

September 2022 Quarterly Report

Walkabout Resources Ltd (ASX: WKT) (the Company) is pleased to report its activities for the September 2022 quarter.

HIGHLIGHTS

CORPORATE

- Rights issue launched to raise up to A\$33.17 million.
- A total of \$11,540,782 raised through the subscription for 104,916,200 shares (including current oversubscriptions) from existing shareholders.
- Shortfall placement undertaken with results to be announced upon commencement of trading.

LINDI JUMBO GRAPHITE MINE - TANZANIA

- Construction of Processing Plant continued focusing on the mechanical installation of the front-end of the processing plant (crushing and grinding circuit)
- Waste rock mining at starter pit commenced with approximately 9,000 tonnes of high-grade graphite ore stockpiled for commissioning.
- Mechanical construction of processing plant equipment completed in China and awaiting shipment.
- No lost time injuries occurred during the quarter.

Funding Update

PROGRESS TOWARDS DEBT DRAWDOWN

CRDB

The Standby Letter of Credit (SBLC) remains the last condition precedent that needs to be fulfilled before drawdown of the US\$20 million debt facility through CRDB could commence. During the quarter discussions with the bank continued in relation to potential alternative sources of security which might be acceptable to CRDB including the amount of cash collateral CRDB required for full drawdown of the facility.

CRDB has advised that a SBLC remains “the best security that the bank can depend on” but has not given any feedback on the alternative proposals. Therefore, there has been no material change to the status of the CRDB debt drawdown process.

ACN 119 670 370

ASX Code: WKT

Level 3, 681 Murray St,
West Perth, WA 6872
P.O. Box 263,
West Perth WA 6005

T: +61 8 6298 7500
admin@wkt.com.au

DIRECTORS

Mike Elliott
Chairman

Andrew Cunningham
Chief Executive Officer

Peter Finimore
Non Executive Director

Phil Montgomery
Non Executive Director

ORDINARY SHARES

452,275,112

PROJECTS

Lindi Jumbo Graphite Project
Tanzania (70% - 100%)

Amani Gold Project
Tanzania (100%)

**Scotland Gold and Base Metal
Projects** (100%)

**Northern Ireland Gold and Base
Metals** (50%)

Rights Issue

The Company's announced a non-renounceable entitlement issue ("Entitlement Issue" or "Offer"), pursuant to the Prospectus dated 25 August 2022 and Supplementary Prospectus dated 8 September 2022 to raise up to A\$33.17 million (see ASX announcements of 22 August 2022, 25 August 2022 and 8 September 2022). The Entitlement Issue offered Eligible Shareholders the opportunity to subscribe for two (2) fully paid ordinary shares in the Company for every three (3) shares held on the record date, at an issue price of \$0.11 per share. The Entitlement Issue closed on 28 September 2022.

Shareholders have applied for 78,965,268 shares under the issue raising A\$8,686,179 and 7,769,114 additional shares raising A\$854,603 (see ASX announcements of 30 September 2022).

Table 1: Results of the non-renounceable entitlement offer.

Entitlement Accepted (shares)	Additional Securities Accepted (shares)	Money Received (A\$)
78,965,268	7,769,114	\$9,540,782

In addition to the Entitlement Issue, a number of shareholders and investors have participated in a non-recourse debt facility to the Company during the quarter have subsequently requested conversion of the debt into shares at \$0.11 i.e., at the same conditions as the Entitlement Issue. The debt facility has allowed the Company working capital while the Entitlement Issue was open, as well as to make some payments to outstanding creditors.

Table 2: Results of the non-recourse debt facility after conversion into non-renounceable entitlement offer.

Loan Agreement Entitlement Accepted	Loan Agreement Shortfall Securities Accepted	Money Received (A\$)
6,832,174	11,349,643	2,000,000

Total monies received through the rights issue and the debt facility is A\$11,540,782. The number of shares offered under the Entitlement Issue was 301,516,741 shares resulting in a shortfall of 196,600,542 shares (Shortfall Shares).

