

## WALKABOUT RESOURCES LTD

ACN 119 670 370  
ASX Code: WKT

[WWW.WKT.COM.AU](http://WWW.WKT.COM.AU)

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](mailto: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**  
635,847,742

## 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**  
Metal Projects (50%)

## March 2023 Quarterly Activities Report

Walkabout Resources Ltd (ASX:WKT) is pleased to report its activities for the March 2023 quarter.

### HIGHLIGHTS

#### FUNDING

- 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.
- Total development costs since 2021 will be approximately 50% debt funded.
- TNR provided vendor finance to accelerate the earthmoving and civils activity on site in Tanzania.
- Reduction of US\$1,370,140 in EPC costs for the Lindi Jumbo Graphite Mine.
- US\$10 million of standby funding secured from Battery Metals Capital Group, LLC, an institutional investor and existing shareholder of Walkabout.
- Bridging loan entered into with a number of shareholders and directors.
- Contract variation entered into with Jinpeng (EPC Contractor) whereby the remainder of the equipment costs can be paid in shares and options.

#### LINDI JUMBO GRAPHITE MINE - TANZANIA

- No lost time injuries occurred during the quarter.
- Civil works continue at the Tailings Storage Facility as well as the concentrator and screening buildings of the processing facility.
- Shipments from China re-commenced during the quarter.
- The project build is scheduled for completion before the end of 2023.

### Funding Activities

#### 1. Debt Facility<sup>1</sup>

The Company signed a binding term sheet with Gemcorp Capital ("Gemcorp") for a US\$20m senior debt facility together with a standby facility of a further US\$5 to complete construction of the Lindi Jumbo Graphite Mine in Tanzania. 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 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 Loan Facility is primarily associated with Project construction and capex, commissioning and working capital as well as financing costs and Corporate G&A costs.

## **2. TNR Vendor Funding <sup>2</sup>**

TNR, the earthmoving and civils contractor, and Lindi Jumbo reached an agreement whereby TNR will defer payments for work to be completed of up to US\$1.4 million. This has enabled the continuation of the civil and concrete works at full pace in preparation of the installation of the machinery and equipment currently being despatched from China and the advancement of the Tailing Storage Facility (TSF) before the start of the commissioning of the processing plant.

Through the binding agreement Lindi Jumbo is required pay TNR at least the lesser of (1) US\$ 250,000 and (2) the actual amount of each Invoice Amount. The balance will be part of the TNR deferred payment agreement of up to US\$1.4 million.

As security for the obligations Walkabout has issued to a newly incorporated, wholly owned subsidiary of Walkabout fully paid ordinary shares in the capital of Walkabout (Security Shares) at 120% of the monthly invoiced works.

The outstanding balance of the deferred consideration is repayable on the earlier of either:

- the date 9 months after the date of the Agreement;
- the Project being fully funded to production or;
- 90 days following the successful completion of commissioning of the mine on the Project.

In the event that Lindi Jumbo fails to meet its obligations under the Agreement, TNR can enforce its rights under the Agreement to procure the sale of the Security Shares to repay the outstanding balance of the Permitted Deferred Consideration.

After the obligations to TNR have been settled by repayment or otherwise, it is the intention of the Company to take steps to have the shares held as security cancelled.

### **3. Reduction in EPC Contract Commitments<sup>3</sup>**

Through a number of scope changes, the Company reduced its commitments under the EPC Contract with Jinpeng by US\$1,370,140. These scope changes include:

1. The removal of the final product screens and the associated items including associated equipment, instrumentation and steelwork. The screens were replaced by the Rotex screens out of Australia.
2. The removal of the laboratory and consumable store buildings that are subject to a likely BOOT option with alternative service providers.
3. The removal of the 4.5 MW diesel generator backup power facility from the EPC scope. Early indications are that the cost of a suitable emergency backup generating facility will be approximately 25% of the original costs.

### **4. EPC Contract Variation<sup>4</sup>**

Lindi Jumbo entered into a contract variation with Jinpeng, its EPC contractor, whereby the remainder of the EPC contract excluding the performance milestones can be paid for through shares and options (see ASX announcement of 6 March 2023). The result of the contract variation is that all the remaining EPC activities could continue and that the shipping of the equipment in storage in China could recommence and will allow for the continued construction of the Processing Plant at the Lindi Jumbo Graphite Mine in Tanzania at full pace. These payments for the equipment and upcoming construction of the Processing Plant will complete 94% of the entire EPC contract value.

