walkabout
RESOURCES LTD

**ACN 119 670 370**

Interim Financial Report
31 December 2021

**WALKABOUT RESOURCES LTD**
**ACN 119 670 370**

**INTERIM FINANCIAL REPORT**
**For the Half Year Ended 31 December 2021**

---

**WALKABOUT RESOURCES LTD**
**ACN 119 670 370**

# COMPANY DIRECTORY

---

## DIRECTORS

Mr Andrew Cunningham
(Executive Director)

Mr Michael Elliott
(Non-Executive Director)
(Chair)

Mr Phil Montgomery
(Non-Executive Director)

Mr Peter Finnimore
(Non-Executive Director)

## COMPANY SECRETARY

Mr Shaun Menezes
Mr Tony Allen

## REGISTERED OFFICE

Level 3, 681 Murray Street
WEST PERTH, WA, 6005
+61 8 6298 7500
admin@wkt.com.au

## AUDITORS

HLB Mann Judd (WA) Partnership
Level 4,130 Stirling Street
PERTH WA 6000

## SHARE REGISTRER

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000, Australia
Phone: 1300 850 505

## SECURITIES EXCHANGE LISTING

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: WKT

## DIRECTORS' REPORT

Your directors submit the financial report of the Group for the half-year ended 31 December 2021.

### DIRECTORS

The names of Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

| | |
|---|---|
| Michael Elliott | Non-Executive Director (Chair) |
| Andrew Cunningham | Executive Director |
| Phil Montgomery | Non-Executive Director |
| Peter Finnimore | Non-Executive Director |

### RESULTS

The loss after tax for the period ended 31 December 2021 was $3,058,027 (2020: $1,179,352).

### REVIEW OF OPERATIONS

#### Lindi Jumbo Graphite Mine

During the period under review the Company made significant progress in the construction and development of the Lindi Jumbo Graphite Mine. Following the obtaining of the US$20 million Debt Funding Facility with the CRDB Bank of Tanzania and company equity contributions in FY21 the Company executed in the first quarter of FY22 the material contracts with Yantai Jinpeng Mining and Machinery Co. Limited (Jinpeng) for the Engineering, Procurement and Construction of the Lindi Jumbo Graphite Process Plant as well as the agreement for the Bulk Earthworks and Civil Engineering works with TNR Engineering Ltd, a local Tanzanian contractor resulting in more than two-thirds of the project now contracted. TNR commenced site activities in August & Jinpeng commenced plant manufacture in mid-September. Axis Group International (Axis) was also appointed to act as the Lindi Jumbo representative in Jinpeng, China for overall project scheduling and management, quality management (QA/QC) and expediting including packaging and loading supervision. Axis has recent experience in working with Jinpeng on other African projects and the Company is leveraging this experience which includes the shipment of equipment from Jinpeng to Tanzania.

Following the appointment of TNR, the site bulk earthworks have progressed 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, topsoil clearing and preparation of the TSF area, site preparation and installation of the contractor workshop area, installation of the ROM retainer wall and demarcation of the Mining Licence boundary. The preparation of roads has made the construction site accessible and ensured construction can continue with minimal disruption during the wet season.

Since the mobilisation payment was made to Jinpeng in September, manufacturing and procurement progress at Jinpeng has been to schedule. Axis Group International has been undertaking quality management checks on the procured construction materials and completed works. The first shipment batch departed China in December 2021 and arrived in Tanzania in January 2022 with all the constructed and procured items passing the stringent QA/QC controls put in place by the Company. The Process Plant and associated site equipment will be loaded in 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. Equipment received in Tanzania will be securely warehoused and/or transported to site as required during the construction schedule. The global shipping crises, shortage of available containers in China and various port congestions which is most noticeable in Dar es Salaam continues to impact the delivery of the processing plant equipment to site. The earlier shipments have not had an adverse impact on the construction schedule, and contingency plans are in place to minimise any foreseen delays should the current situation continue as later shipments are on the critical path of the construction schedule. From a financial perspective, the delays in shipping have resulted in progress payments to Jinpeng being delayed. As such, the first draw down on the Lindi Jumbo Project Debt facility is anticipated in March. This has an unintended benefit of delaying the commencement of the project debt grace period and potentially lowering the interest cost during construction.

The Company also selected during the period the Tanzanian logistics contractor responsible for the customs clearance of imported equipment through the port of Dar es Salaam and subsequent transport to a holding warehouse and site as needed. The Tanzanian logistics team supported by Lindi Jumbo management in Dar es Salaam, together with Jinpeng and Axis Group in China are working collaboratively to ensure supply chain activities proceed as smoothly as possible. This includes putting necessary documentation in place with necessary approvals by Tanzanian authorities before the shipments arrive. Many critical tasks have been completed by TNR and Jinpeng and works to date continue to support commissioning of the plant in the second half of 2022. Jinpeng has sent engineers to site to sign off on civil works undertaken by TNR to ensure they meet the specifications for plant erection.