Following the closure of the Entitlement Issue the shortfall offer facility was available allowing eligible shareholders to apply for Shortfall Shares over and above their respective entitlements as well as to new shareholders although preference was given to eligible shareholders. The Company directly received applications for 7,863,636 Shortfall Shares & received further funds of \$865,000 from those eligible shareholders. Total funds received from shareholders via the entitlement issue, shortfall or debt is \$12,405,782 or 75.2% of the minimum raise.

The initial shortfall offer to institutions and sophisticated investors was completed on 4 October 2022 and the Company immediately requested the recommencement of trading of its shares. The Company has been in discussions with the ASX on the requirements and conditions necessary to recommence trading. The Company submissions were considered by ASX on the 26 October 2022, who advised that they are finalising the conditions that will be required to be satisfied in order for the Company to recommence trading. Once such conditions are received from ASX, the Company intends to satisfy these conditions, release the results of the Shortfall Placement, issue the shares and recommence trading as soon as possible.

Parallel funding paths (in addition to CRDB and the Entitlement Issue) were advanced during the quarter, with several parties undertaking confirmatory due diligence. These paths include debt, product offtake prepayment, strategic equity and structured finance. The announcement of the \$12.4m of shareholder equity funds received by the Company has further de-risked these parallel paths and improved the near-term prospects of closing one or more of them if required.

Lindi Jumbo Graphite Mine – Tanzania

No Lost Time or Medical Treated Injuries were recorded on site in Tanzania where development work continued on various fronts.

PROGRESS ON SITE SINCE THE LAST QUARTERLY UPDATE INCLUDES:

- Starter pit – 2 blasts completed, excavation of waste rock continued and stockpiling of high-grade graphite ore;
- TSF - Construction of the wall rockfill continued;
- TSF – installation of various drainage pipes beneath the first lift retainer walls;
- TSF - Installation of stormwater drainage and culverts;
- TSF – excavation of the return water sump;
- Processing Plant – structural and mechanical installation of equipment.
- Processing Plant – further civils with the preparation of foundations and equipment plinths.

ENGINEERING, PROCUREMENT AND CONSTRUCTION

During the reporting period, construction activities continued on site. Due to the delay in the debt drawdown no further shipments were dispatched although approximately 65% of all the processing plant equipment has been previously delivered to site. Mechanical construction of the remainder of the processing plant equipment has been completed in China and Australia and is ready for shipment to Tanzania. The cost of remaining equipment to be shipped from China is less than US\$3m.

The small EPC construction team on site have focussed their efforts on the front-end of the processing plant (ROM pad to the concentrator building) while the concrete works has focussed on the preparation of the areas for the remainder of the equipment on site and to complete the remainder of the building and equipment foundations in preparation for the installation of the equipment and buildings once shipments commence from China.

Mechanical installation during the quarter includes:

- ROM Bin - Mechanical installation complete
- Jaw & Cone crushers - Mechanical installation complete
- Conveyor belts - Mechanical installation complete with belts to be installed closer to commissioning
- Fine ore bin - Mechanical installation complete
- Thickener - Mechanical installation complete

With the structural and mechanical erection of the front-end nearing completion the efforts will be shifted to the concentrator building area. Equipment that will be installed include:

- Rod and pebble mills
- Classifiers
- Floatation cells
- Filter presses



Figure 1: Installation of the jaw and cone crushers (left) and conveyors 1, 2 and 3 together with the 18m high fine ore bin (right).

SITWORKS

Due to the delay in accessing project funds, contractor teams on site have been reduced later in the quarter where possible to save cash outflows, and at the same time focusing only on the critical path items. While equipment on site continues to be installed, multiple work areas are being prepared to allow rapid parallel erection once the manufactured equipment arrives on site.

MINING

With the first blast completed at the end of Q2 mining commenced and a second blast was conducted in August. The primary purpose of the starter pit is to generate waste rock for the first lift of the embankment walls of the Tailings Storage Facility (TSF). Material from the high-grade graphite zone that was exposed in the starter pit has been stockpiled for use during the commissioning of the processing plant. Approximately 9,000 tonnes of graphite ore have been stockpiled by the end of the reporting period. Further blasts and mining will recommence when further waste material is required for the TSF.



