade nature of Domain 4 (<5% TGC) on the eastern flank of the antiform, it was decided to exclude this domain from any further drilling and has subsequently been dropped from the “Global Mineral Resource”. Based on visual and statistical analyses of the drilling results and geological logging of the graphite-rich zones, this cut-off tends to be a natural geological change and coincides with the contact between the graphite-rich schists and the other host rocks (i.e. biotite schists and gneisses, garnet gneisses and occasional dolomites).

Walkabout completed specific gravity testwork on drill core and RC samples across the deposit using hydrostatic weighing (spray seal coated), gas pycnometry and caliper methods. Of these, 176 are from within the modelled mineralised domains. Statistical analysis of the

samples and comparison against depth and TGC grade identified a clear relationship between bulk density and TGC grade for Domain 1 (plus internal high-grade domains). As such, the bulk densities within these four domains were calculated using a regression equation. For the remaining domains, an average bulk density of 2.5 g/cm^3 was used for transition and fresh material. Globally, the oxide zone bulk density of 2.0 g/cm^3 was applied.

Directional variograms were modelled by domain using traditional variograms. Nugget values for TGC are moderate (between 20% and 35%) for the lower-grade domains and structure ranges up to 250m. The composites were cut prior to variogram generation. Grade estimation was completed using Ordinary Kriging (OK). The OK estimate was constrained within the four discrete wireframe domains (plus the three internal high-grade zones within Domain 1) and generated with multiple estimation passes completed with expanded sample searches.

The Mineral Resource has been classified based on confidence in the geological model, continuity of mineralised zones, drilling density, confidence in the underlying database and the available bulk density information. The Lindi Mineral Resource has been classified as Measured, Indicated and Inferred according to JORC 2012 and is shown in Table 9 below for TGC.

Table 9 – Gilbert Arc Graphite Deposit

GILBERT ARC GRAPHITE DEPOSIT (LINDI JUMBO PROJECT) DECEMBER 2017 MINERAL RESOURCE ESTIMATE USING A 5% TGC CUT-OFF				
Classification	**Domain**	**Tonnes (millions)**	**TGC %**	**Contained Graphite (tonnes)**
Gilbert Arc				
Measured	1	3.9	7.1	277,500
	3	0.8	13.1	111,200
	7 (HG)	0.5	20.7	96,000
	8 (HG)	0.5	24.8	124,800
	9 (HG)	0.7	24.2	172,400
Subtotal		**6.5**	**12.1**	**781,800**
Indicated	1	5.5	6.9	378,000

GILBERT ARC GRAPHITE DEPOSIT (LINDI JUMBO PROJECT) DECEMBER 2017 MINERAL RESOURCE ESTIMATE USING A 5% TGC CUT-OFF				
Classification	**Domain**	**Tonnes (millions)**	**TGC %**	**Contained Graphite (tonnes)**
	3	1.4	13.1	183,900
	6	-		-
	7 (HG)	0.4	21.3	78,700
	8 (HG)	0.3	21.8	73,600
	9 (HG)	0.8	21.0	173,100
Subtotal		**8.4**	**10.5**	**887,300**
Inferred	1	5.5	6.6	363,500
	3	2.5	12.8	314,200
	6	4.4	13.1	579,300
	7 (HG)	0.5	19.8	96,200
	8 (HG)	0.3	22.8	62,200
	9 (HG)	1.1	24.1	253,500
Subtotal		**14.2**	**11.8**	**1,668,800**
Subtotal Gilbert Arc	Measured	6.5	12.1	781,800
	Indicated	8.4	10.5	887,300
	Inferred	14.2	11.8	1,668,800
		29.1	**11.5**	**3,337,900**
Southern Domains				
Inferred	11	1.0	5.7	57,200
	12	0.2	5.3	8,700
	13	1.8	7.6	136,800
	14	3.3	9.2	300,900
	15	5.3	10.8	568,600
	16	1.3	7.6	96,600
Subtotal Southern Domains		**12.8**	**9.2**	**1,168,800**
GRAND TOTAL	Measured	6.5	12.1	781,800
	Indicated	8.4	10.5	887,300
	Inferred	26.9	10.5	2,837,600
	Total	**41.8**	**10.8**	**4,506,700**

Note: Appropriate rounding applied

Table 10 shows a summary of the mineral resource, excluding the lower grade Domain 4, at

various cut-off grades.

Table 10 – Summary of Mineral Resource excluding Lower Grade Domain 4.

MINERAL RESOURCES BY CUT-OFF GRADE (EXCLUDING DOMAIN 4)		
Cut-off TGC%	**Tons (millions)**	**TGC %**
0	34.5	10.3
1	34.5	10.3
2	34.5	10.3
3	34.1	10.4
4	31.7	10.9
5	29.1	11.5
6	24.6	12.6
7	19.7	14.1
8	16.4	15.4
9	14.3	16.5
10	13.0	17.2
11	11.5	18.1
12	10.2	18.8
13	9.3	19.5
14	8.4	20.1
15	7.8	20.6
16	6.6	21.4
17	5.3	22.7
18	4.7	23.4
19	4.1	24.0

Figure 6 illustrates the mineralised domains at Gilbert Arc and the new Southern Area. Figure 7 illustrates the resource coloured by resource category (measured, indicated and inferred).

