

ASX ANNOUNCEMENT

13 April 2021



Walkabout Secures US\$20m Project Finance Facility for Lindi Jumbo Graphite

Walkabout Resources (**ASX:WKT**) (**Company**), is pleased to announce another major milestone in its progress towards construction of the Lindi Jumbo Graphite Mine in Tanzania securing a US\$20 million Debt Funding Facility (**Facility**) with Tanzanian Bank CRDB.

HIGHLIGHTS

- Lindi Jumbo Limited, a wholly owned subsidiary of the Company, and CRDB Bank of Tanzania have signed a Project Finance Facility Letter (Agreement) for a debt facility of US\$20m for the construction of the mine.
- The debt facility will be executed between Lindi Jumbo Limited and CRDB with Walkabout providing necessary guarantees and equity loans to support the full funding package.
- Lindi Jumbo has an estimated capital cost of US\$32m (including working capital and financing costs) meaning the facility will meet 62.5% of the project cost. Lindi Jumbo has already expended US\$3.6m on construction activities at the site and on long-lead manufacturing items.
- CRDB Bank PLC is a leading financial services provider in Tanzania. CRDB is the largest, wholly owned private bank in Tanzania and is listed on the Dar es Salaam Stock Exchange.
- The Facility, remains subject to finalisation of all finance documents and conditions precedent.
- Lindi Jumbo will be the first non-Chinese graphite mine to receive debt funding.
- The Company has suspended the negotiation of a debt facility with Afreximbank, previously announced to the ASX, 27 November 2020.
- The Government of Tanzania continues to show its full support for the commercialisation of the Lindi Jumbo Graphite Project.

During 2020, CRDB conducted detailed due diligence of technical, financial, market, legal and environmental elements of the Lindi Jumbo Project resulting in the provision of the offer of this debt facility. Key terms for the Facility are described in Schedule 1.

Managing Director of Walkabout Allan Mulligan commented;

"We are delighted to have CRDB Bank as the Lindi Jumbo project financing partner. We were very keen to meet not just the requirements of local content but the spirit as well and the CRDB facility accomplishes this. We have persisted with negotiating this funding facility for more than a year. The relationship benefits Tanzania in growing its services sector and benefits our company, as the cost of funding reduces significantly in terms of sovereign risk premiums.

The provision of this significant debt package for Lindi unlocks the final milestone in project development and construction efforts at the mine site can commence as soon as formal documents have been executed. The Project has assessed any potential Covid delays and we have introduced suitable travel and safety systems to mitigate risk.

This will represent the first serious construction effort of a mining project in Tanzania since the 2017 Mining Act amendments."

Schedule 1: Key terms of CRDB Debt Finance Facility Letter of Offer

BORROWER	<ul style="list-style-type: none">• Lindi Jumbo Limited, a Company incorporated in Tanzania Reg. 124563
FACILITY AMOUNT	<ul style="list-style-type: none">• US\$20 million
TENOR	<ul style="list-style-type: none">• Forty-two months
INTEREST RATE	<ul style="list-style-type: none">• 8% per annum with interest during the grace period capitalised and added to the principal balance
REPAYMENT TERMS	<ul style="list-style-type: none">• The outstanding Facility and interest shall be repaid in equal quarterly instalments commencing after a 12-month grace period
SECURITY	<ul style="list-style-type: none">• Assignment of Material Contracts• Charge over Accounts of Lindi Jumbo• Corporate Guarantee from Walkabout Resources Ltd• Debenture Deed over all Lindi Jumbo assets, rights and undertakings• Standby Letter of Credit
EQUITY CONTRIBUTION BY BORROWER	<ul style="list-style-type: none">• US\$12 million payment nett of allowable construction credits
FACILITY FEES	<ul style="list-style-type: none">• US\$212,500 in various facility charges plus third party costs
KEY CONDITIONS PRECEDENT TO FINANCIAL CLOSE	<ul style="list-style-type: none">• Injection of the Equity Contribution, and the provision of all signed documentation facilitating the assignment of rights, confirmation of titles and interests, signed material agreements (including a signed project management agreement and off-take agreement as soon as available), insurances, loan subordinations and other standard project documentation in line with such debt agreements
CONDITIONS SUBSEQUENT	<ul style="list-style-type: none">• Submission of signed off-take agreements and ensuring a debt service reserve account of 6 months principal and interest is retained