As part of the EPC contract, the Company 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 was approximately US$1.5 million.

The Company has also selected the preferred supplier of the mine camp on site under a BOOT arrangement and deferred the establishment of the camp until June 2022 to limit unnecessary running costs and associated infrastructure until it is needed. The camp will include offices, accommodation, dining & canteen, water purification & sewage plants, medical, training centre and change rooms. Under the BOOT arrangement, upfront capital costs will reduce but provide a modest increase in operating expenses during the first five years.

In November 2021 the Tanzanian Electrical Supply Company (TANESCO) agreed to an additional extension (at their cost) of the powerline from the village of Matambarale for a further three kilometres to the Lindi Jumbo mine site. The planned base-case is to supply diesel power to the entire Lindi Jumbo Mine. The supply of the TANESCO grid power will replace a portion of the base case power supply and will at a minimum connect peripheral infrastructure including: the water supply borefield, Tailings Storage Facility, explosives magazine, fuel supply, accommodation camp, mining workshops and other shared infrastructure. Work is underway to enable the integration of grid power with the planned on-site power generating facility. The supply of grid power to site at the start of the construction of the processing plant has the possibility to lower both the construction and future operational costs. While limited to 1MW of power, the cost per kilowatt hour (kW h) to be supplied to Lindi Jumbo is priced significantly below the planned alternatives. The Company continues to investigate options to use hybrid power.

With the increasing activity on site during the construction period the Company has continued to focus heavily on the safety and health of its workers. Unfortunately, during the period Lindi Jumbo recorded one Lost Time Injury (LTI) incurred off-site. Although the reported incident was considered minor and non-life threatening, we continue to evaluate ways to better assess risk and move towards zero in this metric. Corrective actions have been taken and site-wide safety reinforcement sessions have been held.

The Lindi Jumbo team was very active during the period in our local communities, continuing to build our social licence to operate. Under the guidance of the Company's health and safety team, the District Medical Officer was approached to conduct a Covid-19 information and vaccination session for Lindi Jumbo with the goal to protect and educate workers and surrounding communities. The Company also introduced a voluntary vaccination programme with the majority of workers now fully vaccinated with a 100% uptake by employees of the Company. As this was the first such vaccination initiative in the region by the private sector, the Company has extended this programme to surrounding communities who to date report very low inoculation rates. Covid prevention procedures were also implemented on site and will be monitored on an ongoing basis. Lindi Jumbo has also committed to improve the local mine bypass road to an all-weather condition.

There were a number of high-level governmental visits to the project in the period with the Prime Minister Hon. Kassim Majaliwa and Deputy Minister of Minerals Hon. Prof Shukrani Manya visiting the site. Feedback from the visits were very positive and attended by the local communities. Both delegations were updated on the commencement of the project development activities and of the Company's social investments in the region.

**Scotland and Northern Ireland Projects**

During the period the Company continued to progress its Environmental and Social Governance (ESG) work for its Scottish projects. After the preparatory work had been completed in the previous reporting period, a maiden diamond drilling program commenced at the Blackcraig lead-zinc-silver prospect. This is the first exploration drilling to be undertaken in the area with drilling targeting possible extensions beneath the old underground mine as well as potential parallel structures to the main historical mining trend. The drill holes between 150 and 300m in length targeted mineralisation beneath the old workings (mined from surface commonly to a depth of approximately 45m). Holes covered approximately 1km of strike extent of the potential 4.5km mineralised trend with samples for the holes drilled sent to the laboratory for assaying with results expected in the next quarter. The drilling program will greatly improve the understanding of this very prospective region. The project is located at the historic Blackcraig high-grade lead-zinc-silver mine that was mined in the late 18th and early 19th centuries. Previous to this drilling, sampling conducted by the Company to date has been restricted to float samples from the numerous spoil heaps from the old mines. Assay results of up to 30% Zn, 9.1% Pb, 7.4% Cu and 36.1 g/t Ag in individual rock samples confirm the very high-grade nature of the orebody as described in the literature and historical reports on mining at Blackcraig. Delays in assay laboratory output has impacted the Company being able to report interim results of this drilling program.