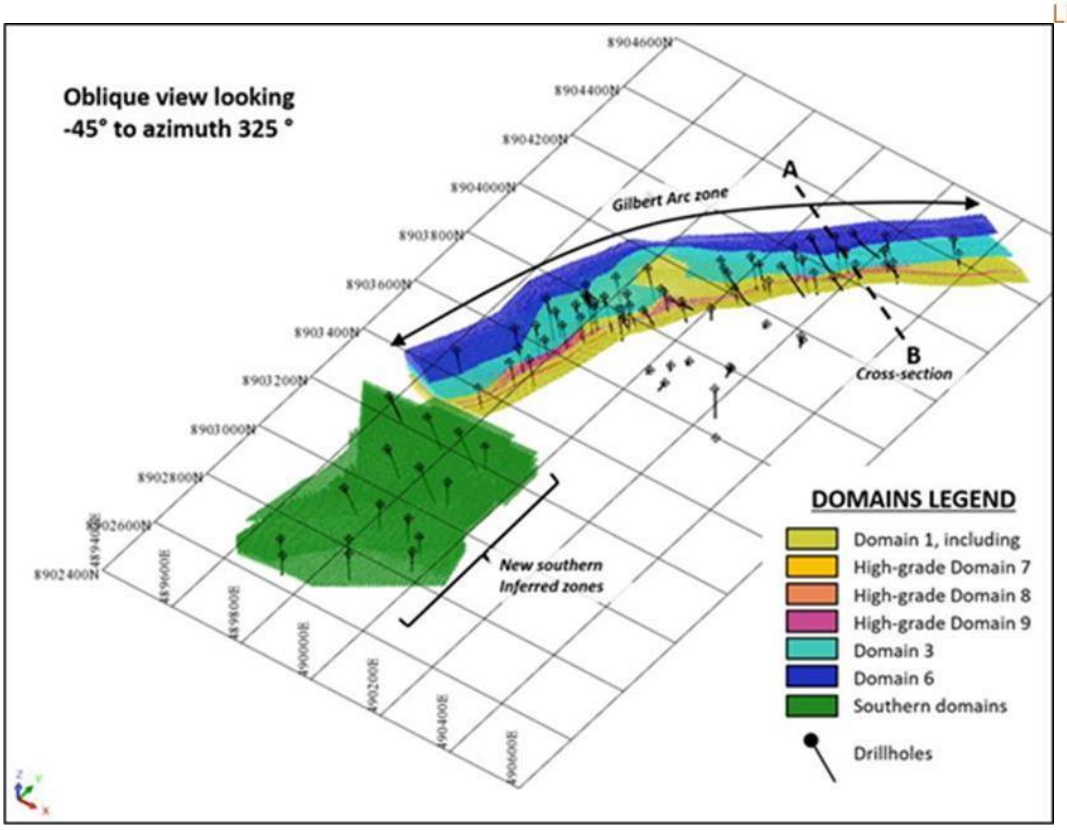

Figure 6: Mineralised Domains at Gilbert Arc and the New Southern Area

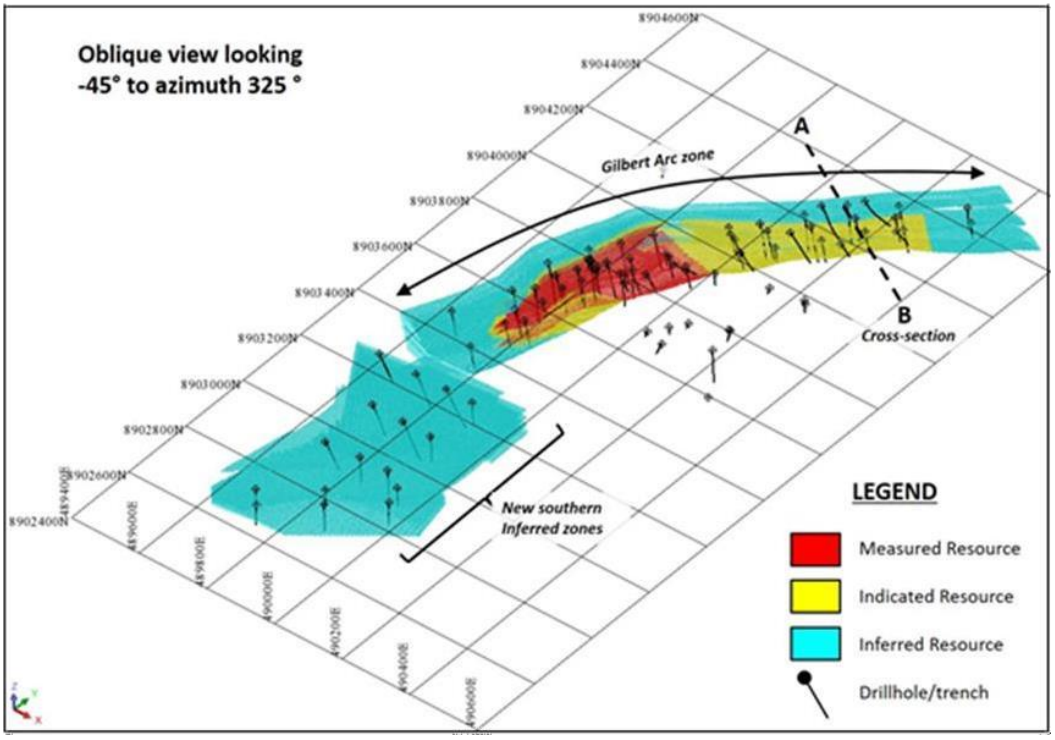

Figure 7: Block Model Displaying Zones of Measured, Indicated and Inferred Resources

6 MINING

The mining method at Lindi will be conventional open pit mining making use of relatively small-scale trucks and diesel-hydraulic excavators, selected to match the mining conditions and required production rates.

The mine design has been modified to accommodate the revised mineral resource estimate but the fundamental design criteria remain unchanged. The geotechnical parameters and slope designs remain unchanged from the feasibility study.

The procedure followed in arriving at the mine design was as follows:

- Using the slope design parameters, mining costs and modifying factors derived during the feasibility study, as well as the latest product price data, a pit optimisation was completed. The results of the pit optimisation were analysed and a pit shell selected on which to base the pit design.
- A practical pit design was completed which included the design of haul roads and safety berms.
- The overall pit was split into five stages or cut-backs.
- A production schedule was developed reporting all material types produced from the pit over the life of mine. The material types reported include:
    - Waste
    - Weathered Ore
    - Fresh ore
    - Low grade ore (below selected cut-off grade for processing)

6.1 Mine Design

6.1.1 Mining limits

Mining at Lindi will be by open pit mining methods. The orebody outcrops on surface and is well suited to open pit mining. Mining design will consider all ore types and the limit of the mine design will be determined by a pit optimisation exercise.

6.1.2 Pit Optimisation

Pit optimisations were carried out for the Lindi Graphite Project using Whittle optimisation software.

The following process was followed for each of the optimisations undertaken:

- A Geological block model was provided of the mine site and imported into the optimisation software. The veracity and suitability of the models for use with the Whittle software was checked before work commenced.
- A techno-economic data set was generated on which to base the pit optimisations. As the optimisations occur early in the design process, input data preliminary estimates are used as the basis of the optimisation. The data set included the following parameters:
    - Geotechnical data, based on work completed during the DFS.
    - Modifying factors, based on work completed in the Feasibility Study.
    - Mining operating costs, based on contractor estimates from work completed in the Feasibility Study and escalated to 2019 cost base.
    - Processing costs and recoveries as per the feasibility study.
    - Product prices provided from the Marketing Study.
- The data set was input into the optimisation model and the geological model was evaluated on this basis.
- The output from Whittle is a set of nested pit shells, each pit shell will have an associated NPV, ore tonnage, waste tonnage, graphite content and strip ratio. Subsequently, the optimal pit shell was selected. This optimal pit shell formed the basis for the pit design work.

Geological Models

A block model for the Lindi project was provided in a Surpac format for use in the optimisation and reporting process. The model was converted into Datamine format for use within Deswik software. Table 11 summarises the block model parameters.

Table 11 – Block Model Parameters

Field	Description	Default Value
XINC	Block Width	10
YINC	Block Length	25
ZINC	Block Height	10
OXIDE	Oxidisation	1 – 4
TGC	Total Graphite Content	-
RESCAT	Resource Category	1 – 4
DENSITY	Density	2.72

The geological model was reported by resource category to indicate the Mineral Resource available for the optimisation. Table 12 summarises the Mineral Resource at a 0.0% TGC cut-off grade.

Table 12 – Mineral Resource

Resource category	Tonnage (Mt)	TGC (%)
Measured	7.6	11.0
Indicated	10.6	9.4
Inferred	36.3	9.0
Total	54.5	3.36

Note: This differs from Table 10 above as it includes Domain 4 which was estimated in the block model.

Material Types

Material was classified as ore and waste depending on total graphite content and the weathering profile. Four material types were defined, high, medium and low grade ore and waste.

- High grade ore
  - Total graphite content greater than 20 %.
- Medium grade ore
  - Total graphite content greater than 10 % and less than 20 %.
- Low grade ore

- Total graphite content less than 10 %.
- Assigned no value and treated as waste.

- Waste
  - Resource class of unclassified or waste.

Geotechnical Parameters

Geotechnical parameters were applied based on work completed as part of the feasibility Study.

The mining area was split into four sectors for the calculation of slope angles. Figure 8, below, shows the design sectors.

