

ASX ANNOUNCEMENT

30 November 2022



RIGHTS ISSUE COMPLETION AND RESUMPTION OF SHARE TRADING

Walkabout Resources Limited (ASX: WKT) (“WKT” or the “Company”) is pleased to advise that it has raised A\$16.6 million through its non-renounceable entitlement issue (“Entitlement Issue” or “Offer”), pursuant to the Prospectus dated 25 August 2022 and Supplementary Prospectus dated 8 September 2022, closed on 28 September 2022.

WKT received valid applications for entitlements and oversubscriptions from existing shareholders of A\$11.54 million and investors entered into commitments to raise a further A\$5.06 million through the placement of shortfall pursuant to the Entitlement Issue. The A\$11.54 million includes A\$2m of shareholder debt contributed during the period of the Entitlement Issue which the lending shareholders elected to convert to shares via subscriptions under the Offer utilising the payment by offset of debt mechanism offered in the Entitlements issue. Directors and associated entities subscribed for A\$1.2 million of the Entitlement Issue, equating to 7.2% of the total amount subscribed for under the Entitlement Issue.

The Company is focused on completing construction of its high-grade, large-flake and high-margin Lindi Jumbo graphite mine in Tanzania. The Company requires a further US\$10 million (A\$16.1 million¹) to complete the construction of the Lindi Jumbo Graphite Mine. As described in the prospectus, potential funding routes in addition to funds raised by the Offer, include, but are not limited to an equity placement, debt (including CRDB debt drawdown), and/or product pre-payment.

As announced by the Company on 28 September 2022, the Company remains in discussion with CRDB and are awaiting formal feedback regarding the Company’s proposals for alternatives to a Standby Letter of Credit. The Company confirms it has also updated CRDB based on the current status of the Entitlement Issue, however notes these discussions are ongoing. Debt funding options remain attractive to WKT as a way of minimising the overall impact of dilution to shareholders, and as previously advised the Company is continuing to advance the delivery of one or more of these parallel funding paths. Good progress has been made on a range of these potential options since the Company was able to indicate to potential funders the level of new equity obtained, with several parties currently undertaking confirmatory due diligence on the Company and Lindi Jumbo mine. The Company is focussing its corporate activities over the next two months on securing the remaining funding required to accelerate and complete construction. Completion of funding is expected no later than the first quarter of 2023.

As articulated in the Entitlement Issue offer documents, the net proceeds raised under Entitlement Issue will be used to firstly settle outstanding amounts owing to contractors and suppliers for the equipment and services they have provided over the past few months. After a detailed analysis of the funds raised by the Offer and the status of other funding activities, the Company has decided that suspension of construction at Lindi Jumbo is not required and determined that the Company has sufficient funding to continue construction of the project, albeit on a modified basis (described below). The Company intends to use a portion of the remaining funds from the Entitlement Issue to provide working capital in Tanzania to cover general corporate and overhead costs in country as well as expenditure to further advance the project and allow Lindi Jumbo

¹ Based on an AUD/USD exchange rate of \$0.62.

as far as possible to continue to erect the remaining equipment already delivered to site (representing approximately 65% of the processing plant equipment). In addition funds received from the Entitlement Issue will be used for WKT Corporate Treasury Funds including salaries, project management, audit, insurance, taxes, rent, IT, consultants, marketing, compliance costs, rent and general office overheads. Lindi Jumbo (“LJ”) working capital includes amongst costs rents, salaries & wages (construction & administrative), transport, hire of specialised construction equipment, accounting, IT, insurances, taxes, consumables, general office and site overheads. The Company confirms that, at the time of reinstatement, it will be funded for at least 12 months to undertake the activities noted above.

Table 1: Use of Funds with Funds Raised

USE OF FUNDS	A\$m
LJ Project Creditors	12.497
Offer Expenses	0.865
LJ Working Capital	1.760
Corporate Treasury Funds	1.478
Total	16.600

As \$2m in cash has already been received by the company by way of shareholder debt, some of those funds have been used in making payments to creditors (thereby reducing the amount owing above) in order to keep construction progressing. The remaining debt funds are available to be used in accordance with Table 1.