Figure 2: High-grade graphite ore stockpile as at the end of August 2022.

TSF

The availability of waste rock for the TSF embankment walls has meant that good progress was made on the first lift. To keep immediate cash outflows to a minimum, further mining, transport and the construction of the embankment walls have temporarily been put on hold and the construction efforts have been concentrated on getting most of the smaller drainage concrete works completed during this time.

The drainage pipes beneath the retainer walls have been installed and the stormwater drainage channels around the TSF have been excavated, and where necessary being concrete lined as per design.



Figure 3: TSF as at the end of August 2022 with the first lift embankment wall (left) and stormwater drainage channels around the TSF (right).

PROCESSING PLANT CIVILS

Concrete works have been focused around completing the foundations and plinths for the equipment already delivered to site as well as the preparation of the foundations for the concentrator and drying & screening buildings.

The delay in paying for further shipments of equipment will continue to have a direct impact on the completion date of the project, notwithstanding the fact that preparation and construction activities continue on site as well as in China. The Company will revise its projection of starting plant commissioning once it has more clarity on the recommencement of the shipments out of China and Australia.



Figure 4: Concrete plinths for the rod and pebble mills (left) and the assembly of the pebble mill (right).

CORPORATE

The aggregate amount of payments to related parties and their associates, as disclosed in item 6.1 and 6.2 of the Appendix 5B relate to payments of executive and non-executive directors' salaries and consulting fees.

This announcement is authorised for release by the Board.

END

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.

Also in Tanzania, the Company has assembled a large holding over the Amani Gold Project in the southern highlands near Lake Nyasa. This gold field is the base of intensive alluvial and artisanal diggings and the presence of rough-shaped nuggets is an indicator of a potential nearby source.

The Company holds 100% of an exciting exploration portfolio for gold and base metals in Scotland and 50% in the Tyrone Joint Venture in Northern Ireland where cobalt, copper and silver occurrences are being explored.

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

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Andrew Cunningham (Director of Walkabout Resources Limited). Mr Cunningham is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

FORWARD LOOKING STATEMENTS AND DISCLAIMERS

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Walkabout Resources Limited.

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This announcement does not constitute investment advice and has been prepared without considering the recipients investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.

SCHEDULE OF MINING TENEMENTS AND BENEFICIAL INTERESTS HELD AS AT THE END OF THE SEPTEMBER 2022 QUARTER

Project / Location	Tenement Type	Tenement Number	Interest at Start of Quarter	Interest at End of Quarter	Comment	Holding Company
Tanzania						
Lindi	ML	579/2018	100%	100%		Lindi Jumbo Ltd
Lindi	PL	9993/2014	70%	70%		Lindi Jumbo / Ali Mbarak
Lindi	PL	11409/2020	100%	100%		Lindi Jumbo Ltd
Lindi	PL	11377/2019	70%	70%		Lindi Jumbo Ltd / Ali Mbarak
Kimoingan	PL	11119/2017	100%	100%		Lindi Jumbo Ltd
Amani	PL	11469/2020	100%	100%	Granted being transferred	Walkabout Resources Ltd (Tz) Duma Resources Pty Ltd (Tz)
Amani	PL	16627/2020	0%		Application Recommended	Duma Resources Pty Ltd (Tz)
Amani	PL	11597/2021	100%	100%		Duma Resources Pty Ltd (Tz)
Amani	PL	16629/2020	0%		Application	Duma Resources Pty Ltd (Tz)
Northern Ireland						
Tyrone	MRO	KOZ01/16	50%	50%	JV	Koza (UK) Ltd (CE & DfE)
Scotland						
St John's Town of Dalry	MRO	GH	100%	100%		JDH Resources Ltd
Newton Stewart	MRO	CN	100%	100%		JDH Resources Ltd
Gatehouse of Fleet	MRO	GoF	100%	100%		Shackleton Resources Ltd

*EPL (Exclusive Prospecting Licence), #PL (Prospect Licence) DfE Department for the Economy (all other minerals), MRO (Mineral Royal Option), CE Crown Estate (Au & Ag).