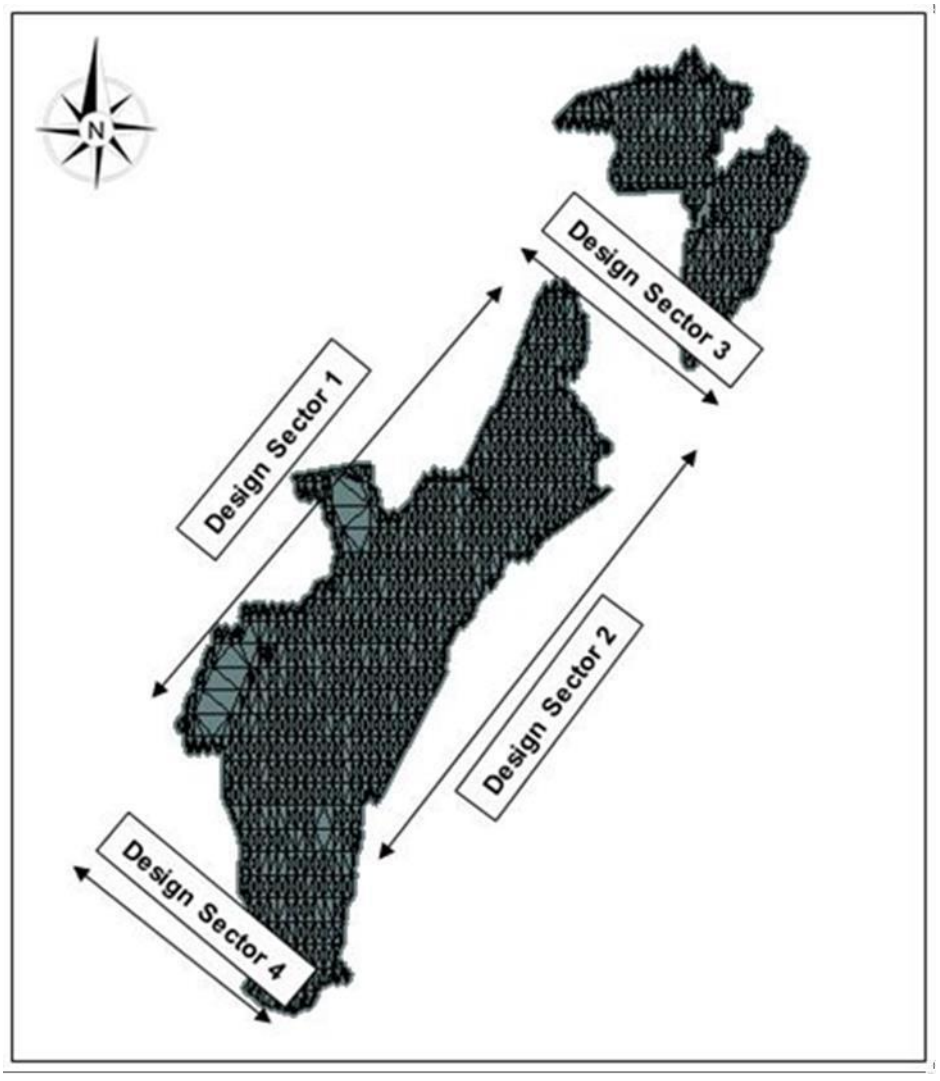

Figure 8: Design Sectors in the Lindi Open Pit

Overall slope angles for each material type within each sector were calculated for application in the Whittle optimisation. Table 13 summarises the slope angles applied for each material type and sector.

Table 13 – Geotechnical Slope Angles

Sector 1, 3 & 4			
Material	**Free-Dig**	**Weathered**	**Fresh**
Berm Width	5.5	5.5	5.5
Bench Height	5	10	10
Bench Face Angle	60	60	80
Benches	1	1	5
Stack Angle	30.8	41.6	54.0
Sector 2			
Material	**Free-Dig**	**Weathered**	**Fresh**
Berm Width	5.5	5.5	5.5
Bench Height	5	10	10
Bench Face Angle	60	60	60
Benches	1	1	5
Stack Angle	30.8	41.6	41.6

Modifying Factors

Mining modifying factors were applied based on other similar operations and industry standards. Process modifying factors were provided based on testwork completed to date. Table 14 summarises the modifying factors applied during the Whittle optimisation.

Table 14 – Mining Modifying Factors

Description	**Value**	**Unit**
Mining Dilution	5.0%	%
Mining Recovery	5.0%	%
Process Recovery -Weathered	95.0%	%
Process Recovery - Fresh	90.0%	%
Cut-off Grade	10%	TGC

Operating Costs

Mining costs were calculated based on estimates provided by local Tanzanian contractors based on work completed in the feasibility study. The unit costs were escalated by 2.5% to bring them to 2019 base costs.

Different mining costs were applied for ore and waste, varying to account for free-dig material in the shallow weathered areas. Table 15 summarises the mining costs applied during the optimisation.

Table 15 – Mining Costs

Description	**Value**	**Unit**
Waste Base Cost	4.39	$/BCM
Ore Base Cost	6.84	$/BCM
Drilling	2.68	$/BCM
Blasting	1.98	$/BCM
Free-dig Waste Mining Cost	4.39	$/BCM
Blasted Waste Mining Cost	9.04	$/BCM
Free-dig Ore Mining Cost	6.84	$/BCM
Blasted Ore Mining Cost	11.49	$/BCM
Waste MCAF	0.02	$/BCM/m
Ore MCAF	0.03	$/BCM/m

Processing costs were provided by Walkabout based on their work completed in the revised feasibility study. Table 16 summarises the processing costs applied during the optimisation.

Table 16 – Processing Costs

Description	**Value**	**Unit**
Processing Cost	17.63	$/tonne
G&A Cost	9.93	$/tonne
Total Processing Cost	27.56	$/tonne

Financial Assumptions

Revenues, sales costs and financial rates were provided for use in the optimisation. The product prices used are shown in Table 17.

Table 17 – Product Prices

Flake size (micron)	Mesh	Distribution	Price (USD/t)
500	32	14.8%	2 350
300	50	34.5%	1 850
180	80	25.0%	1 200
-180	-80	25.7%	890
Basket Price			1 515

Optimisation Results

The optimisation considered only measured and indicated resources. Inferred resources were not reported as ore.

Figure 9 and Table 18 show the nested pit shells produced by the optimisation programme, illustrating both the NPV and tonnes by material type in each pit shell. Only measured and indicated resources were considered in the pit optimization. Inferred resource blocks were not considered as ore in the base case pit optimization or mine plan. were considered in the pit optimisation. Inferred resource blocks were not considered as ore in the base case pit optimisation or mine plan.