Remainder of EPC performance payments to be settled upon functional and final completion of the processing plant milestones.

Through the agreement Jinpeng can be issued up to 25,974,387 shares at 11c if approved by shareholders at an upcoming general meeting. In addition, up to 30 million unlisted 25c options with a tenor of 18 months can be issued, also subject to shareholder approval.

Post construction functional and final completion milestone performance payments of US\$713,674 will still be payable to Jinpeng as per the EPC contract. Walkabout will have the option to pay the completion milestone fees in shares at its own discretion.

### **5. Bridging Loan<sup>5</sup>**

During the reporting period the Company entered into a bridging loan with a number of shareholders and directors for a proposed raising of up to \$1.6m. The purpose of the Bridging Loan is to meet Lindi Jumbo

development costs while final project funding is being completed. The Bridging Loan will ensure that the accelerated earthmoving and civils works on site can continue uninterrupted and with the recommencement of shipments from China that the Company can fund the necessary supportive costs of the shipments (landing charges, local logistics, etc.) and up to US\$250,000 per month of the TNR contract.

It will require repayment in 12 months or on final project funding whichever comes first.

The Bridging Loan will be available to be drawn from March 2023. Its key terms are:

- Unsecured
- Term of 12 months
- Interest rate 17% - paid by the issue of shares.
- Grant of Unlisted Options – 2 for \$1 of loan, 18-month term, 25c strike price.
- No penalty on early repayment.

If required, further participants may be added to the Bridge Loan under the same terms.

#### **6. Institutional Standby Funding<sup>6</sup>**

Prior to the announcement of the Gemcorp debt facility the Company secured a US\$10 million funding commitment from Battery Metals Capital Group (BMCG) a long term shareholder in Walkabout.

The Commitment is for a term of 24 months and constitutes standby funding to be substantially drawn at the Company's discretion. Funding of each drawdown requested by the Company under the Commitment will be provided by way of the Investor prepaying the subscription price of the Company's shares ("Subscription Shares") to be issued by the Company. The Investor has committed to invest up to US\$10,000,000 in the aggregate for Subscription Shares worth US\$11,627,907 in the aggregate (the "Subscription Amount"), with the size and timing of any given drawdown determined by the Company at its discretion, subject to customary agreed parameters of the Company's market capitalisation and liquidity. The Company will issue the Investor 6,708,472 shares as a commitment fee for the Commitment.

Each drawdown under the Commitment may not exceed US\$1,000,000, and the Company will not require the Investor to provide funding under the Commitment within a month of a prior disbursement by the Investor, but the Investor may accelerate the funding of up to US\$2,150,000 of the Commitment in the event the Company has utilised the Commitment. If the Company does not exercise its discretion to draw down funding under the Commitment, the Investor can accelerate only up to (and no more than) US\$700,000 of the funding to the Company under the Commitment. The Investor also will not be obligated to provide funding under the Commitment after the first anniversary or if the market price of the Company's shares is below \$0.06 for two consecutive days. Funding exceeding 9.99% of the Company's market capitalisation in the aggregate or outside of other customary agreed parameters will be subject to the Investor's consent.

In relation to each funding amount provided by the Investor to the Company under the Commitment, the Company will issue Subscription Shares, at the Investor's request, within 24 months of the date of the related

funding. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the part of the Subscription Amount in relation to which the Subscription Shares are being issued, but subject to the Floor Price (as set out below). The Purchase Price will be the average of the five daily volume-weighted average prices selected by the Investor during the 20 consecutive trading days immediately prior to the date of the Investor's notice to issue shares, less a 14% discount; rounded down to the nearest 1/10th of a cent if the share price is at or below 15 cents, or whole cent if the share price is at above 15 cents. The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.06. If the Purchase Price formula results in a price that is less than the Floor Price, the Company may forego issuing shares and instead opt to repay the applicable part of the Subscription Amount in cash (with a 14% premium), subject to the Investor's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment.

The Company will have the right (but no obligation) to repay the Subscription Amount in cash to the extent that Subscription Shares in relation to the Subscription Amount have not been issued 24 months of the date of the funding. The Company will also have the right (but no obligation) to forego issuing shares in relation to the Investor's request for issuance and instead opt to repay the Subscription Amount by making a payment to the Investor equal to the greater of the Purchase Price or the market value of the shares that would otherwise have been issued. Such payments are in the discretion of the Company, and the Company will not have an obligation to repay any subscriptions in cash.