The following equipment has been delivered to site to date:

Equipment	Status
Jaw & Cone Crushers	Mechanical installation complete
Vibrating Grizzly	Awaiting installation
Apron Feeders	Mechanical installation partially complete
Belt Feeders	Mechanical installation partially complete
Conveyor Belts	Mechanical installation complete with belts to be installed closer to commissioning
Rod Mill	Awaiting installation
Pebble Mill	Awaiting installation
Classifiers	Awaiting installation
Floatation Cells	Awaiting installation
Conditioning Tank	Awaiting installation
Diaphragm Filter Presses	Awaiting installation
Fine ore bin	Mechanical installation complete
Thickener	Mechanical installation complete

The Company confirms that the equipment noted above will be installed using the funds raised from the Entitlement Issue.



Figure 1: Mechanical installation of the crushing circuit (left) and Conveyors 1,2 & 3 (right). *Note that conveyor belting will be installed closer to commissioning.



Figure 2: Mechanical installation of the fine-ore bin and feed conveyor (left) and thickener (right). * Note the preparations for the foundations in the foreground of the make-up water tank alongside the thickener.

The Company confirms that with the funds raised activities on site are likely to include but not be restricted to:

- Concrete works and civils within the processing plant and TSF areas.
- Mechanical construction and installation of the majority of the equipment already on site;
- Mechanical completion of front-end from ROM bin to concentrator building (Conveyor systems, primary and tertiary crushers and fine ore bin as well as associated smaller equipment (belt feeders, belting, screens etc.);
- Assembly and installation of various steel tanks (platework on site);
- Assembly and installation of mills (rod and pebble);
- Installation of classifiers;
- Installation of banks of floatation cells;
- Completion of thickener and associated infrastructure;

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Figure 3: Concrete foundations for the rod, pebble mill and first bank of floatation cells (left) and the large spiral classifier with mill foundations (right). * Note the shells, bearings and ends of the rod and pebble mills laid out for assembly and installation.



Figure 4: TSF construction progress (left) and the continuation of the minor concrete works through the construction of the stormwater drainage (right).

The mechanical installation of the remaining equipment on site and further concrete works is expected to proceed approximately until the end of March 2023. The status of the civils, structural steel and mechanical installation of the equipment on site at the end of this period is estimated to be:

1. Front-end (including ROM bin, crushing and screening, Conveyors 1 to 4 and fine ore bin and associated infrastructure) approximately 80%-90% complete.
2. Mechanical equipment within the concentrator section (Mills, classifiers, floatation cells) approximately 80%-90% complete.
3. Drying and screening section – civils approximately 80%-90% complete.

In addition, further construction activities will be focussed on the completion of the civils and concrete works around the processing plant and the continuation of the build of the Tailings Storage Facility (TSF). At that stage, the only significant equipment not installed through to the back-end plant will be the drum scrubber and attritioning mills.

The Company will also receive shipment of the entire final screening section which has been manufactured in Melbourne, Australia and held in storage. This will be shipped to site and will be available for installation upon completion of the drying and screening building which will commence upon arrival of the concentrator

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building materials from China and will be fitted in with the construction to completion schedule. The Company confirms that the payment for the shipping and payment for the final screening section has been included in the LJ Creditors line item included in the Use of Funds included above at Table 1.

The Company notes that while the funds received from the Entitlement Issue will allow the Company to progress towards completion of Lindi Jumbo as detailed, until further funds are secured (expected to be no later than the end of Q1 2023), the Company is unlikely to ship the next batches of equipment from China. The total value of the equipment yet to be shipped from China is less than US\$3m (A\$4.8 million²). Payment for the equipment awaiting shipment from China is due upon the shipping to site.

The equipment manufactured and currently in storage in China is:

- Drum Scrubber
- Attrition Mills
- Air Compressor
- Spiral Conveyors
- Rotary drier
- Packing Machines
- Vibrating Feeders and screens
- Bag Filters
- Rotex screens and spares for screening of final concentrate (Australia)



Figure 5: Inspection and testing of the rotary drier (left) and BGRIMM attritioning mills (right). The manufacturing, QAQC and factory acceptance testing is complete and the equipment in storage in China.

² Based on an AUD/USD exchange rate of \$0.62.