For more information on the Lindi Jumbo Graphite Project, refer to ASX Announcements dated 7 February 2017 (Original DFS) and 7 March 2019 (Updated DFS) for details of the material assumptions underpinning the production target and financial forecasts.

The Company confirms that all material assumptions underpinning the production target and financial forecasts of the DFS continue to apply and have not materially changed.

This announcement is authorised for release by the Board.

-ENDS-

For further information, please contact:

Allan Mulligan
Managing Director
+61 410 324 823

Or

Skye Gilligan
Media Liaison
+61 416 854 264
skye@gilligan-group.com.au

Snapshot of Lindi Jumbo Graphite Project

PROJECT OVERVIEW

The 100%-owned high-grade, high-margin, large flake Lindi Jumbo Graphite project is located in south-eastern Tanzania approximately 200km from the port of Mtwara. The high-grade resource outcropping at surface boasts the highest reserve grade of any undeveloped graphite project in Africa of 5.5mt @ 17.9% Total Graphitic Carbon (TGC). The high reserve grade and extraordinary distribution of approximately 75% of the flakes above 180 microns in the final concentrate makes Lindi Jumbo an exceptional project in the graphite world.

The modest production target to produce 40,000 tonnes of graphite concentrate above 95% TGC per annum for a life-of-mine of 24 years lends itself to an open cast mine with a small footprint using a very small mining fleet. The average annual mill feed at 17.9% TGC is 230,000 tonnes per year or less than 650 tonnes per day. The low grade material with a grade below 10% and averaging 6% TGC that will be excavated through the mining process will be stockpiled alongside the pit and this ore can be available for later treatment, blending or be sold to other parties.

ORE RESERVES

Category	Tonnes (million)	TGC %	Contained Graphite (tonnes)
PROVEN ORE RESERVES	2.54	19.3	489,000
PROBABLE ORE RESERVES	2.97	16.7	498,000
TOTAL ORE RESERVES	5.51	17.9	987,000

Table 1: Lindi Jumbo Project Ore Reserve.

