

ASX ANNOUNCEMENT

12 May 2021



Walkabout completes first tranche equity raise of A\$6.4m for Lindi Jumbo Construction

Walkabout Resources (ASX:WKT) (Company), is pleased to announce that it has raised \$6.4 million in tranche one of a staged placement that will advance construction of the flagship Lindi Jumbo Graphite Mine in Tanzania. The net proceeds, led by institutional investors, will contribute to the project debt facility companion equity requirement (*refer ASX announcement 13 April 2021*) and provide working capital.

Highlights

- The Company has received firm commitments to raise A\$6.4 million (before expenses) led by Institutional investors in Australia in Stage 1 of its Companion Equity process.
- This initial tranche of project funding allows the Company to mobilise the major contracts to commence construction of the Lindi Jumbo Graphite project in Tanzania.
- A revised construction schedule has been adopted to better match the expected timing of further equity contributions.
- The Company intends to offer Walkabout shareholders the ability to purchase new shares by means of a Rights Issue on the same terms as the Institutional Placement to raise up to A\$7.6m. This will facilitate stage 2 of the Companion Equity process.
- Aitken Murray Capital Partners (AMCPS) and Fosters Stockbroking Pty Ltd (FSB) were appointed as joint lead managers and bookrunners of the Offer.

Institutional Placement

Walkabout Resources is pleased to announce that it has received firm commitments for an institutional placement of 32,000,000 ordinary shares to raise A\$6.4 million (before costs) at A\$0.20 per share ("Placement"). The Placement was strongly supported, led by institutional investors in Australia.

The issue of Walkabout shares under the Placement will be completed without shareholder approval, utilising the Company's capacity provided by Listing Rule 7.1.

Driven by market conditions, the pricing of the offer was outside the threshold minimum price for the Company to issue shares under its Listing Rule 7.1A approval. In order to continue with construction and without access to the 7.1A capacity, the Company has adopted a staged capital raising process.

The use of proceeds will be as follows:

- Further development of the Lindi Jumbo Graphite Project to completion including fulfilling the minimum equity component to facilitate debt drawdown conditions for construction; and
- General working capital purposes.

The Placement Price of A\$0.20 per share represents:

- a 38.5% discount to the last close price of A\$0.325 per share on 3 May 2021; and
- a 26.8% discount to the 25-trading day VWAP of A\$0.27 per share.

The Placement Stage 1 Companion Equity funds the first 2 months of the revised construction schedule.

Stage 1 Indicative Placement Timetable

MILESTONE	TIME (AEST) / DATE
1. ASX announcement of Placement (including Appendix 3B) and return to trading	Wednesday 12th May 2021
2. Settlement Date	Tuesday, 18th May 2021
3. Allotment and Issue Date	Wednesday, 19th May 2021
4. Lodge Appendix 2A notice for Placement shares and Cleansing Notice for Placement shares	Wednesday, 19th May 2021

Stage 2 Proposed Rights Issue

The Company intends to issue an offer document in the coming weeks for a 1 for 10 non-renounceable rights issue for shareholders at the relevant record date with a registered address in Australia or New Zealand or other countries as determined by the Board (“Eligible Shareholders”) to subscribe for new ordinary shares also at 20c per share.

Shares issued under the Institutional Placement would be eligible to fully participate in the right issue. If the proposed rights are fully taken up, a maximum of approximately A\$7.6m could be raised to fund the Stage 2 companion equity. Stage 2 Companion Equity funds at least another 2 months of the revised construction schedule.

Eligible Shareholders will also be able to apply for additional shares over and above their pro-rata entitlement, such applications to be allocated by the Board from any shortfall arising from shareholders not taking up their full entitlement.

Full details of the rights issue will be provided in an offer document for the rights issue.

The anticipated timetable for the rights issue is as follows:

EVENT	DATE
Announcement of Offer & Appendix 3B	12 May 2021
Lodgement of Prospectus with the ASIC & ASX	28 May 2021
Ex-date	2 June 2021
Record Date for determining Entitlements	3 June 2021
Prospectus despatched to Shareholders and Company announces despatch has been completed	8 June 2021
Last day to extend Closing Date	22 June 2021
Closing Date	25 June 2021
Announcement to Market on take up and results	28 June 2021
Shares quoted on a deferred settlement basis from market open	28 June 2021

Announcement of results of issue	30 June 2021
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the securities (before noon Sydney time)	2 July 2021

The Directors reserve the right to amend this timetable and may extend the Closing Date by giving at least three (3) Business Days' notice to ASX prior to the Closing Date. As such, the date the Shares are expected to commence trading on ASX may vary.