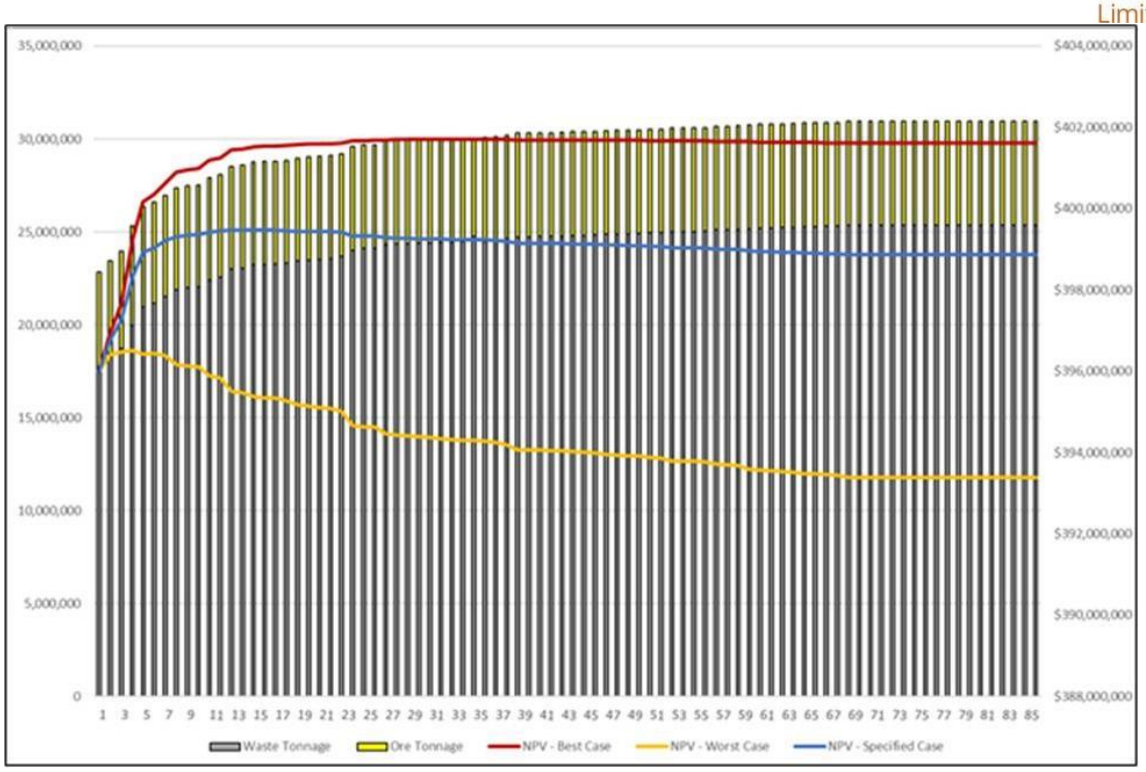

Figure 9: 2 Base Case Pit By Pit Graph

Table 18 – Pit Shell Material Volumes Versus NPV

Shell	Revenue Factor	Discounted Cashflow	Total Tonnage	Strip Ratio	Waste Tonnage	Processed Tonnage	Feed Grade
1	0.30	$396,002,020	22,855,209	3.4	17,707,043	5,148,166	18.1
2	0.32	$396,953,893	23,451,403	3.5	18,248,864	5,202,539	18.0
3	0.34	$397,661,778	23,963,587	3.6	18,715,164	5,248,423	18.0
4	0.36	$399,234,788	25,330,987	3.7	19,968,326	5,362,661	17.9
5	0.38	$400,164,867	26,376,030	3.9	20,946,120	5,429,910	17.9
6	0.40	$400,349,600	26,597,736	3.9	21,155,873	5,441,863	17.9
7	0.42	$400,623,569	26,976,027	3.9	21,516,680	5,459,347	17.9
8	0.44	$400,892,358	27,358,689	4.0	21,875,636	5,483,053	17.9
9	0.46	$400,962,780	27,473,492	4.0	21,984,937	5,488,555	17.9
10	0.48	$401,000,244	27,535,162	4.0	22,043,725	5,491,437	17.9
11	0.50	$401,196,906	27,926,070	4.1	22,416,952	5,509,118	17.9
12	0.52	$401,255,932	28,064,764	4.1	22,551,155	5,513,609	17.9
13	0.54	$401,445,124	28,529,905	4.2	22,996,137	5,533,768	17.9
14	0.56	$401,466,535	28,594,069	4.2	23,058,667	5,535,402	17.9
15	0.58	$401,525,166	28,770,104	4.2	23,228,648	5,541,456	17.9
16	0.60	$401,534,025	28,797,268	4.2	23,254,933	5,542,335	17.9

17	0.62	$401,538,130	28,811,695	4.2	23,268,877	5,542,818	17.9
18	0.64	$401,552,401	28,856,636	4.2	23,311,467	5,545,169	17.9
19	0.66	$401,579,194	28,975,908	4.2	23,427,034	5,548,874	17.9
20	0.68	$401,593,278	29,048,837	4.2	23,498,292	5,550,545	17.9
21	0.70	$401,598,121	29,072,299	4.2	23,520,871	5,551,428	17.9
22	0.72	$401,604,272	29,106,885	4.2	23,554,594	5,552,291	17.9
23	0.74	$401,619,259	29,219,332	4.3	23,664,981	5,554,351	17.9
24	0.76	$401,668,011	29,585,923	4.3	24,019,837	5,566,086	17.8
25	0.78	$401,676,766	29,671,553	4.3	24,103,982	5,567,571	17.8
26	0.80	$401,678,924	29,692,184	4.3	24,124,128	5,568,056	17.8
27	0.82	$401,694,126	29,881,013	4.4	24,309,529	5,571,484	17.8
28	0.84	$401,697,435	29,928,266	4.4	24,355,947	5,572,319	17.8
29	0.86	$401,698,263	29,941,028	4.4	24,368,420	5,572,608	17.8
30	0.88	$401,699,667	29,968,677	4.4	24,395,617	5,573,060	17.8
31	0.90	$401,700,203	29,982,179	4.4	24,408,918	5,573,261	17.8
32	0.92	$401,700,902	30,004,973	4.4	24,431,141	5,573,832	17.8
33	0.94	$401,701,063	30,011,839	4.4	24,437,826	5,574,013	17.8
34	0.96	$401,701,349	30,038,179	4.4	24,463,680	5,574,499	17.8
35	1.00	$401,701,394	30,058,828	4.4	24,484,055	5,574,773	17.8

The application of an elevated cut-off grade over the economic cut-off grade resulted in profitable pit shells at low revenue factors, resulting in very little variance between the optimisation results.

The main constraint on the production rate of the project is the off-take volume of product that can be sold. WKT have decided to plan on a base case production rate of 40,000 tonnes of graphite in concentrate per annum. To achieve this the required run of mine feed to the plant is approximately 276,000 tonnes per year.

Multiple optimisation scenarios at cut-off grades between 7.5% to 20% TGC were completed to determine the potential of high grading the deposit as previous work had indicated that an extended mine life would result from the constraint on concentrate production. A cut-off of 10 % resulted in 1.0 million tonnes of concentrate at the economic pit depth, giving a mine life of approximately 25 years.

Pit 35 was selected as the basis for the mine design for this study. The selected pit shell has the following attributes:

- Total ore tones: 5.6 million tonnes.
- Total waste tonnes: 24.5 million tonnes (Waste includes low grade material)
- Strip ratio: 4.4:1 (t waste plus low grade: t ore)
- Graphite contained (RoM): 994 kt
- NPV@8%: US$399 million

Figure 10 shows a three dimensional view looking North West, of the selected pit shell as well as all the block model blocks with grade above 10 % TGC and in measured or indicated resource category, i.e. all blocks considered for the pit optimisation exercise.

