

ASX ANNOUNCEMENT

30 November 2022



STATEMENT OF CONFIRMATIONS

Walkabout Resources Ltd (ACN 119 670 370) (**Company**) provides the following confirmations to satisfy the conditions for re-instatement of its shares to official quotation.

Capitalised terms in this announcement have the same meaning as given under the Company's prospectus dated 25 August 2022, as supplemented by the Company's first supplementary prospectus dated 8 September 2022 and second supplementary prospectus dated 25 November 2022 (**Prospectus**), unless the context otherwise requires.

1. Completion of Entitlement Offer

The Company confirms that it has reached the minimum subscription under the Entitlement Offer made under the Prospectus. The Company confirms that the offer under the Prospectus closed on 28 September 2022 and that the Company has issued 150,909,091 Shares under the Entitlement Offer at an issue price of \$0.11 per Share to raise \$16,600,000.

Further, the Company confirms that the issue of the each of the following has occurred:

- (a) in relation to all holdings on the CHESSE subregister, a notice from the Company under ASX Settlement Operating Rule 8.9.1;
- (b) in relation to all other holdings, issuer sponsored holding statements; and
- (c) any refund money.

2. No Legal, Regulatory or Contractual Impediments

The Company confirms that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the proposed use of funds disclosed in the Company's announcement "Rights Issue Completion and Resumption of Share Trading" released on 30 November 2022.

3. Capital Structure

The capital structure of the Company as at the time of re-instatement is set out below.

Shares

	Number
Shares on issue as at the date of the Prospectus	452,275,112
Shares issued pursuant Offer	150,909,090
Shares on issue after completion of the Offer	603,184,202

Options

	Number
Options on issue as at the date of the Prospectus	6,666,667
Options on issue after completion of the Offer	6,666,667

Share Prepayments

	Number
Share subscription prepayment on issue	2,950,000
Share subscription prepayment on issue on completion of the Offer	2,950,000

4. Updated Reviewed Pro-Forma Statement of Financial Position (based on actual amount raised under the Entitlement Offer)

	30 June 2022 (\$) Audited	Proforma Adjustments (\$) ^{1 2 3}	Pro Forma
CURRENT ASSETS			
Cash and cash equivalents	1,018,843	16,046,077	17,064,920
Trade and other receivables	2,226,228	0	2,226,228
TOTAL CURRENT ASSETS	3,245,071	16,046,077	19,291,148
NON-CURRENT ASSETS			
Trade and other receivables	9,758	0	9,758
Property, plant and equipment	135,468	4,080	139,548
Mine properties	44,002,506	1,802,667	45,805,173
Deferred exploration and evaluation expenditure	2,326,351	48,000	2,374,351
TOTAL NON-CURRENT ASSETS	46,474,083	1,854,747	48,328,830
TOTAL ASSETS	49,719,154	17,900,824	67,619,978
CURRENT LIABILITIES			
Trade and other payables	10,694,156	1,802,667	12,496,823

	30 June 2022 (\$) Audited	Proforma Adjustments (\$) ^{1 2 3}	Pro Forma
Employee benefits	35,208	5,500	40,708
Financial liability	4,510,589	0	4,510,589
TOTAL CURRENT LIABILITIES	15,239,953	1,808,167	17,048,120
TOTAL LIABILITIES	15,239,953	1,808,167	17,048,120
NET ASSETS	34,479,201	16,092,657	50,571,858
EQUITY			
Share capital	97,936,740	16,600,000	114,536,740
Reserves	1,971,295		1,971,295
Accumulated losses	(65,428,834)	(507,343)	(65,936,177)
Equity attributable to owners of the parent	34,479,201	16,092,657	50,571,858
TOTAL EQUITY	34,479,201	16,092,657	50,571,858

Notes:

- The Pro Forma Statement of Financial Position is based on the audited Statement of Financial Position of Walkabout Resources Ltd as at 30 June 2022 and adjusting for the Pro Forma Adjustments set out in Note 2 below. The Pro Forma Statement of Financial Position does not reflect the actual results of the Group for the period from 30 June 2022 to the date of this report. The Directors of the Company believe that it provides useful information as it illustrates the effects of the results of the Entitlement Offer and other major transactions that have occurred since 30 June 2022 as set out in Note 2 below.
- The Pro Forma Adjustments reflected in the Pro Forma Statement of Financial Position above include the following:
 - Entitlement Offer cash proceeds of \$14.6m received (being \$16.6m of subscriptions under the Entitlement Offer less the \$2m of debt for equity subscriptions);
 - Non-recourse debt facility cash proceeds of \$2m received;
 - Record further Lindi Jumbo creditors of \$1.8m; and
 - The incurring of approximately \$550,000 of expenditure, predominantly in operating expenses (written off to profit and loss).
- The Company notes that current liabilities have not been adjusted as a result of the \$2m of non-recourse debt incurred as this debt has been extinguished by the \$2m of debt for equity subscriptions under the Entitlement Offer.
- Refer to Annexure A for a copy of the Independent Limited Assurance Report on the Pro Forma Statement of Financial Position issued by HLB Mann Judd.