A regional, drone borne aeromagnetic survey that was planned for approximately 150km2 was partially completed during the reporting period. The survey was conducted by UAVE Ltd using the Prion Mk3 UAV, a purpose built fixed-wing drone but due to a combination of equipment failures (including damage to the drone upon landing early in the survey), adverse weather conditions and the unavailability of key operating staff during the approved survey period, only a portion of the planned survey area could be completed. The results of the completed survey area will be interpreted and the Company is accessing its options on how to complete the remainder of the survey area within an acceptable timeframe. The aim of the survey is to help identify and further understand the structural controls of these occurrences as part of the regional target generation programme to delineate areas of interest for further evaluation and ground exploration, underpinning the Company's objective of creating a "pipeline" of prospects to evaluate, and if warranted, advance towards initial drilling.
.
Other exploration activities in the region included regional soil sampling over several key areas along the Talnotry - Greymare's Tail trend where several historic Pb-Zn trial workings (Au-Ag-Pb-Zn targets) are known to be located along a regional scale structure, as well as a historic Ni working (Ni-PGE target). The soil sampling covers an area of approximately 24km2. Also detailed soil grid was undertaken on the Glenhead Gold project to expand the area covered by historic soil grid and shallow drilling undertaken by the BGS in the 1980's.

Subsequent to the reporting period, the Company acquired the remaining 25% ownership of JDH Exploration for GBP100,000 which holds two Mines Royal Options with the Crown Estate Scotland covering 500 km2 in Dumfries and Galloway, south-western Scotland. Following the completion of the deal the vendor will hold no further interest in JDH and will forfeit all further milestone payments as previously reported after the 75% earn-in milestones were reached in March 2021 (see ASX announcement of 1 October 2018). The addition of the two JDH Exploration licences (Newton Stewart and St Johns Town of Dalry) to the 100% owned Gatehouse of Fleet licence will give the Company a commanding wholly owned exploration footprint in the region of approximately 750km2.

**Amani Gold Project - Tanzania**

With the primary focus in Tanzania during the period on the construction activities of the Lindi Jumbo Graphite project exploration activities in Tanzania were minimised. Towards the end of 2021 a stream sediment sampling program was completed around the regional targets with results expected shortly. Further activities are set to recommence following the current rainy season in the region.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 7 January 2022, the Group issued 8,189,270 ordinary fully paid shares at an issue price of $0.17 per share. A total of 1,000,000 units of shares subscription prepayment was converted through the Subscription Shares Settlement mechanism as initiated by Battery Metals Capital Group LLC.

On 7 January 2022, the Group acquired the remaining 25% holding in JDH Exploration through the once-off payment of GBP100,000. Following the completion of the deal the vendor will hold no further interest in JDH and will forfeit all further milestone payments as previously reported after the 75% earn-in milestones were reached in March 2021 (see ASX announcement of 01 October 2018). The addition of the two JDH Exploration licences (Newton Stewart and St Johns Town of Dalry) to the 100% owned Gatehouse of Fleet licence will give the Company a commanding wholly owned exploration footprint in the region of approximately 750km$^2$.

On 17 January 2022, BMCG elected to settle the issuance of the 3,800,000 initial allocation shares by cash, equivalent to 95% of the average of five daily VWAPS per share selected by BMCG during the period commencing on the date that is 20 actual trading days prior to the date of such payment, rounded down to the next rounding number, being half a cent. On 17 January 2022, BMCG provided a notice of payment to the Company for $665,000 as final consideration for the issue of the 3,800,000 shares at a price of $0.175 per share based on 95% of VWAP per share.

On 19 January 2022, the Group issued 15,573,525 ordinary fully paid shares at an issue price of $0.175 per share. A total of 1,950,000 units of shares subscription prepayment was converted through the Subscription Shares Settlement mechanism as initiated by Battery Metals Capital Group LLC.

At the second renewal date of EPL6309 in Namibia the company has decided to withdraw from the Eureka Project while it focuses on the development of the graphite project in Tanzania.

There were no other matters or circumstances that have arisen since the end of the half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

## AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is within this financial report.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the Corporations Act 2001.

M. Elliott

Mike Elliott
Non-Executive Director

Dated this 16th day of March 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING



**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Walkabout Resources Ltd for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

