

Walkabout gathers pace at Lindi

Walkabout Resources Ltd may be a late-comer to the graphite supply chain, but its Lindi Jumbo project in south-eastern Tanzania is expected to deliver a strong start.

Addressing the third and final day of Africa Down Under 2016, Walkabout managing director Allan Mulligan said the company's decision to fast-track and de-risk the Lindi Jumbo project was paying off, garnering an earlier than expected entry into the market.

The move to hasten the project is based on the exceptionally high grade of graphite found at Lindi Jumbo, and Walkabout's forecasted rise in market risk and increased graphite supply from larger companies by 2020.

"There is no shortage of graphite in the world. Most previous mines for the last 100 years are producing less than 10,000 tpa. We decided what we needed was a differentiator," Mulligan said.

"To achieve this we needed to scale the project into a manageable size, and appropriate market size, and it needed to be de-risked in a number of areas; principally opex, capex and then revenue."



Allan Mulligan

Mulligan expects the project will be well positioned to withstand market changes.

"Unlike many other graphite projects Lindi Jumbo is bullet-proof against market shocks, it is strongly positioned to expand and grow into its reputation of premium product at low cost," Mulligan said.

"Being fast-tracked, it will have a great chance of locking in customers for a premium product, and opening doors for growth and expansion."

Lindi Jumbo is returning a concentration grade of 98.34% and the site could deliver industry-leading revenue per tonne for Walkabout.

Lindi Jumbo also has an excellent flake size distribution, with 75.98% in high value large and jumbo flake size categories.

"Our initial geological scouting over Lindi delivered surface samples of super high-grade flake graphite ranging between 35% and 45% total graphitic carbon," Mulligan said.

"Lindi Jumbo is right in the middle of the best address for premium flake graphite probably anywhere in the world right now. Immediately around us are five

graphite projects in various stages of development."

"We were quite late coming into the graphite space; about two years after our neighbours. We sat down and thought about how to catch up and how to be an early starter, and present a low risk approach for our shareholders."

Walkabout, in a JV with a Tanzanian mineral rights holder, has purchased 70% of Lindi Jumbo's four prospecting licenses, with the option to purchase 100%.

The Lindi Jumbo project is also well connected to existing infrastructure with the port of Lindi just 60km to the east.

Mulligan said the company strongly believed in the Aquarius model of management, which it was planning to apply at Lindi Jumbo.

"The concept is total outsourcing. At Lindi Jumbo we are considering maximum outsourcing. An example is our accommodation camp which will be awarded to a Tanzania company on a build-and-operate contract for around five years. The packages will be let on a similar strategy with transfer of much of the engineering and design responsibility to the operators."

Mulligan said considering the high flake grade and low risk of the project, the future looked promising.

- Jonathon Daly

Clear communications the key

Africa's opportunities in future mining booms are expected to be greater, according to Gilbert+Tobin partner Phil Edmands.

"As Africa develops, so its sovereign and operating risk is going to diminish and its infrastructure will improve. Compared to Africa, Australia got a huge share of international investment relative to its resources endowment during the last boom, partly as a result of its greater stability and its greater development, but the playing field is going to be more level going forward," Edmands said.

With Africa vastly rich in resources, mining is seen as one industry which can help its people achieve the same ambitions as those in the developed world.

Establishing strong relationships

was key to helping drive growth in Africa and rather than Australia and Africa pitting against each other in developing their economies, Edmands said there was an opportunity to generate win-win scenarios.

How Australia and Africa prospered would largely be dependent on the attitude taken to strengthening relationships.

"Good relationships rely on good communication and in an age of social media you need to publicly prosecute your case and get your story



Phil Edmands

out, otherwise others will fill the void," Edmands said.

"And often they will fill the void with mistruths, which destroys trust, which is at the core of good relationships."

Enhancing relationships through stability agreements was an idea worth considering and needed to be managed carefully, with Edmands describing stability agreements as "best used as

the ground rules for living a dynamic relationship".

- Mark Andrews