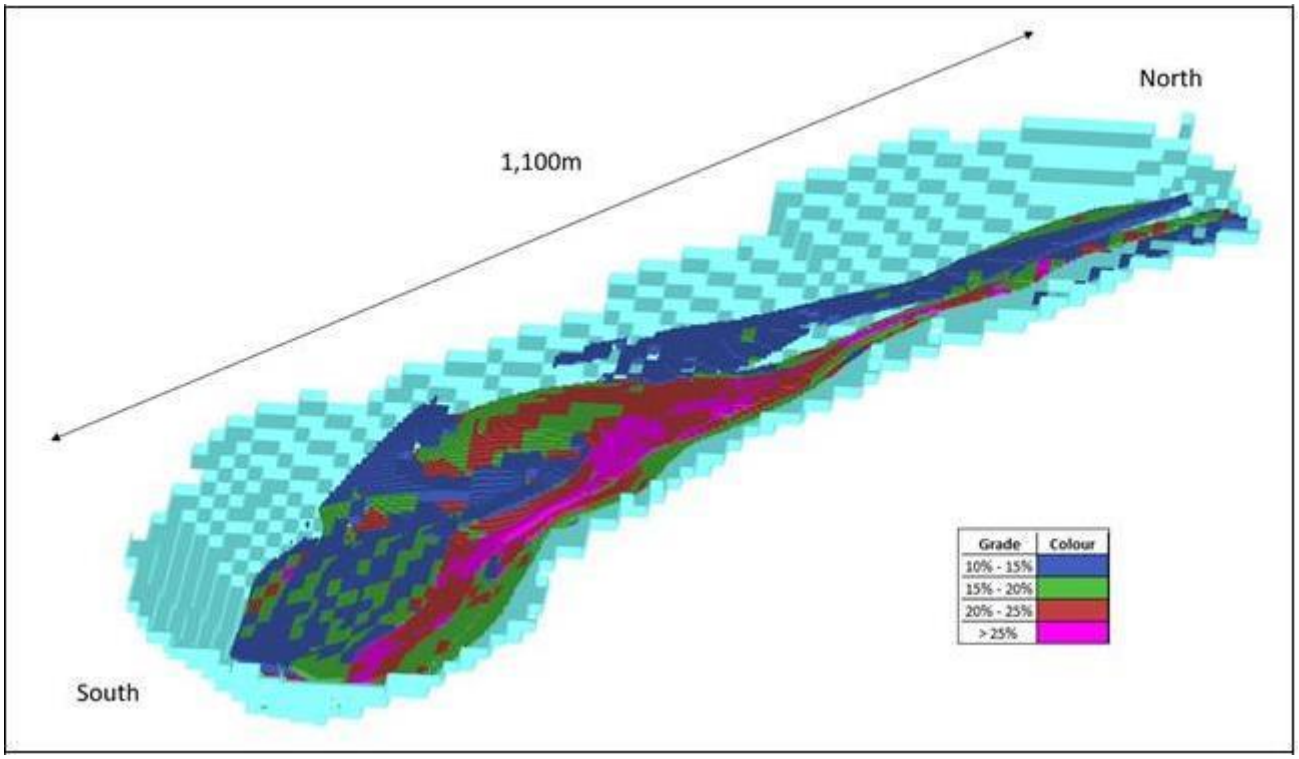

Figure 10: D View of Pit Shell 35 With Measured And Indicated Resources Above 10% TGC

6.1.3 Pit design

The selected pit shell from the pit optimisation exercise formed the basis of the final pit shell in the pit design. This defines the extent of the final pit at the end of the mine life.

In order to estimate the mined tonnages more accurately throughout the mine life, a practical pit design and schedule needs to be developed. This design will incorporate the selection of pit design stages or cut-backs. These are intermediary pit designs, all falling within the final pit shell, which are mined sequentially to minimise the amount of waste mined early in the life of mine and to smooth the mining cost over the life of mine.

In addition, the practical pit design will include the design of haul roads, safety berms and any other design items required, which may affect the strip ratio or mining cost.

A set of design criteria was developed which was applied to the design of the open pit. Table 19 summarises the design criteria applied in the pit design.

Table 19 – Open Pit – Mine Design Criteria

Criterion	**Value**	**Comment**
Overall slope angle Sectors 1,3,4 Sector 2	48 degrees 40 degrees	From geotechnical evaluation.
Bench Height Bench 1 All other benches	5 m 10 m	To be mined in 2 flitches of 5 m for grade control purposes. Drill and blast in 10 m benches.
Face angle Weathered material Fresh, Sector 2 Fresh Sectors 1,3,4	60 degrees 60 degrees 80 degrees	Weathered material Graphitic schist Graphitic Gneiss
Berm Width	5.5 m	Calculated from face angle, bench height and final slope angle.
Ramp width	18 m	Allows for use of 40 tonne articulated dump trucks.
Ramp incline	10%	Normal incline for efficient use of rigid bodies dump trucks.

Criterion	Value	Comment
Production rate	23,000 tpm ore to mill	Target of 40,000 tpa of recovered contained graphite
Final pit depth	100 m	Based on results of optimisation study (Pit shell 35)

The proposed design of the open pits is discussed below.

Pit Slope Angles

A geotechnical evaluation was undertaken as described in Section 6.1 of the feasibility study document. The design is based on the recommendations from this evaluation.

Bench Design

The pit will consist of benches of 10 m height. The orebody will be mined in flitches of 5.0m in order to minimise dilution. It is not anticipated that regular drilling and blasting will be required in the first 5 m of weathered material. Thereafter drilling and blasting of all waste and ore is envisaged. Blasting will make use of industry standard controlled blasting techniques to ensure minimal movement of the blasted muckpile and is described elsewhere in the study. Loading will then be carried out in flitches of 5.0 m using hydraulic shovels.

The face angle or batter angle for each bench will be based on the geotechnical recommendations and will be dependent on the geozone that the bench is in, 60 degrees in weathered material (fist bench), 80 degrees in Sectors 1, 3 and 4 in fresh material and 60 degrees in fresh material in Sector 2.

Ramp Design

The pit access ramps will be at an inclination of 10% or 5.7 degrees. This is the standard inclination for ramps in pits where rigid bodied dump trucks are used. The ramps will be 18m wide to allow for the use of 40 tonne dump trucks of the class of the Bell 40D, which is 4.2 m wide. Ramps should be wide enough for trucks to pass safely and for a safety berm on the pit side of the road. Figure 11 shows a drawing of a typical haul road as applied in the pit design.