**Perth, Western Australia**
**16 March 2022**

**L Di Giallonardo**
**Partner**

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

## WALKABOUT RESOURCES LTD
## ACN 119 670 370

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2021

| | Note | 31 December 2021 $ | 31 December 2020 $ |
|---|---|---|---|
| Income | 2 | 917 | 38,243 |
| | | | |
| Depreciation | | (15,790) | (9,706) |
| Occupancy costs | | (164,296) | (84,558) |
| Legal and compliance | | (244,453) | (140,853) |
| Administration expenses | | (769,303) | (361,230) |
| Interest expense | | (8) | - |
| Consulting fees | | (576,283) | (106,725) |
| Professional fees | | (155,209) | (92,979) |
| Other expenses | | (188,315) | (336,032) |
| Exploration expenditure expensed as incurred | | (509,897) | (5,336) |
| Realised foreign exchange gain/(loss) | | (435,390) | (80,176) |
| **Loss before income tax** | | **(3,058,027)** | **(1,179,352)** |
| Income tax expense | | - | - |
| **Net loss for the period** | | **(3,058,027)** | **(1,179,352)** |
| | | | |
| **Other comprehensive income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences on translation of foreign operations | | 1,517,950 | (1,333,045) |
| **Other comprehensive income/(loss) for the period net of tax** | | **1,517,950** | **(1,333,045)** |
| **Total comprehensive loss for the period** | | **(1,540,077)** | **(2,512,397)** |
| **Loss attributable to:** | | | |
| Owners of the parent | | (3,049,359) | (1,175,760) |
| Non-controlling interest | | (8,668) | (3,592) |
| | | **(3,058,027)** | **(1,179,352)** |
| **Total comprehensive loss attributable to:** | | | |
| Owners of the parent | | (1,533,208) | (2,500,759) |
| Non-controlling interest | | (6,869) | (11,638) |
| | | **(1,540,077)** | **(2,512,397)** |
| | | | |
| Basic and diluted loss per share from continuing operations (cents) | | (0.72) | (0.34) |

*The accompanying notes form part of these financial statements.*

**WALKABOUT RESOURCES LTD**
**ACN 119 670 370**

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
As at 31 December 2021



| | Note | 31 December 2021 $ | 30 June 2021 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 12,496,101 | 5,659,691 |
| Trade and other receivables | | 837,029 | 281,911 |
| **Total current assets** | | **13,333,130** | **5,941,602** |
| | | | |
| **Non-current assets** | | | |
| Trade and other receivables | | 10,023 | 9,976 |
| Property, plant and equipment | | 151,423 | 31,126 |
| Mine properties | 3 | 28,520,541 | 15,540,554 |
| Deferred exploration and evaluation expenditure | 4 | 2,024,318 | 1,821,685 |
| **Total non-current assets** | | **30,706,305** | **17,403,341** |
| **Total assets** | | **44,039,435** | **23,344,943** |
| | | | |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 6,645,453 | 1,116,036 |
| Provisions | | 27,804 | 177,179 |
| Financial liability | 5 | 8,253,790 | - |
| **Total current liabilities** | | **14,927,047** | **1,293,215** |
| **Total liabilities** | | **14,927,047** | **1,293,215** |
| **Net assets** | | **29,112,388** | **22,051,728** |
| | | | |
| **Equity** | | | |
| Issued capital | 6 | 90,930,756 | 82,330,019 |
| Reserves | | 2,766,128 | 1,249,977 |
| Accumulated losses | | (64,522,028) | (61,472,669) |
| Equity attributable to owners of the parent | | 29,174,856 | 22,107,327 |
| Non-controlling interest | | (62,468) | (55,599) |
| **Total equity** | | **29,112,388** | **22,051,728** |

*The accompanying notes form part of these financial statements.*

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2021

| | Contributed Equity | Accumulated Losses | Foreign Currency Translation Reserve | Option Reserve | Total | Non-Controlling Interest | Total Equity |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2020** | 76,323,619 | (58,151,448) | (118,035) | 1,488,420 | 19,542,556 | (39,540) | 19,503,016 |
| Loss for the period | - | (1,175,760) | - | - | (1,175,760) | (3,592) | (1,179,352) |
| Exchange differences arising on translation of foreign operations | - | - | (1,324,999) | - | (1,324,999) | (8,046) | (1,333,045) |
| **Total comprehensive loss for the period** | - | (1,175,760) | (1,324,999) | - | (2,500,759) | (11,638) | (2,512,397) |
| **Balance at 31 December 2020** | 76,323,619 | (59,327,208) | (1,443,034) | 1,488,420 | 17,041,797 | (51,178) | 16,990,619 |
| | | | | | | | |
| **Balance at 1 July 2021** | 82,330,019 | (61,472,669) | (238,443) | 1,488,420 | 22,107,327 | (55,599) | 22,051,728 |
| Loss for the period | - | (3,049,359) | - | - | (3,049,359) | (8,668) | (3,058,027) |
| Exchange differences arising on translation of foreign operations | - | - | 1,516,151 | - | 1,516,151 | 1,799 | 1,517,950 |
| **Total comprehensive loss for the period** | - | (3,049,359) | 1,516,151 | - | (1,533,208) | (6,869) | (1,540,077) |
| Shares issued - placement | 7,622,518 | - | - | - | 7,622,518 | - | 7,622,518 |
| Shares issued – conversion of prepaid share subscriptions | 651,863 | - | - | - | 651,863 | - | 651,863 |
| Shares issued – commencement fee | 326,356 | - | - | - | 326,356 | - | 326,356 |
| **Balance at 31 December 2021** | 90,930,756 | (64,522,028) | 1,277,708 | 1,488,420 | 29,174,856 | (62,468) | 29,112,388 |