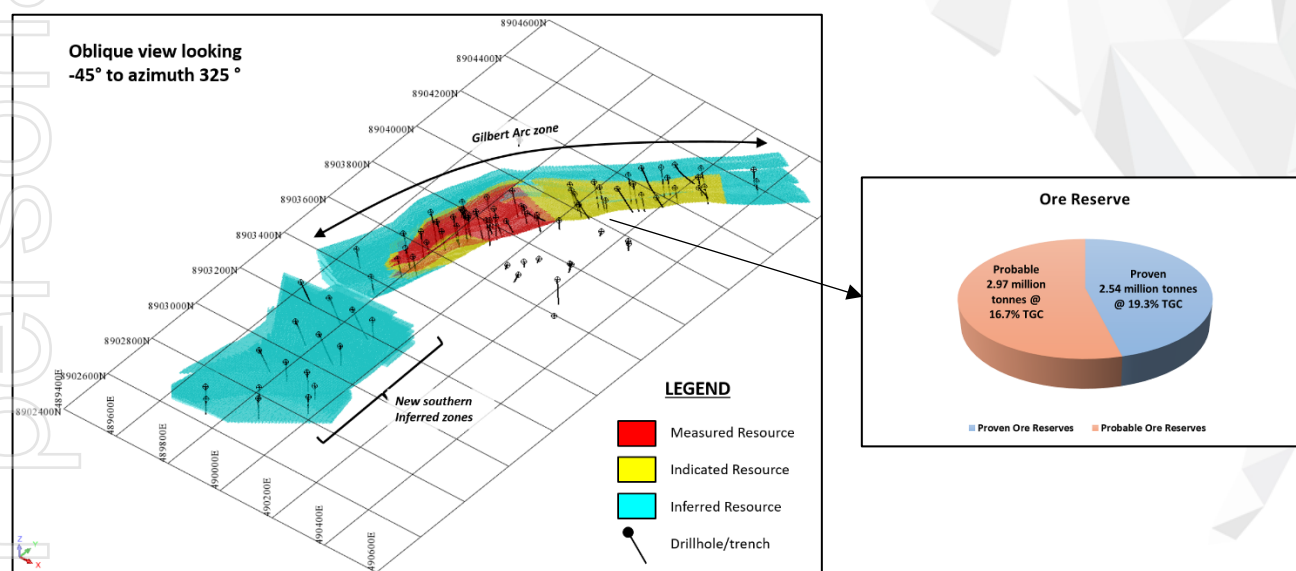


Figure 1: Ore Reserve based on 37% of the 2018 Measured and Indicated Resource.

High feed grade to the processing plant together with the ore characteristics of both the weathered and fresh ore has resulted in a small, simple, low cost and fit for purpose processing plant design. The ore needs relatively few stages of flotation to produce a high-grade concentrate while preserving the large flakes throughout the process. The elevated distribution of large flakes above 180 micron in size within the final concentrate also attracts a premium price in comparison to finer sized graphite concentrate, further enhancing the economics of the Project relative to our peers.

The Company's fully outsourced operating model whereby the key components of mining, treatment, logistics and camp accommodation are outsourced to local Tanzanian contractors underpins the compliance to the Local Content laws of Tanzania, which is now further complemented by the debt finding through CRDB, a local Tanzanian bank.

An independent due diligence report on the Lindi Jumbo Graphite Project compiled by Benchmark Mineral Intelligence has indicated that the Lindi Jumbo Graphite Project is forecast to be the second highest margin graphite project/operation globally.

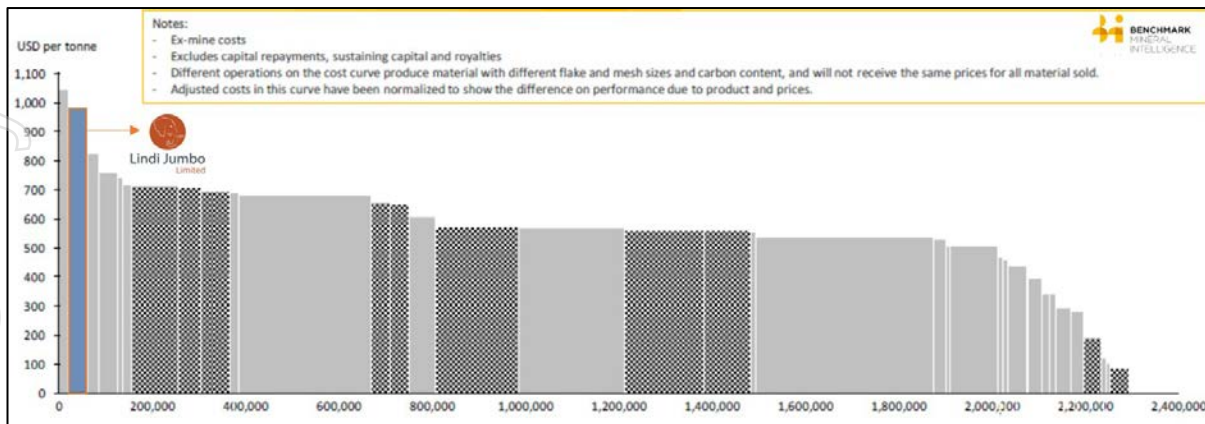


Figure 2: Graphite industry forecast margin analysis 2025 (operation and development projects). After Benchmark Mineral Intelligence Mine Due Diligence Report, October 2019.

