

ASX ANNOUNCEMENT

17 September 2019

Update on Funding Activities and Graphite Market Conditions

Walkabout Resources Ltd (**The Company**) wishes to update the market on its Lindi Jumbo project financing activities and general graphite market conditions.

Funding

As previously advised, the Company has engaged an International Investment Bank (**The Bank**) to advise on procuring the debt-based portion of the development funding requirement. The due diligence activities over the legal, commercial and technical assessments, independent reviews and marketing processes has been undertaken over the past couple of months are now nearing completion. There is nothing that the Company is aware of to date, arising from such due diligence reviews that requires reporting to the market.

The Company benefits from The Bank's experience of funding greenfield mining projects and structuring emerging market transactions especially when considering the regulatory and logistical aspects of lending to a project in Tanzania.

The Company anticipates launching the Loan Note Offering as soon as the final Due Diligence reports are received from the independent legal and technical experts.

The activities leading up to an executed Loan Note Agreement could take a number of weeks and both parties, having already committed substantial time and energy are working diligently towards a final funding outcome.

Graphite Market Conditions

Recently, announcements regarding the state of the graphite market in China have led to significant speculation and general negative sentiment about the state of the Chinese graphite market.

The Company has, through its offtake partners and marketing agents in China, followed up with its own enquiries about the general graphite market in China and has concluded that the "sudden and material decrease" in spot prices for all flake sizes in China has not occurred as stated.

The Lindi Jumbo Project contains only 25% of the finer product suited to Lithium Ion battery manufacture and which is the most commonly produced natural graphite flake size in China. The domestic market in China remains sensitive to over-supply of these products while the market for larger flake sizes remains robust.

The Table below represents Chinese Renminbi prices for various sizes of flake graphite concentrate at 95%TGC as published daily for the Chinese domestic market by ICCSINO for 12th September and two months earlier. ICCSINO is a market intelligence periodical based in Shanghai, China and owned by Shanghai Xinluo Network Technology Co. Ltd.

Table 1. Selected natural graphite flake prices in China and the impact of exchange rate variations

Natural Flake Graphite - Standard Products at Specification			12 September 2019		13 August 2019		15 July 2019		Difference in US\$ price/tonne over time			
Currency Rate and Effect			7.09	-3.1%	7.07	-2.8%	6.88		Two months 15 July to 12 Sept 2019		One month 13 Aug to 12 Sept 2019	
Sizes	Flake Size	Location	Price RMB/mt	Price USD/mt	Price RMB/mt	Price USD/mt	Price RMB/mt	Price USD/mt	US\$	%	US\$	%
-195	Small	Shandong	3,850	543	3,850	545	3,750	545	-2.20	-0.4%	-1.69	-0.3%
195	Coarse	Shandong	4,900	691	4,900	693	5,250	763	-72.20	-9.5%	-2.15	-0.3%
895	Large	Shandong	6,350	896	6,100	863	6,100	887	8.74	1.0%	32.59	3.8%
595	Jumbo	Inner Mongolia	9,700	1,368	9,700	1,373	9,700	1,410	-42.18	-3.0%	-4.26	-0.3%
3295	Super Jumbo	Inner Mongolia	12,750	1,799	12,750	1,804	12,750	1,854	-55.44	-3.0%	-5.60	-0.3%

* ICCSINO prices are not displayed in USD – the conversion was based on the RMB / USD exchange rate as at the dates specified.

The different US\$ spot prices for most categories remain in line with currency depreciation over the period of around 3%. In the case of the 100-mesh size (195) which is generally used for battery manufacturing, the drop in price is outside the ranges of the currency effects and can be ascribed to short term oversupply in the market. The large flake product of 80-mesh (895) has increased in price significantly despite the negative effects of the currency depreciation. Lindi Jumbo will produce products in the 3295, 595, 895 and -895 categories.

It is important to note that the ICCSINO prices listed above relate to industry minimum pricing specifications for flake graphite concentrate at 95%TGC, which typically require a product to have a minimum of 80% compliance to the size classification. Substandard products, either by grade or size compliance, will receive prices that are adjusted lower according to the “out-of-spec” range.

Allan Mulligan
Director

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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. 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 southern Namibia at the Eureka Lithium Project and the Company has also acquired an exciting exploration portfolio for gold and base metals in Northern Ireland and Scotland.

Details of Walkabout Resources’ projects are available at the Company’s website, www.wkt.com.au.

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