*The accompanying notes form part of these financial statements.*

**WALKABOUT RESOURCES LTD**
**ACN 119 670 370**

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2021

| | 31 December 2021 $ | 31 December 2020 $ |
|---|---|---|
| **Cash flows from operating activities** | | |
| Payments to suppliers and employees | (2,928,861) | (1,242,287) |
| Grant received | - | 37,500 |
| Interest received | 917 | 743 |
| Interest paid | (8) | - |
| **Net cash flows used in operating activities** | **(2,927,952)** | **(1,204,044)** |
| | | |
| **Cash flows from investing activities** | | |
| Payments for property, plant & equipment | (5,665,291) | (197,111) |
| Payments for exploration and evaluation | (822,292) | (454,085) |
| **Net cash flows used in investing activities** | **(6,487,583)** | **(651,196)** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from the issue of shares, net of costs | 7,948,874 | - |
| Funds received from share placement prepayments | 7,820,260 | - |
| **Net cash flows from financing activities** | **15,769,134** | **-** |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | 6,353,599 | (1,855,240) |
| Cash and cash equivalents at the beginning of the period | 5,659,691 | 2,882,400 |
| Effect of exchange rate changes on cash and cash equivalents | 482,811 | (56,294) |
| **Cash and cash equivalents at the end of the period** | **12,496,101** | **970,866** |

*The accompanying notes form part of these financial statements.*

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (‘AASB’). Compliance with AASB 134 ensures compliance with IAS 34 ‘Interim Financial Reporting’.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this half-year report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Walkabout Resources Ltd and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and ASX Listing Rules.

### Basis of preparation

The half-year report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

### Accounting policies and methods of computation

The accounting policies and method of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period, other than the below.

Borrowings – Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

### Significant accounting judgements and key estimates

The preparation of half-year reports require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this half-year report, the significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2021.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Going concern

During the half-year ended 31 December 2021, the Group recorded a net loss of $3,058,027 (2020: $1,179,352) and net cash inflows of $6,353,599 (2020: outflows of $1,855,240). At 31 December 2021, the Group had cash available of $12,496,101 (30 June 2021: $5,659,691) and exploration, lease and the Lindi Jumbo Graphite Project construction commitments for the next 12 months of approximately $23 million. The Company also has access to the US$20 million debt facility with CRDB expected to commence drawing down in March 2022.

During the previous year (April 2021), the Company secured funding to progress to construction and development of the Lindi Jumbo Graphite Mine. This funding comprised the following:

*Debt Funding Facility with CRDB Bank of Tanzania*

- Facility Amount - US$20 million
- Tenor – 42 months including 12-month Grace period
- Interest rate - 8% per annum with interest during the grace period capitalised and added to the principal
- Repayment terms - the outstanding Facility and interest shall be repaid in equal quarterly instalments commencing after a 12-month grace period
- Security - Assignment of Material Contracts, Charge over Accounts of Lindi Jumbo, Corporate Guarantee from Walkabout Resources Ltd, Debenture Deed over all Lindi Jumbo assets, rights and undertakings, Standby Letter of Credit
- Equity contribution by borrower - US$12 million payment net of allowable construction credits
- Key Conditions Precedent - Injection of the Equity Contribution, and the provision of all signed documentation facilitating the assignment of rights, confirmation of titles and interests, signed material agreements (including a signed project management agreement), insurances, loan subordinations and other standard project documentation in line with such debt agreements.

At 31 December 2021, there was one remaining condition precedent to draw down funds under this facility which is the placement of a Standby letter of Credit for US$20 million. This is expected to be entered into in March 2022 when the funds will be required. No accounting for this transaction was required for this facility in the reporting period.

*Share Placement Agreement with Battery Metals Capital Group*

The Group has also entered into a Share Placement Agreement with Battery Metals Capital Group (BMCG) for a placement of ordinary shares via an institutional placement of up to US$10 million. The placements will be made in three tranches. The Group received the first two tranches totalling US$6,000,000 with the third tranche of US$4 million at the Company’s option. Refer to note 5 for details of the transactions.

As a result of the above, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

### New and Revised Accounting Standards and Interpretations

The accounting policies have been consistently applied by the Group and are consistent with those in the June 2021 annual financial report and the corresponding interim reporting period except for the impact (if any) of new and revised standards and interpretations outlined below. These accounting policies are consistent with Australian Accounting Standards and International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current half-year.