DEFINITIVE FEASIBILITY STUDY

An updated Definitive Feasibility Study (DFS) completed by international mining and mineral processing consultancy, Barra Consulting, was released to the market in March 2019 (refer to ASX announcement of 7 March 2019).

The DFS results demonstrate the compelling economics of the project which has been designed to mitigate potential start-up and ongoing operational risks.

Key project highlights include:

- Project post-tax NPV10 of US\$197 million
- Project post-tax IRR of 119%
- Life of Mine (LOM) EBITDA of US\$1,070 million
- LOM of 24 years producing 40,000 tonnes of graphite concentrate per annum.
- Low pre-production capex of US\$27.8 million
- Low operational costs of US\$347/t of graphite concentrate FOB at the port of Mtwara (firmly in the lowest industry quartile)
- Low economic sensitivity to operating and capital cost risks
- Binding offtake term sheets and sales and marketing agreements in place for 100% of the annual production
- EPC Contract finalised with Jinpeng Engineering out of Yantai, China
- Close to good road infrastructure and only 200km from the port of Mtwara
- Highest reserve grade of 17.9% TGC of any undeveloped graphite project in Africa
- High-grade ore reserve based on only Indicated and Measured Resources with ample opportunity to expand the Lindi Jumbo Ore Reserves and add to the LOM over time as market opportunities emerge
- Mining licence granted with all subsequent permitting in place
- Resettlement Action Plan (RAP) completed, all payments made and signed off by the Tanzanian government
- Early start earthworks development completed on site
- Selected long lead items procured, constructed and in storage at the EPC contractor in China

EARLY START DEVELOPMENT

The early works contracts were commissioned in 2019 and 2020 to substantially derisk the project timeline. This work included the compensation for the relocation of affected local stakeholders which was carried out very successfully.

Site Technical Project Works completed include:

- Clearing, topsoil stripping, excavation, benching and leveling of the Processing Plant, ROM and explosive magazine areas
- Clearing and grubbing of the Tailings Storage Facility (TSF) area
- Construction of selected internal and access roads
- Topsoil dumps created and shaped



Figure 3: Aerial view from the southwest of the earthworks completed including the ROM and Processing Plant area in the foreground and clearing for the TSF area directly towards the north.

An Early Start equipment manufacturing Contract was completed through the EPC Contractor, Jinpeng Mining and Machinery Company, an engineering and processing specialist in graphite plant design and construction. Jinpeng has abundant experience in operating in remote parts of Africa (*refer to ASX announcement of 7 May 2019*).

The contract was for the procurement and construction of selected long-lead items including amongst others:

- Rod mill
- Various stages of rougher, scavenger and cleaner floatation cells
- Pebble mill
- Associated plate work, impellers, attritioners, bearings and motors

The quality control procedures for the manufactured equipment now in storage in China have been signed off by the Walkabout Project manager during an inspection visit to China.



Figure 4: Equipment manufactured at Jinpeng Engineering in Yantai, China. Flotation cell impellers in undercover storage (left) and pre-assembled flotation cell to facilitate the location and installation of the impeller guides prior to rubber lining and final assembly (right).

OFFTAKE AGREEMENTS

The Company has secured two binding offtake term sheets with graphite end-users and upgrading specialists in China; Inner Mongolia Qianxin Graphite Co. Ltd and Qingdao Risingdawn Graphite Technology Co. Ltd as well as a long term sales and marketing agreement with leading international minerals trader, Wogen Pacific Limited (refer to ASX announcements of 2, 9 and 11 April 2019).

Table 2: Off Take Schedule.