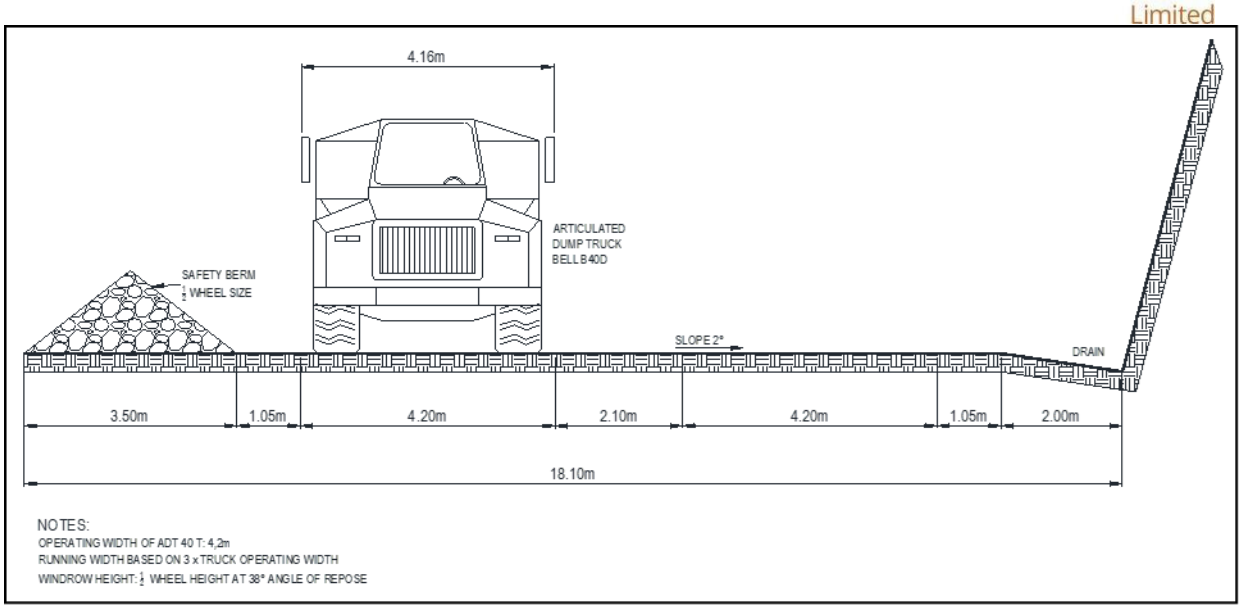

Figure 11: Typical Haul Road Design for Two Lane Traffic

The access ramp will be located on the Eastern (footwall) side of the pit, as this wall position is established on the pit rim at the start of mining. As the pit becomes deeper the western wall is cut back, with the eastern wall remaining as it is on the immediate footwall of the orebody.

6.2 Production Rate, Mining Sequence and Mining Schedule

The pit has been divided into five stages. Stage 1 and Stage 2 were designed to allow mining to progress without interfering with the river crossing the south-west portion of the deposit. Focussing initially on the north-east allows the river diversion to be delayed by approximately 3.5 years. Stage 3, 4 and 5 access deeper material in the south-west region.

Figure 12 illustrates the five stages of the pit design, with the material contained in each stage summarised in Table 20.

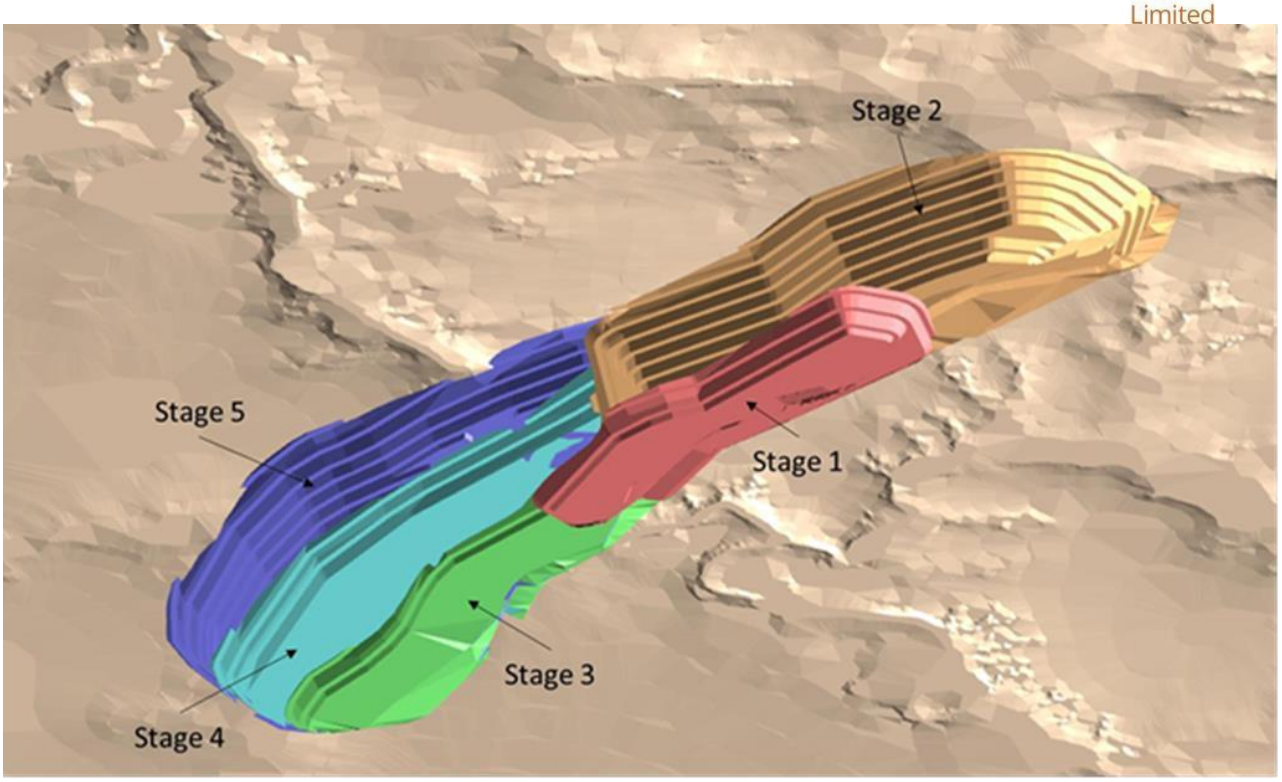

Figure 12: Stage Design for Open Pit

Table 20 – Material Tonnage and Grade By Stage

Description	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 4**	**Stage 5**	**Unit**
Total Tonnage	3,767,531	8,911,465	1,155,090	4,563,499	11,107,591	t
High Grade	234,897	262,828	114,396	319,916	1,418,582	t
High Grade TGC	23.0	21.6	23.7	22.6	23.6	(%)
Medium Grade	632,900	862,832	130,446	613,513	922,926	t
Medium Grade TGC	13.6	13.9	15.9	13.8	14.1	(%)
Low Grade	1,150,335	1,525,334	505,751	1,245,149	3,651,642	t
Low Grade TGC	5.9	5.8	5.6	6.0	6.2	(%)
Waste Tonnage	1,749,399	6,260,470	404,497	2,384,922	5,114,441	t
Strip Ratio	3.3	6.9	3.7	3.9	3.7	-

The production rate from the mine is planned to be approximately 20,000 tonnes of RoM ore per month, or 240,000 tonnes per annum. The study has determined that due to marketing

and off-take constraints the required annual production target is 40,000 tonnes of concentrate. At the average grade in the pit of 17.9% and with the anticipated average plant recovery of 93%, this amounts to 230,000 tonnes per annum (tpa) of ore to the plant. This production rate is considered achievable from the pit. A production schedule was generated from the pit design using Deswik mine planning software. All material types were reported by period in the schedule.

Figure 13 shows a period progress plot illustrating the progression of the pit by year. It illustrates the focus on the North-East region of the deposit in initial years before developing across the river in the southwest. For the first 3.5 years mining will take place North of the river, with mining moving to the south, and requiring the river diversion to be implemented in Year 4.