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Standards and Interpretations applicable to 31 December 2021*
In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting

period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

*Standards and Interpretations in issue not yet adopted*
The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted by the Group and, therefore, no change is necessary to Group accounting policies.

## 2. INCOME

| | Half Year to 31 December 2021 $ | Half Year to 31 December 2020 $ |
|---|---|---|
| The following revenue items are relevant in explaining the financial performance for the half-year: | | |
| Interest income | 917 | 743 |
| Government grant | - | 37,500 |
| | 917 | 38,243 |

## 3. MINE PROPERTIES

| | 31 December 2021 $ | 30 June 2021 $ |
|---|---|---|
| At cost | 28,520,541 | 15,540,554 |
| Accumulated amortisation | - | - |
| Total | 28,520,541 | 15,540,554 |

**Movement for the period/year:**

| | Half Year to 31 December 2021 $ | Year to 30 June 2021 $ |
|---|---|---|
| Balance at the beginning of the period/year | 15,540,554 | 4,165,772 |
| Additions | 12,213,986 | - |
| Transfer from Deferred Exploration and Evaluation Expenditure | 269 | 11,569,184 |
| Foreign exchange translation effect | 765,732 | (194,402) |
| Balance at end of the period/year | 28,520,541 | 15,540,554 |

## 4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

| | Half Year to 31 December 2021 $ | Year to 30 June 2021 $ |
|---|---|---|
| Costs carried forward in respect of areas of interest in the following phases | | |
| **Exploration and evaluation phase – at cost** | | |
| Balance at beginning of period/year | 1,821,685 | 13,597,936 |
| Expenditure incurred | 822,292 | 580,218 |
| Foreign currency translation effect | (109,493) | (455,787) |
| Expenditure written off | (509,897) | (331,498) |
| Transfer to Mine Properties | (269) | (11,569,184) |
| Balance at end of period/year | 2,024,318 | 1,821,685 |

## 5. FINANCIAL LIABILITY

| | 31 December 2021 $ | 30 June 2021 $ |
|---|---|---|
| Prepaid Share Placements | 8,253,790 | - |

| | 31 December 2021 Tranche 1 $ | Tranche 2 $ | Total $ |
|---|---|---|---|
| Balance at beginning of the period | - | - | - |
| Drawdown[(1)] | 1,941,823 | 5,878,437 | 7,820,260 |
| Commencement fee charge equivalent to 2,360,495 shares [(1)] | 300,926 | - | 300,926 |
| Conversion to shares – US$400,000[(2)] | (543,478) | - | (543,478) |
| Realised forex on conversion to shares | 14,940 | - | 14,940 |
| Finance charge – 5%[(3)] | 104,572 | 184,568 | 289,140 |
| 5% VWAP discount provided[(3)] | 85,195 | 193,796 | 278,991 |
| Unrealised loss on translation at year end rates | 48,105 | 44,906 | 93,011 |
| Balance at end of the period | 1,952,083 | 6,301,707 | 8,253,790 |

**5. FINANCIAL LIABILITY (CONTINUED)**

1. As announced on 25 June 2021, the Company entered into a Share Placement Agreement with Battery Metals Capital Group LLC (BMCG) for a placement of ordinary shares via an institutional placement of up to US$10 million. The placements will be made in three tranches, with the third tranche of US$4 million at the option of the Company.

- The first tranche raised US$1.7 million on 7 July 2021 equivalent to 1,785,000 share subscriptions prepayment units. The Company also issued 2,360,495 shares as a Commencement Fee with a nominal value of US$300,000. The Company elected to allocate the full Commencement Fee amount to the first tranche based on the relative fair value of the shares to be issued which is US$2,085,000. Accordingly, the cash received of US$1.7 million was allocated to financial liability Prepayment of Tranche1 – US$1,455,396 ($1,941,823) and equity (share issue) – US$244,604 ($326,356). The Commencement fee recognised for the half year period ended 31 December 2021 amounted to $300,926 and has been capitalised to mine properties as a borrowing cost, with a corresponding unwinding to the financial liability.

- The second tranche raised a further $US4.3 million ($5,878,437) on 31 August 2021 and is equivalent to 4,515,000 share subscription prepayment units.

- The third tranche may raise US$4 million no later than 10 months following the second tranche, subject to the Company exercising its option to receive the third tranche and shareholder approval (if required). The Company has not yet drawn the third tranche as at 31 December 2021.