Company	Product	Quantity	Term
WOGEN	<ul style="list-style-type: none"> All sizes 	<ul style="list-style-type: none"> Minimum of 10,000tpa up to a maximum of 30,000tpa 	5 years
QIANXIN GRAPHITE	<ul style="list-style-type: none"> 895 flake graphite 595 flake graphite 	<ul style="list-style-type: none"> Minimum of 10,000tpa up to a maximum of 20,000tpa 	3 years
RISINGDAWN	<ul style="list-style-type: none"> 895 flake graphite 595 flake graphite 	<ul style="list-style-type: none"> 10,000tpa 	3 years

The funding of the Lindi Jumbo Graphite Project now gives the company a clear line of site to the commencement of production and timelines towards the export of concentrate. Negotiation of pricing, in line with emerging market related prices, in the final binding offtake agreements can now commence as stipulated in the term sheet.

The Company has moved to reduce any start-up or construction risk as a result of Covid-19 and has implemented strict protocols for international travel and safety of employees and contractors. Currently, Covid-19 restrictions are not expected to have a material impact on the manufacturing, procurement and construction activities.

Graphite Market Analysis

While natural flake graphite demand is primarily driven by the steel market, rapid growth in electric vehicle production is expected to drive a big uptick in demand and pricing over the next few years.

Alongside demand from energy storage applications, the battery industry is due to become the largest sector of demand for the graphite supply chain. Lindi Jumbo will produce about 25% of its product suite, or around 10,000 tonnes per annum into this sector of the market.

Demand for natural flake graphite linked to major industrial sectors is forecasted to grow broadly in line with industrial growth. The markets in expandable graphite and in particular fire retardants are forecasted to exceed industrial and GDP growth due to increased fire safety regulations. Benchmark Minerals forecast non-anode graphite demand to grow at 3%pa through the period 2019-2025, and 5%pa through 2025-2030.

Current non-anode applications still account for 60% of the natural flake graphite market with around 75% of the Lindi Jumbo product suitable for a wide range of applications within this market including expandable graphite foils and fire retardants, powdered metals, conductive coatings, friction products, seals and gaskets, lubricants, dispersions etc.

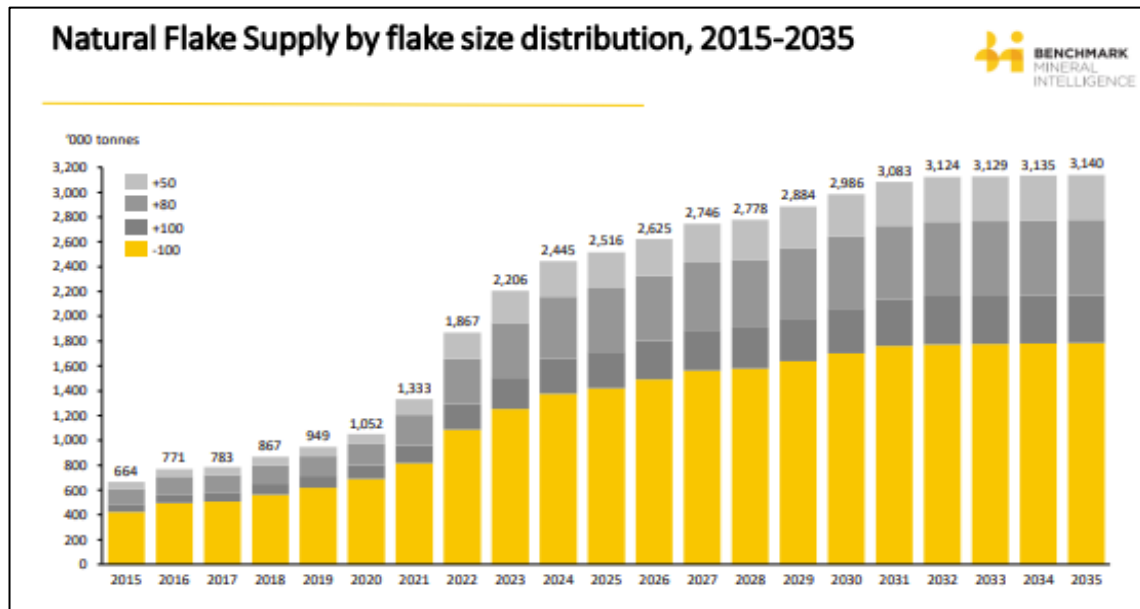


Figure 5: Natural flake graphite supply forecast to 2035.

