

# Walkabout stays on course

No amount of market disruption or in-country policy shifts will throw Walkabout Resources Ltd off the development path for its Lindi Jumbo graphite project in Tanzania, according to executive director Allan Mulligan.

Like its peers in the East African country, Walkabout has suffered setbacks on several fronts in the last five years as a result of poorly performing graphite fundamentals and Tanzanian President John Magafuli's amendments to the Mining Act which frightened foreign investors. However, Mulligan believes the prize at Lindi Jumbo is large enough to withstand the knocks.

"It is one of the highest grade graphite projects in the world and one of the best flake size distributions in the world and it has been verified by Benchmark Minerals Intelligence as being the second highest margin graphite project in the world," Mulligan told **Paydirt**.

Walkabout's execution strategy has been all about simplicity with capex kept to \$US29.7 million and production initially held at a relatively small 40,000 tpa of graphite concentrate. The size was designed to make project financing an easier proposition, but the company continues to seek willing funders.

Mulligan said the company was mindful of investor frustration with the lack of progress.

"We are aware the process is taking a long time," he admitted. "The appetite in the international bond market was not up to scratch because, we think, of Tanzania's mining policies shifts and graphite is an unknown entity. And there hasn't been a graphite project debt funded to date.

"So, we have shifted to debt funding from African development banks. We are currently pursuing a very interesting deal and it is progressing well but can't give too much information to the market yet."

Walkabout's bid for African development bank financing appears to fit well with its in-country approach where it has given local content primacy over foreign influence.

"We have structured Lindi Jumbo as a wholly Tanzanian company," Mulligan explained. "It will be operated out of Tanzania by Tanzanians with Tanzanians involved in the construction and operation. The only involvement out of Australia will be the supply of funding, some technical expertise and the reaping of its share of dividends when they come."

Lindi Jumbo's marketing arrangements



Allan Mulligan

should also please debt providers, according to Mulligan.

The company has binding offtakes with two Chinese graphite companies for 10,000 tpa and 10-20,000 tpa respectively as well as a 10-30,000 tpa binding offtake agreement with Hong Kong marketing company Wogen Pacific Ltd.

"They prepay us when the product is loaded onto the ships," Mulligan said. "This is of huge benefit because the investment market right now is a little bit cautious about graphite market which they consider to be opaque."

If the Wogen deal adds clarity to the market equation, recent developments in Tanzania have added stability to the investment climate.

In October, Barrick Gold Corp announced it had applied for new licences in the country after finally settling its grievances with the Tanzanian Government. Mulligan sees it as a positive development for country

and industry.

"We think the process has gone full cycle and it has settled down and foreign investment is starting to come back. The range of investment rules have now become palatable again."

He believes Tanzania's heavy gold endowment will be of particular interest to foreign companies, Walkabout included.

The company picked up the Amani gold project in the country's south-west earlier in 2020. A first round of soil sampling in October produced gold-in-soil anomalies up to 2.4km in strike and 900m in width. The field programme also identified additional artisanal diggings up to 10km outside known historical areas at Amani.

"This is a long-term gold producing, alluvial goldfield but it has never been properly explored," Mulligan said. "The German Geological Survey recorded hard rock gold occurrences in the 1920s, but that work was never followed up."

– Dominic Piper

## ACQUISITION OF THE MORILA GOLD MINE: A TRANSFORMATIONAL TRANSACTION

FireFinch (ASX: FFX) closed the acquisition of the Morila Gold mine in south west Mali on October 31st 2020.

- 4.5mtpa mill and 7.6 million ounces of gold past production
- Producing gold today and potential for near-term increase in production from satellite pits
- A long mine life is expected from resumption of mining at the 1.3 million ounces of gold main Morila pit within 12-18 months
- Compelling resource upside at Morila, its satellites and 685km<sup>2</sup> exploration tenure