2. On 10 November 2021, the Company received notice from BMCG to reduce the share subscription payments outstanding by US$400,000. On 11 November 2021, the Company converted 400,000 share subscription prepayment units into 3,105,590 ordinary shares at an issue price of $0.175 per share amounting to $543,478. The fair value of shares issued as at 11 November 2021 is $651,863 at $0.2099 per share. The difference between the settlement amount and the fair value was recognised as a finance charge and has been capitalised to mine properties.

3. The share subscription prepayment is subject to a nominal finance charge of 5% based on the fair value of the finance amount and 5% VWAP discount on the outstanding balance of the total value of shares to be issued in US$. Interest expense recognised during the half year period ended 31 December 2021 amounted to $568,131 and has been capitalised to mine properties.

## 6. ISSUED CAPITAL

| | 31 December 2021 $ | 30 June 2021 $ |
|---|---|---|
| **Issued capital** | | |
| 428,512,317 (30 June 2021: 381,133,645) issued and fully paid | 90,930,756 | 82,330,019 |

| | Half Year to 31 December 2020 Number | Year to 30 June 2021 Number | Half Year to 31 December 2021 $ | Year to 30 June 2021 $ |
|---|---|---|---|---|
| **Movements in ordinary shares on issue** | | | | |
| At start of period/year | 381,133,645 | 349,133,645 | 82,330,019 | 76,323,619 |
| Issued – commencement shares[(a)] | 2,360,495 | - | 326,356 | - |
| Issued – initial placement shares[(b)] | 3,800,000 | - | - | - |
| Issued for cash – placements[(c)] | 38,112,587 | 32,000,000 | 7,622,518 | 6,006,400 |
| Issued on conversion of prepaid share subscriptions[(d)] | 3,105,590 | - | 651,863 | - |
| At end of period/year | 428,512,317 | 381,133,645 | 90,930,756 | 82,330,019 |

a) On 1 July 2021, the Company issued 2,360,495 fully paid ordinary shares to BMCG as a Commencement Fee under the Share Placement agreement.

b) On 1 July 2021, the Company also issued 3,800,000 fully paid ordinary shares to BMCG at an issue price of $0.0 per share as Initial Placement shares in accordance with the Share Placement agreement. BMCG has a choice to offset these shares as settlement of the Company's obligation to issue Placement shares (arising under Tranche's 1 to 3) or alternatively to pay for these shares applying the VWAP pricing mechanism outlined in the Share Placement agreement.

   On 17 January 2022, BMCG elected to settle the issuance of the shares by cash, equivalent to 95% of the average of five daily VWAPS per share selected by BMCG during the period commencing on the date that is 20 actual trading days prior to the date of such payment, rounded down to the next rounding number, being half a cent. On 17 January 2022, BMCG provided a notice of payment to the Company for $665,000 as final consideration for the issue of the 3,800,000 shares at a price of $0.175 per share.

c) On 12 July 2021, the Company issued 20,089,679 fully paid ordinary shares amounting to $4.0 million under its 1 for 10 Entitlement Issue out of the 38,113,364 shares offered under the Entitlement issue.

   The shortfall shares in the Entitlement Issue of 18,022,908 was issued on 23 July 2021 for total proceeds of $3.6 million.

d) On 11 November 2021, the Company converted 400,000 share subscription prepayment units into 3,105,590 ordinary shares.

## 7. OPTIONS

| | 31 December 2021 Number | 30 June 2021 Number |
|---|---|---|
| Movements in options | | |
| Opening balance | 7,000,000 | 7,000,000 |
| Exercised | - | - |
| Expired | (7,000,000) | - |
| Closing balance[1] | - | 7,000,000 |

[1] The remaining 7,000,000 options at 30 June 2021 were exercisable at 20 cents and expired on 11 December 2021.

## 8. SEGMENT REPORTING

***Operating Segments by business activity***

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of directors in assessing performance and determining the allocation of resources.

***Segment Information***

The following tables present segment information provided to the Board of Directors for the half year periods ended 31 December 2021 and 31 December 2020.

| | Corporate | Gold | Graphite | Base Metals | Lithium | Unclassified | Elimination | Total |
|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | $ | $ | $ | $ | $ | $ | $ | $ |
| Segment income | 917 | - | - | - | - | - | - | 917 |
| Segment result | (2,078,287) | (52,004) | (570,853) | (24,856) | (332,027) | - | - | (3,058,027) |
| Segment assets | 2,774,081 | 2,047,257 | 39,093,513 | 14,802 | 109,782 | - | - | 44,039,435 |
| Segment liabilities | (8,813,823) | (29,764) | (6,081,194) | (2,266) | - | - | - | (14,927,047) |
| **31 December 2020** | | | | | | | | |
| Segment income | 38,243 | - | - | - | - | - | - | 38,243 |
| Segment result | (978,486) | (40,716) | (131,109) | (14,800) | (14,241) | - | - | (1,179,352) |
| Segment assets | 1,000,831 | 139,184 | 14,941,724 | 1,570,504 | 390,143 | - | - | 18,042,386 |
| Segment liabilities | (348,226) | (32,488) | (659,771) | (10,005) | (1,277) | - | - | (1,051,767) |

## 9. COMMITMENTS AND CONTINGENT LIABILITIES

There have been no changes in contingent liabilities since the last annual reporting date.

