

ASX ANNOUNCEMENT

29 March 2023



US\$20 MILLION DEBT FACILITY TO COMPLETE THE LINDI JUMBO PROJECT

Walkabout Resources Ltd (ASX:WKT) (Company), is pleased to announce that it has signed a term sheet with Gemcorp, an emerging-markets focussed investment fund manager, (the “Lender”) for up to US\$25 million to complete construction of the Lindi Jumbo Graphite Mine in Tanzania (the “Project”). Construction of the project is well advanced and scheduled for completion before the end of 2023.

HIGHLIGHTS

- Term sheet signed for up to a US\$25 million senior debt facility comprising a tranche A US\$20 million senior secured debt facility and a tranche B US\$5 million unsecured standby facility (the “Loan Facility”) (the “Transaction”).
- Loan Facility provides the funds to complete the build and commissioning of the Lindi Jumbo mine and the necessary working capital required through to production.
- Drawdown can occur for approved expenditure and repayment of interim funding as soon as formal documentation is complete which is expected to be early May 2023.
- Total development costs since 2021 will be approximately 50% debt funded.

The Loan Facility will ensure that the Lindi Jumbo Graphite Project is funded into production. The loan will be a high yield senior debt facility with non-dilutive free cash flow participation over the term of the loan. The term of the loan is for 3 years with interest to be set at secured overnight financing rates (SOFR), currently 4.5% plus a high yield margin to be settled at the end of the due diligence.

The Lender will also be entitled to a proportion of free cash flow after tax and debt servicing, with the proportion to be confirmed through the final due diligence. This entitlement is to commence no earlier than 12 months from drawdown and no later than 30 June 2026. First drawdown is expected in early May 2023 after completion of final due diligence and formal documentation.

The formal agreement relating to the Transaction is conditional upon the completion of certain conditions as requested by the Lender which are currently ongoing:

- completing its tax, legal and environmental due diligence;
- obtaining requisite investment committee final approvals;
- reviewing company policies and procedures (including those related to environmental, social and governance practices); and
- obtaining any required regulatory or shareholder approvals.

The Loan Facility is subject to commercial terms typical for a transaction of this nature, with the Loan Facility to be repaid from operating cashflow, with repayments currently anticipated to commence in June 2024. The Loan Facility contains standard default terms around commercial covenants. The Lender will have a senior security over all the assets of the project and the Company’s subsidiaries (Group). The Company conducted an extensive period of due diligence with a review of several financing alternatives from a variety of sources.

The Loan Facility is primarily associated with Project construction and capex, commissioning and working capital as well as financing costs and Corporate G&A costs and is expected to be used as follows:

Remaining capex funding	\$5.1m
Repayment of interim funding	\$4.4m
Working capital funding	\$5.6m
Funding costs	\$3.5m - including 2.5% loan facility fee (\$500k for \$20m drawdown) & first year interest
G&A (Corporate) costs	\$1.0m
Contingency	<u>\$0.4m</u>
Total Facility	\$20.0m

The Company refers to announcements dated 30 November 2022, 28 February 2023, 1 March 2023 and 6 March 2023 outlining capital expenditure items and interim funding arrangements.

CEO of Walkabout Resources, Andrew Cunningham commented;

“It is pleasing to know that the Lindi Jumbo Project will be funded through to production. Having Lindi Jumbo more than 85% complete to cost prior to the first drawdown, provides a significantly different base for project debt than any of the prior arrangements. Debt will fund just under half of the total development cost including working capital since 2021. This prudent leverage will increase the future earnings per share for shareholder relative to Lindi Jumbo being fully equity funded.”

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 Scotland and Northern Ireland and is conducting ongoing mineral exploration in these areas.

Learn more at wkt.com.au

ABOUT GEMCORP CAPITAL

Gemcorp Capital is a London-based emerging markets investment management firm founded in 2014. The company focuses on investing in emerging markets across multiple sectors, including infrastructure, energy, and natural resources.

Gemcorp Capital has a global presence, with offices in London, Dubai, Geneva and Luanda. The company's investment approach combines a deep understanding of local markets with global expertise to identify and invest in high-growth opportunities in emerging economies.

Learn more at <https://www.gemcorp.net/>.