Source: Benchmark Mineral Intelligence

The large graphite flakes from the Lindi Jumbo Graphite Project have exceptional expandable properties with expandable graphite now a key component in industrial and construction flame retardant material (refer to ASX announcement of 11 October 2016). Legislative changes around the world are mandating the use of non-toxic flame retardant materials in building materials and it is expected that demand for flame retardants will increase by 4.6% per annum and is expected to be worth more than USD12 billion in 2021.

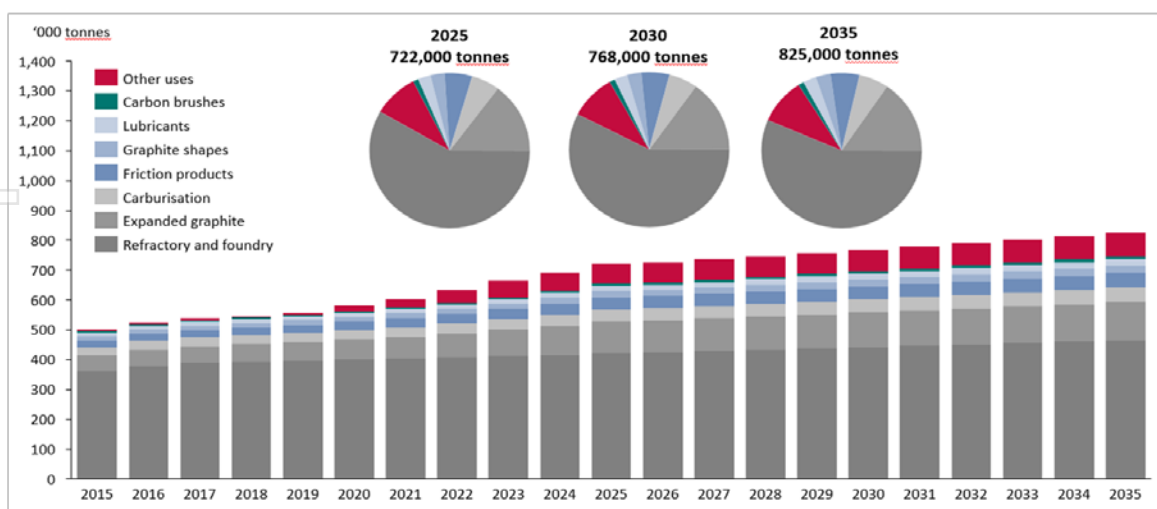


Figure 6: Forecast non-anode natural flake graphite demand.

Source: Benchmark Mineral Intelligence

Walkabout is positioning itself to take advantage of the emergent growth in expandable graphite, by considering both low cost production expansion options in its plant construction and the potential to add value to its products in standalone low capital cost downstream options.

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 and southern Namibia at the Eureka Lithium 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



Figure 7: Engineers from Jinpeng Mining and Machinery wearing their Covid-19 protective gear.

ABOUT CRDB BANK PLC

CRDB Bank Plc is an African bank and a leading Financial Services Provider in Tanzania with current presence in Tanzania and Burundi, East Africa.

The Bank was established in 1996 and was listed on the Dar Es Salaam Stock exchange (DSE) in June 2009. Over the years, CRDB Bank has grown to become the most innovative and preferred financial services partner in the region. Supported by a robust portfolio and uniquely tailored products, CRDB Bank remains the most responsive bank in the region.

CRDB Bank offers a comprehensive range of Corporate, Retail, Business, Treasury, Premier, and wholesale microfinance services through a network of 260 branches, 551 ATMs, 18 Depository ATMs, 12 Mobile branches and 1184 Point of Sales (POS) terminals.

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