## 10. CAPITAL AND LEASING COMMITMENTS

| | | 31 December 2021 | 30 June 2021 |
|---|---|---|---|
| a. | **Property Lease Commitments** | | |
| | Payable — minimum lease payments | $ | $ |
| | - not later than 12 months | 84,454 | 33,207 |
| | - between 12 months and 5 years | - | - |
| | | 84,454 | 33,207 |
| b. | **Capital Expenditure Commitments** | | |
| | Minimum expenditure commitments for mining tenements: | | |
| | - not later than 12 months | 1,179,168 | 1,919,958 |
| | - between 12 months and 5 years | 639,105 | 753,212 |
| | Lindi Jumbo mining project expenditure commitments: | | |
| | - not later than 12 months | 21,208,197 | - |
| | - between 12 months and 5 years | - | - |
| | | 23,026,470 | 2,673,170 |

## 11. FAIR VALUE MEASUREMENT

The Directors consider the carrying amount of the financial assets and financial liabilities that are recognised in the condensed consolidated financial statements approximate their fair values.

The methods and valuation techniques used for the purposes of measuring fair value are unchanged from the previous reporting period.

## 12. RELATED PARTY TRANSACTIONS

Michael Elliott entered into an underwriting agreement during the period to partly underwrite a pro-rata non-renounceable entitlement issue of 1 share for every 10 shares held by those shareholders who had registered at the record date as permitted under ASX Listing Rule 10.12 (Exception 2) and disclosed in ASX announcements of 28 May 2021, 1 July 2021 and 23 July 2021 and took up 6.373m shares as part of this underwriting agreement.

## 13. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 January 2022, the Group issued 8,189,270 ordinary fully paid shares at an issue price of $0.17 per share. A total of 1,000,000 units of shares subscription prepayment was converted through the Subscription Shares Settlement mechanism as initiated by Battery Metals Capital Group LLC.

## 13. EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

On 7 January 2022, the Group acquired the remaining 25% holding in JDH Exploration through the once-off payment of GBP100,000. Following the completion of the deal the vendor will hold no further interest in JDH and will forfeit all further milestone payments as previously reported after the 75% earn-in milestones were reached in March 2021 (see ASX announcement of 01 October 2018). The addition of the two JDH Exploration licences (Newton Stewart and St Johns Town of Dalry) to the 100% owned Gatehouse of Fleet licence will give the Company a commanding wholly-owned exploration footprint in the region of approximately 750km$^2$.

On 17 January 2022, the Group received $665,000 from BMCG as cash consideration for the Initial Placement shares issued on 1 July 2021. Refer to Note 6[(b)].

On 19 January 2022, the Group issued 15,573,525 ordinary fully paid shares at an issue price of $0.175 per share. A total of 1,950,000 units of shares subscription prepayment was converted through the Subscription Shares Settlement mechanism as initiated by Battery Metals Capital Group LLC.

At the second renewal date of EPL6309 in Namibia the company has decided to withdraw from the Eureka Project while it focuses on the development of the graphite project in Tanzania.

No other matters or circumstances have arisen since the end of the half year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

**WALKABOUT RESOURCES LTD**
**ACN 119 670 370**

## DIRECTORS' DECLARATION

For the Half-Year Ended 31 December 2021



1. In the opinion of the directors:

    a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:

        i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half- year then ended; and

        ii. complying with Australian Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.

    b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2021.

Signed in accordance with a resolution of the board of directors

M. Elliott

Mike Elliott
Non-Executive Director

Dated this 16th day of March 2022

HLB MANN JUDD
ADVISORY AND ACCOUNTING

**INDEPENDENT AUDITOR'S REVIEW REPORT**
To the members of Walkabout Resources Ltd

**Report on the Condensed Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying interim financial report of Walkabout Resources Ltd ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Walkabout Resources Ltd does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for conclusion*

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

hlb.com.au

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849
**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

HLB MANN JUDD
ADVISORY AND ACCOUNTING

*Auditor's responsibility for the review of the financial report*

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

Giallonardo

**L Di Giallonardo**
**Partner**

**Perth, Western Australia**
**16 March 2022**