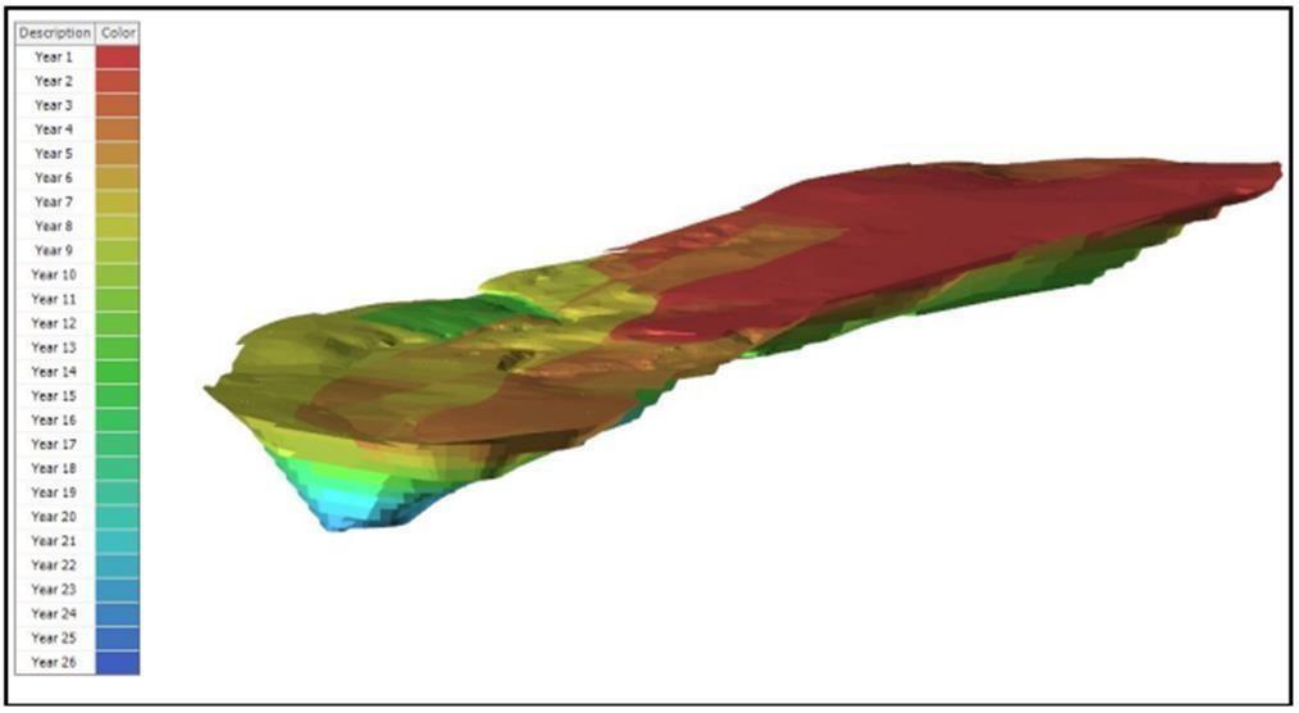

Figure 13: Progress of Pity by Year

Table 21 and Figure 14 show the life of mine production profile for approximately 40,000 tonnes per annum of concentrate production.

Table 21 – ROM Mining Schedule

Description	Unit	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20	Year 21	Year 22	Year 23	Year 24	Year 25
Total Tonnage	(t)	1,261,602	1,438,260	1,442,957	1,658,803	2,016,356	1,747,351	1,873,127	1,872,618	1,847,143	1,422,182	1,090,295	1,229,371	1,319,253	1,714,145	1,217,808	832,824	917,393	714,588	849,413	499,974	709,506	441,002	574,481	510,405	304,318
High Grade Tonnage	(t)	46,582	81,442	63,007	67,014	81,301	69,678	64,775	67,167	71,768	88,602	47,920	84,214	105,888	87,203	81,722	139,766	97,656	138,435	136,782	139,442	141,068	137,709	123,448	137,980	50,047
Medium Grade Tonnage	(t)	203,390	162,746	186,233	185,592	164,866	174,674	195,729	178,389	178,378	150,860	212,402	157,957	117,326	154,660	167,370	59,621	128,916	57,719	61,372	48,919	52,743	45,952	68,088	27,980	20,737
Low Grade Tonnage	(t)	296,850	328,917	344,284	288,563	394,855	385,004	341,014	163,807	401,687	222,065	228,847	512,631	572,508	353,387	295,254	448,059	195,679	323,352	379,894	193,748	406,252	188,330	322,081	283,433	207,710
Waste Tonnage	(t)	714,780	865,155	849,433	1,117,634	1,375,334	1,117,995	1,271,609	1,463,256	1,195,309	960,656	601,127	474,568	523,531	1,118,896	673,462	185,378	495,142	195,082	271,366	117,865	109,443	69,010	60,865	61,012	25,824
ROM Tonnage	(t)	249,972	244,188	249,240	252,606	246,167	244,352	260,504	245,555	250,147	239,462	260,322	242,172	223,214	241,863	249,092	199,387	226,572	196,154	198,154	188,361	193,811	183,662	191,536	165,960	70,784
ROM TGC Grade	(% TGC)	15	16	17	16	16	17	16	17	16	17	16	17	18	17	17	20	18	21	20	21	21	22	21	23	21

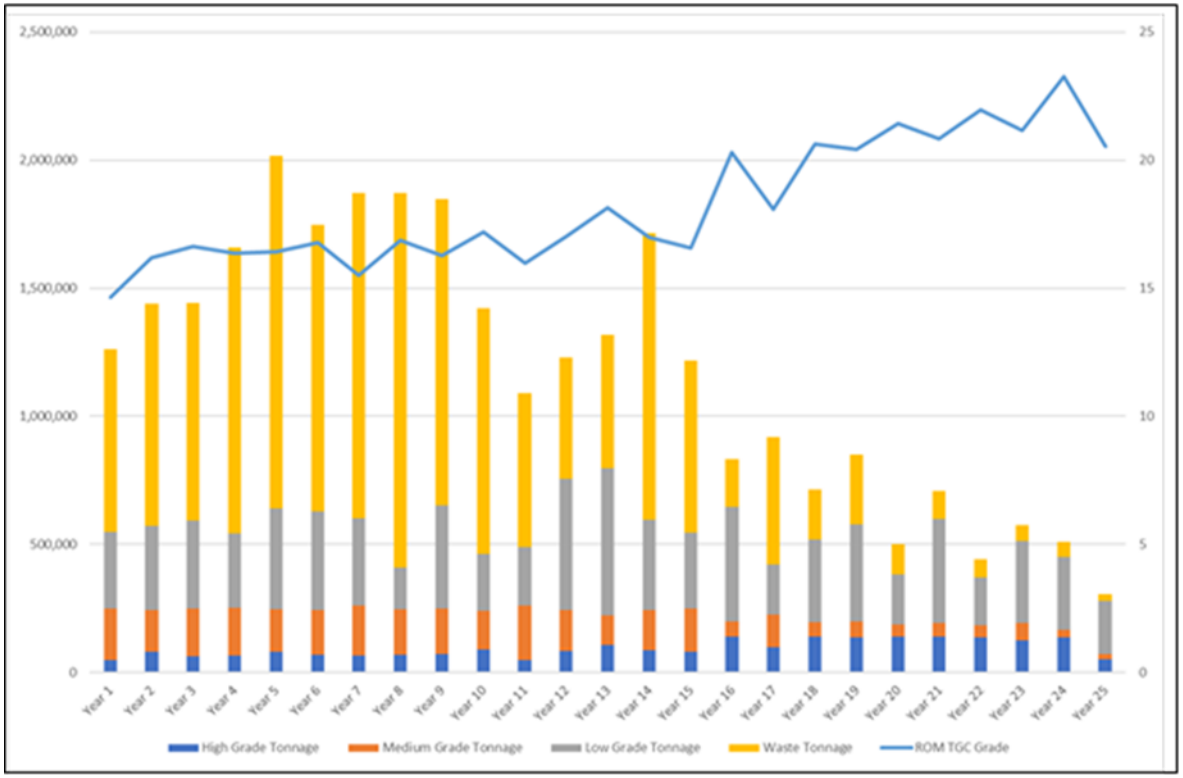

Figure 14: Life of Mine Production Profile

Only measured and indicated mineral resources have been considered in the mine plan. Inferred resources were not considered as ore. Although inferred and unclassified material was included in the block model, this was not included in the mine design and mining inventory.