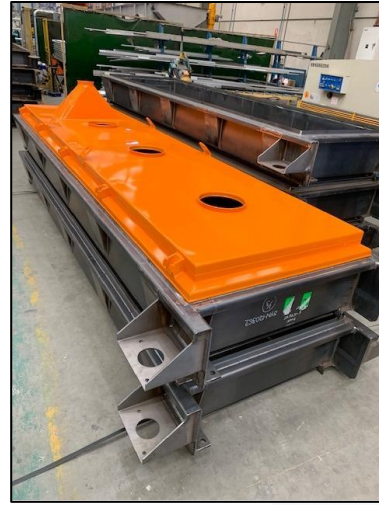


Figure 6: Assembly of the concentrate bag packing systems (left) and the Rotex screens in storage in Melbourne, Australia (right). Upon payment of the invoices the Rotex screens will be shipped to site in Tanzania.

The continuation of the project build in Tanzania, albeit at a slower rate than in the original planned schedule, will not only advance the physical installation of the mechanical equipment already on site but will also result in increased readiness and preparedness for the arrival of the remainder of the mechanical equipment from China once further funding is secured. Once payment of US\$2.975m can be made for the remainder of the equipment, including electrical components, steelwork, instrumentation etc. needed to complete the construction of the processing plant it will be shipped from China. Upon arrival on site of the next batch of equipment, the mechanical build of the plant will take up to five months to complete and start dry commissioning. Full mobilisation of the construction crew will coincide with the re-start of the shipments from China.

After completion of the current funded work program described above, the work needed to complete the construction of the processing plant and associated infrastructure includes.

Area/Equipment	Description
Front-end (crushing, screening, conveyors, fine ore bin)	Electrical and instrumentation and minor platework, conveyor coverings.
Grinding circuit (grinding mills, conveyors, drum scrubber)	Drum scrubber installation, Electrical and instrumentation and minor platework, conveyor coverings
Concentrator building (building, scrubber, attritioning mills, overhead cranes).	Building structural steelwork, attritioning mill installation, electrical and instrumentation, plate and pipework, finalisation of concrete works
Screening, Drying & Packing Building (diaphragm filter presses, rotary dryer, spiral conveyors, feed bins, screens, bag filters, packing machines)	Building structural steelwork, equipment installation, electrical and instrumentation, plate and pipework, finalisation of concrete works
Back-end (Thickener, tanks, piping)	Electrical and instrumentation and pipework.
Camp and offices	BOOT option (no capex). Construction will commence the coincide the completion of the camp with the commissioning of the processing plant.
TSF	Completion of first lift retainer wall, solution trench and the installation of the HDPE lining (already on site), piping, pumps, fencing, electrical and instrumentation.

Furthermore, and as part of the ongoing project development process, the Company will use the interim period to:

- Advance and place critical operations contracts;
- Start the recruitment of key operational personnel as in the operation readiness plan; and
- Finalise the framework and shareholders agreements around the free carried interest with The Government of the United Republic of Tanzania in accordance with previous documented guidelines from the ministry. These agreements are not a pre-condition of operations nor product sales.

The Company notes that global interest in graphite concentrate continues to increase, and this has been reflected in a number of other Tanzanian graphite projects updating their feasibility studies using basket prices for concentrate considerably higher than US\$1,515 used by WKT in its Definitive Feasibility Study completed in March 2019.

The key financial outcomes of WKT's Definitive Feasibility Study, include:

- +24-year life of mine
- < 24-month payback period
- US\$44/A\$71 million annual EBITDA²
- 119% post tax IRR
- US\$197/A\$317 million post tax NPV₁₀²

Notes:

1. Refer to the Company's ASX Announcement of 7 March 2019 "Updated DFS confirms standout graphite project" for further details of the DFS.
2. To date the material assumptions underpinning the forecast financial information in the initial public report continue to apply and have not materially changed.

Shareholders are encouraged to thoroughly read the Investor Presentation lodged with the ASX on 9 September 2022 and available on the Company website.

The Board would like to thank the contractors and suppliers once again for their incredible support over the last few months, as well as acknowledge the patience and support of all shareholders as the Company progresses towards achieving its production goals.

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.

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.

Learn more at wkt.com.au