Stage 3 Companion Equity

Although several options are available to the Company, there are several months to arrange and receive stage 3 companion equity funding. It is expected that with the further de-risking of the Lindi Jumbo project that;

- EPC and other contracts will be signed and operating
- Plant construction will be more than a third complete by cost on fixed price contracts.
- Active site construction will demonstrate in action that no further regulatory approvals are required.
- Containers of plant including long lead time items will be successfully shipped from China and stored on site in Tanzania.
- The only remaining condition precedent for the CRDB debt draw down will be the stage 3 companion equity injection.

The directors believe the Company has multiple alternatives to raise the Stage 3 Companion Equity before the required time, including but not limited to institutions that participated in the Stage 1 institutional placement and expressed a strong desire to follow on in the Stage 3 capital raising, depending on the structure of that transaction.

Lindi Jumbo Mobilisation

The proceeds of the Stage 1 Placement net of costs and replenishment of corporate funds will make approximately US\$4m of companion equity available for injection into the Lindi Jumbo Graphite project. This equity will represent a third of that required as a condition precedent (CP) to unlock the USD20m project debt from CRDB. Project expenditure from the Stage 1 injection will be approved by the Independent Project Manager (who reports to CRDB) as a component of the required companion equity. The Debt Facility Agreement has no deadline for the satisfaction of the companion equity injection.

The 3-stage injection of companion equity does very little to change the timing of the CRDB drawdown as Lindi Jumbo was always required to spend the companion equity first. While the expenditure may be slightly slower the same nature of spend would have always been paid for from the companion equity.

The company will use the Stage 1 injection to commence construction through mobilisation of its EPC contractor Jingpeng Engineering and its other Material Contractors in Tanzania. Focus of project works will be:

- the procurement, manufacture, assembly, testing and shipment of the processing plant equipment and components.
- civil works to prepare for the installation of the processing plant; and
- other critical site works

The recommencement of construction demonstrates how Lindi Jumbo has full approval for construction and project implementation through the relevant authorities in Tanzania.

Revised Construction Schedule

Adapting to staged equity injections, the company has revised its construction schedule by reducing the extent of planned activities which are not on the critical path in the first 3 months. Reduced upfront spend facilitates slower on-site build up and de-risks contractor programmes and timelines after mobilisation.

The level of planned expenditure for the first 3 months has been revised from an original USD8.9m to a proposed USD5.7m. This rescheduling only increases overall capital costs by less than 0.5%. The impact on the elapsed schedule as shown below is approximately one additional month.

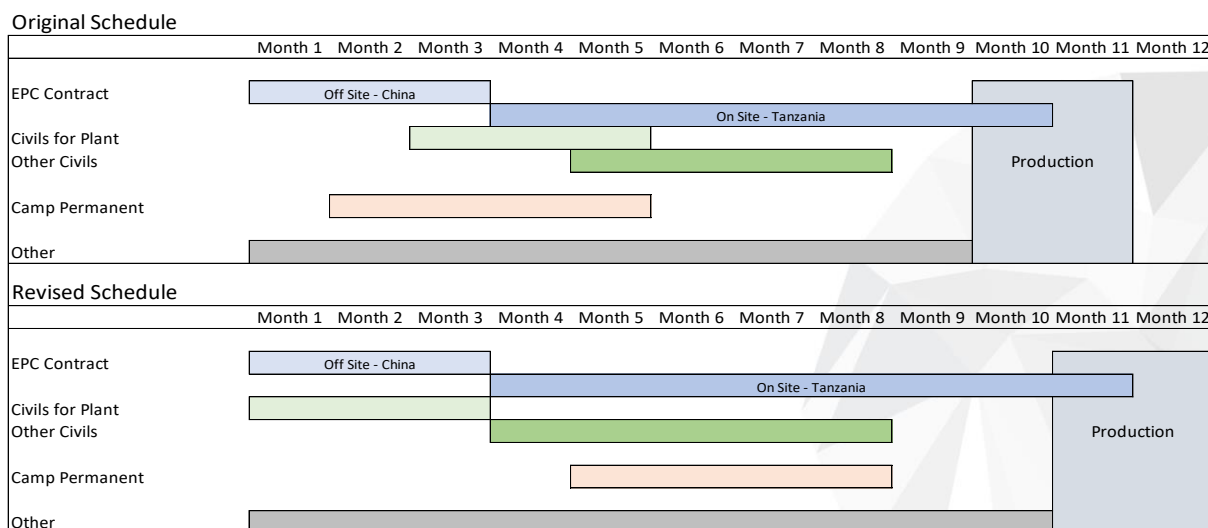


Image 1. Comparison of Original Schedule and Revised Schedule

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 and southern Namibia at the Eureka Lithium Project.

The Company has also acquired an exciting exploration portfolio for gold and base metals in Northern Ireland and Scotland and is conducting ongoing mineral exploration in these areas.

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