The Company placed an initial issuance of 3,472,000 shares to the Investor, with a further issuance of 21,328,000 shares at the time of the first drawdown on the Commitment by the Company. These shares will be applied towards shares to be issued by the Company in relation to the drawdowns by Company on the Commitment, if any. Alternatively, in lieu of applying these shares towards the aggregate number of the Subscription Shares to be issued, the Investor may make a further payment to the Company equal to the value of these shares determined using the Purchase Price at the time of the payment, less 14%.

### **Lindi Jumbo Graphite Mine – Tanzania**

During the quarter no Lost Time or Medical Treated Injuries were recorded on site in Tanzania. The construction focus remained around the TSF and concrete works at the Concentrator and Screening & Drying building. With the TNR funding agreement signed in late February, and with the planned expansion of site activities, the compliment of TNR team on site was increased during March, and work ramped up during this period. A further consignment of equipment consisting mainly of prefabricated steel plate and pipework arrived on site during the period.

### **PROGRESS ON SITE SINCE THE LAST QUARTERLY UPDATE INCLUDES:**

- TSF – continued construction of the retaining walls using waste rock from the open pit and the installation and construction of various drainage pipes, stormwater drainage and culverts.
- Processing Plant – continuation of the civils with the preparation of foundations and equipment plinths focussing on the concentrator and screening buildings.



**Figure 1: Portion of the solution trench around the TSF (left) and mining of waste rock for the TSF retainer walls in March 2023 (right).**

### ENGINEERING, PROCUREMENT AND CONSTRUCTION

After the binding agreement was signed with Jinpeng in early March, planning has commenced to ship all of the equipment currently in storage in China to Tanzania (refer to Quarterly Activities report of 31 January 2023 for a list of equipment). All orders for outstanding equipment (mainly electrical and instrumentation and the steel framework for the Drying and Screening building) have been placed with the respective suppliers and will be shipped from China as soon as they are complete or have been delivered to Jinpeng in Yantai.

The Project construction schedule has been updated to include the various changes during the quarter and indications are that commissioning will commence early in the fourth quarter of 2023.

### ACTIVITIES IN THE COMING QUARTER

During the April Quarter the Company plans to update the market on:

1. Funding activity and outcome.
2. Final shipments of equipment from China and Australia.
3. Construction progress on site in Tanzania.



**Figure 2: Concrete works at the concentrator building with the rod and pebble mills on their plinths.**

## Corporate

Mr Ben Donovan was appointed as Company Secretary. Ben is a chartered secretary and member of the Governance Institute of Australia and has extensive experience in listing rules compliance and corporate governance, having served as a Senior Advisor at the ASX for nearly three years.

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.

## ASX Announcements referred to in the quarterly update:

1. ASX Announcement of 29 March 2023, US\$20 Million debt facility to complete the Lindi Jumbo Project.
2. ASX Announcement of 28 February 2023, TNR provides vendor finance to Lindi Jumbo.
3. ASX Announcement of 20 February 2023, Reduction in EPC contract commitments.
4. ASX Announcement of 6 March 2023, All EPC equipment to be shipped from China.
5. ASX Announcement of 1 March 2023, Construction supported by bridging loan.
6. ASX Announcement of 14 March 2023, Institutional standby funding.

**END**

This Activity Report is authorised for release by the Board.

## 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](http://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.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, Walkabout Resources Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statements is based.

This announcement has been prepared by Walkabout Resources Limited. This document contains background information about Walkabout Resources Limited current at the date of this announcement. The announcement is in summary form and does not purport to be all-inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

The announcement is for information purposes only. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sales of shares in any jurisdiction. The announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

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 MARCH 2023 QUARTER

Project / Location	Tenement Type	Tenement Number	Interest at Start of Quarter	Interest at End of Quarter	Comment	Holding Company
<b>Tanzania</b>						
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)
<b>Northern Ireland</b>						
Tyrone	MRO	KOZ01/16	50%	50%	JV	Koza (UK) Ltd (CE & DfE)
<b>Scotland</b>						
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).

For the purpose of listing Rule 15.5, this announcement has been authorised by the board of Walkabout Resources Ltd.