The Company confirms that, at the time of reinstatement, it will be funded for at least 12 months.

5. Working Capital

The Board confirms that it believes that the funds raised from the Entitlement Offer, combined with existing funds, will provide the Company with sufficient working capital at anticipated expenditure levels to carry out its proposed business activities.

6. BMCG Liability

Background regarding the BMCG Liability

In June 2021, the Company entered into a subscription agreement (the **Subscription Agreement**) with BMCG, the terms of which were announced in the Company's ASX announcement dated 25 June 2021. Under the terms of the Subscription Agreement, BMCG agreed to invest up to US\$10 million in a placement comprised of three tranches. BMCG invested US\$1.7 million in cash proceeds for US\$1.785 million worth of the Company's shares (**Subscription Shares**) in the first tranche on 6 July 2021. BMCG invested US\$4.3 million in cash proceeds for US\$4.515 million worth of Subscription Shares in the second tranche, on 31 August 2021, following shareholder ratification of the first tranche and approval of the second tranche at a general meeting of shareholders held on 24 August 2021. The funding of the third tranche was at the option of the Company only. The Company has not exercised that option, and it has now expired, i.e. no further funding will be provided under the Subscription Agreement.

In total, BMCG invested US\$6 million for US\$6.3 million worth of Subscription Shares. To date, the Company has issued to BMCG US\$3.35 million worth of Subscription Shares towards that US\$6.3 million subscription. Accordingly, as at the date of this letter, the Company is required to issue the remaining US\$2.95 million worth of Subscription Shares to BMCG (which is recorded as the BMCG Liability of \$4,510,589 in Australian Dollars until such time as the Subscription Shares are issued).

As further detailed in the Company's ASX announcement dated 25 June 2021, pursuant to the Subscription Agreement, BMCG is entitled to request for Subscription Shares to be issued by the Company, in whole or in part, no later than 24 months after each subscription payment having been made by BMCG.

Under the terms of the Subscription Agreement, the US\$2.95 million subscription balance must be settled by way of (and only by way of) the issue of Subscription Shares by no later than 31 August 2023. This term was disclosed in the notice of meeting for the 24 August 2021 meeting as follows:

*Battery Metals must exercise the Second Placement Subscription Right (at one or more times, from time to time), as set out in Section 3.1 and Schedule I and Schedule I, by providing the Company with a share issuance notice, **by no later than 31 August 2023** (assuming that the Second Placement Subscription Right is granted on the fifth business day following the date of the Meeting). Second Placement Shares must be issued on the date set out in the Settlement Notice, which date must be at least one trading day after the date of the receipt of the Settlement Notice (**unless the Company is permitted to elect, and does [so] elect, under the Subscription Agreement, to pay Battery Metals an amount calculated in accordance with the Subscription Agreement in lieu of issuing Shares**).*

Under the Subscription Agreement, while the Company has the option (but not an obligation) to repay BMCG's investment in relation to which Subscription Shares have not yet been issued. BMCG is not entitled to request a cash repayment of its investment from the Company, other than in the limited case of an event of default.

Rationale for classification of the BMCG Liability as a current liability

As set out above, the outstanding subscription balance of US\$2.95 million (being \$4,510,589 in Australian Dollars) is required to be settled by way of issue of Subscription Shares no later than 31 August 2023. Until such time as the Subscription Shares are issued, the Australian Accounting Standards require for the Australian Dollar equivalent of this amount to be classified as a liability.

As is discussed in more depth below, given that the Company's shares have been suspended from trading on the ASX since 2 June 2022, an event of default has thus occurred under the Subscription Agreement, resulting in the classification of the outstanding subscription balance as a current liability.

Key terms relating to repayment of the BMCG Liability

As noted above, under the terms of the Subscription Agreement, in the ordinary course, BMCG is not entitled to a cash repayment of its investment. Rather, as outlined in the Company's ASX announcement dated 25 June 2021 and the Company's notice of meeting dated 22 July 2021, in exchange for BMCG's investment in the Company, BMCG must accept Subscription Shares in relation to that investment.

Outside of the ordinary course, as is customary in similar investment agreements, the Subscription Agreement includes a repayment right if all of the following circumstances occur:

- (a) an enumerated event of default occurs;
- (b) a specified cure period lapses if the event of default can be cured; and
- (c) BMCG specifically demands repayment of the outstanding subscription balance.

A suspension of trading of the Company's shares for a period that exceeds five trading days in a rolling twelve-month period constitutes an event of default under the Subscription Agreement. Given that the Company's shares have been suspended from trading on the ASX since 2 June 2022, an event of default has thus occurred under the Subscription Agreement. This fact was disclosed to investors in the Prospectus under the risk factor entitled 'BMCG Repayment Risk', as follows: "Under the terms of the Subscription Agreement, as the Company has been suspended for more than 5 days in the last 12 month, Battery Metals has the rights to issue the Company with a default notice requiring the Company pay Battery Metals the remaining US\$2.9 million which Battery Metals is yet to call to be issued in Shares".