Modifying factors have been applied to the mineral resource to emulate practical mining conditions and estimate the mining inventory that will be delivered to the plant (run of mine or ROM production). Modifying factors that have been applied are:

- Ore recovery of 95%.
- Dilution of 5%.

The level of study which has been undertaken to generate the above schedule is predominantly at definitive feasibility level of study. The run of mine (RoM) tonnages and grades reported in the above mining schedule can be considered an ore reserve in terms of JORC 2012 provided that the project is shown to be viable by the financial analysis that follows. A statement of ore reserves is included in Section 7.

6.3 Mine Operation

All aspects of the mine operation remain unchanged from the feasibility study report.

7 ORE RESERVE STATEMENT

The work reported above has demonstrated that a portion of the resources stated in mineral resource statement can be viably mined, processed and sold and will support a sustainable mining and processing operation.

Applying the mining modifying factors, process recovery, operating costs and product prices detailed in the sections above the project is shown to be profitable and viable. This work supports the declaration of Ore Reserves under JORC 2012 guidelines.

In estimating Ore Reserves, ore from the Measured Resources category has been included as Proven Ore Reserves and ore from the Indicated Resources category is included as Probable Ore Reserves. Table 22 below shows the conversion from mineral resource to ore reserves while Table 23 shows a summary of the total Ore Reserves.

Table 22 – Summary of Resource to Reserve Conversion

	Factor	**Tonnes (million)**	**TGC %**	**TGC (million t)**
Measured and Indicated resources in final pit shell (above 10% cut-off)		5.527	18.8	1,038
Ore loss	5%	0.276	18.8	0.426
Dilution	5%	0.263	0.0	-
Ore Reserves		**5.513**	**17.9**	**0.987**

Note: Totals may not add up due to rounding

Table 23 – Ore Reserve Summary

Category	**Tonnes (million)**	**TGC %**	**TGC (t million)**
Proven Ore Reserves	2.540	19.3	0.489
Probable Ore Reserves	2.972	16.7	0.498
Total Ore Reserves	**5.513**	**17.9**	**0.987**

Note: Totals may not add up due to rounding

8. PROGRESS REPORT

(Information required for the project's progress report every six months or for amendment of Certificate of Incentives)

1. Panned activities for the period
2. Achievements made on the project implementation to date

   (i.e. from the date the project was approved to the date of writing the report)

   Describe the status of activities that have already been undertaken, e.g., construction of buildings, acquisition of supplies, installation of equipment, etc.

3. Provide updated information on the following aspects:

S/No.	Information	Description	Current Project Status
1	Shareholder's Information	Current Shareholders names, nationality and percentage of ownership	**a. Walkabout Australia Pty Ltd- 32,414 shares; and** **b. Reveal Pty Ltd – 1,706 - shares**
2	Company communication Information	Email address Mobile Number Land Line Telephone Number Physical Address (Plot No. Block No. Street, District and Region	**info@lj.co.tz** **0222602770** **Cape Town Fish Market** **3rd Floor, Plot No. 180, Msasani** **P. Box 33773, Dar es Salaam**
3	Contact Person	Name Position Communication details (Email, Mobile and telephone	**Andrew Cunningham** **Managing Director** **andrewc@wkt.com.au** **+61479167271**
4	Incorporation	Certificate of Incorporation Number	**124563 of 10th March, 2016**
5	TIN Information	TIN Certificate No.	**129-562-285**
6	Project Objective	Project Core Activity	**Mining – Graphite Minerals**
7	Capacity	Project capacity per year	
8	Direct Employment	Foreign Men Foreign Women Local Men Local Women	**9** **0** **61** **10**
9	Indirect employment	Type/areas of Indirect employment	

Project Financing Expenditure to date (USD)

	Foreign (USD)	Local (USD)	Total (USD)
Land and Buildings		4,873,575.32	4,873,575.32
Plant and machinery		20,470,284.54	20,470,284.54
Vehicles/Aircrafts		101,696.47	101,696.47
Furniture		12,137.58	12,137.58
Office equipment		8,227.23	8,227.23
Insurance Cover		141,066.46	141,066.46
Pre-operational expenses		11,954,936.86	11,954,936.86
Working sub-total capital		-	-
Grand Total		**37,561,924.47**	**37,561,924.47**

Project Financing

	Amount (USD)	Source Country
Local equity	0	-
Local loans	0	-
Foreign equity	3,399,848.36	Australia
Foreign Loans	44,826,026.74	Australia
Total Investment	**48,225,875.10**	

Problems and Solutions

The main problem the Company has experienced was funding the construction of the project. For some years, direct foreign investment was virtually impossible to secure due to the abrupt changes to the mining law and the subsequent negative perception of the international financial community. This stance has somewhat softened over the last two years.

The Company managed to secure a debt facility through parent company in Australia, as indicated in the project financing table above. This followed long company efforts to secure funding from local financial institutions which could not materialize due to requirement for Secured Bank Guarantee from A rated internation bank. The challenge of securing fund delayed construction and ultimate commission of the plant from the anticipated period of December 2023 to late May 2025.

9. Future Plans:

After getting approval from the Bank of Tanzania, for a foreign loan, the company managed to start completing the final phases of the project. The majority of the structures, mechanical and electrical installations are done as well as connection with national grid electricity which has been completed. The company also purchased generators with capacity to generate maximum of 4 Megawatts, as a backup source of electricity, in case of power outage from the national grid.

The focus remains on finalisation of installation of few equipment in the drying and packing plant sections to allow full production of graphite concentrate. The technical and production are busy testing different sections of the plant to ensure smooth production after commissioning. We expect to receive the last consignments for the project by June 2024.

Management also have engaged with all key stakeholders involved in minerals exportation, including Regional Mines offices in Lindi and Dar es Salaam, Ports Authorities and Geological Survey of Tanzania, Tanzania Chamber of Commerce, Industries and Agriculture, to ensure smooth exportation when started.

10. Recommendations and any other comments

The biggest challenge currently faced by the company is on getting Framework Agreement signed with the government which will provide benefit of 16% Free carried interest to government of Tanzania.

The management would wish to request TIC facilitation of getting waiver on fuel import levies as well as Railway Development levies for the fuel which will be used in Graphite production. This is due to high fuel usage in the production process. Management hope that TIC can facilitate this since this project is heavily debt financed and whose repayment are scheduled to start September of 2024. The company anticipates liquidity challenges, especially in the first years of production.

Also the management has engaged with the Mining commission and requested for quick approval process of several tenders being submitted for local content, to facilitate smooth mining operations.