Nevertheless, notwithstanding this event of default, the outstanding subscription balance only becomes repayable in cash if and only if BMCG demands repayment. As BMCG has not demanded a repayment of the outstanding subscription balance, it is not presently repayable in cash. On the contrary, BMCG has been very supportive of the Company's recapitalisation efforts, including contributing an additional cash amount to the fund-raising, and specifically having advised the Company that it was not seeking repayment of the outstanding subscription balance in cash.

Moreover, once the Company's shares have been reinstated to trading, the event of default will have been cured.

Going forward, the events of default and the cure periods set forth in the Subscription Agreement are appropriately tailored to provide the Company with adequate flexibility to operate its business in the ordinary course, following the settlement of the Entitlement Offer and re-instatement of the Company's shares to official quotation, without the risk of an event of default occurring in the future.

The Board has extensively reviewed the facts and circumstances around the Company's relationship with BMCG and the Subscription Agreement and, on the basis of the above, has reached the opinion that BMCG will not require repayment of the BMCG Liability in cash in the next 12 months.

7. Material Assumptions Underlying 2019 Definitive Feasibility Study

The Company confirms that it has undertaken a review to ensure that all material assumptions underlying the key outcomes of its 2019 definitive feasibility study (as announced on 7 March 2019), including interest rates and foreign exchange rates, continue to apply and have not materially changed.

8. Responsible person

The Company confirms that Anthony Allen, Joint Company Secretary, is the Company's responsible person for the purposes of ASX Listing Rule 1.1, condition 13.

9. Compliance with Listing Rules

The Company confirms that it is in compliance with the ASX Listing Rules and in particular Listing Rule 3.1.

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Independent Limited Assurance Report on Walkabout Resources Ltd's Compilation of Pro Forma Historical Financial Information

To the Board of Directors of Walkabout Resources Ltd

We have completed our limited assurance engagement to report on the compilation by Walkabout Resources Ltd ("the Company") of pro forma financial information. The pro forma financial information consists of the attached Pro Forma Statement of Financial Position as at 30 June 2022. The applicable criteria on which the Directors have compiled the pro forma financial information are specified in the notes to the Pro Forma Statement of Financial Position.

The pro forma financial information has been compiled by the Company to illustrate the impact of the entitlement issue on the Company's financial position as at 30 June 2022. As part of this process, information about the Company's financial position has been extracted from the Company's audited consolidated financial statements for the year ended 30 June 2022, re-issued on 16 November 2022.

Walkabout Resources Ltd's Responsibilities for the Pro Forma Financial Information

The Directors of Walkabout Resources Ltd are responsible for properly compiling the pro forma financial information on the basis of the applicable criteria.

Our Independence and Quality Control

We have complied with relevant ethical requirements related to assurance engagements which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm applies Australian Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with relevant ethical requirements and applicable legal and regulatory requirements.

Our Responsibilities

Our responsibility is to express a conclusion on whether anything has come to our attention that causes us to believe that the pro forma financial information has not been properly compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We have conducted our limited assurance engagement in accordance with the Standard on Assurance Engagements ASAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information included in a Prospectus or other Document* (ASAE 3420), issued by the Auditing and Assurance Standards Board. This standard requires that the assurance practitioner plan and perform procedures to obtain limited assurance about whether anything has come to the assurance practitioner's attention that causes the assurance practitioner to believe that the Directors have not compiled, in all material respects, the pro forma financial information on the basis of the applicable criteria.

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For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information, or of the pro forma financial information itself. The purpose of the compilation of the pro forma financial information being included is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the Company as if the events had occurred or the transactions had been undertaken at an earlier date selected for purposes of the illustration.

A limited assurance engagement to report on whether anything has come to our attention that the pro forma financial information has not been properly compiled, in all material respects, on the basis of the applicable criteria, involves performing limited procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information does not provide a reasonable basis for presenting the significant effects directly attributable to the events or transactions, and that the:

- related pro forma adjustments do not give appropriate effect to those criteria; and
- resultant pro forma financial information does not reflect the proper application of those adjustments to the unadjusted financial information.

The procedures we performed were based on our professional judgement and included making enquiries, primarily of persons responsible for financial and accounting matters, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of supporting documentation and agreeing or reconciling with underlying records, and other procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the compilation of the pro forma financial information has been prepared, in all material respects, in accordance with the applicable criteria.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the pro forma financial information is not compiled, in all material respects, by the Directors of Walkabout Resources Ltd on the basis of the applicable criteria as described in Note 1 of the attached pro forma financial information.

Liability

The liability of HLB Mann Judd is limited to the procedures performed by us as disclosed in this report. HLB Mann Judd makes no representation regarding, and has no liability for, any other statements or other material in, or omissions from, information provided by the Company to a third party.

HLB Mann Judd

**HLB Mann Judd
Chartered Accountants**

L Di Giallonardo

**L Di Giallonardo
Partner**

**Perth, Western Australia
16 November 2022**