

ASX ANNOUNCEMENT

25 June 2021



INSTITUTIONAL SHARE PLACEMENT TO U.S. BATTERY MINERALS INVESTOR CLOSES THE FINAL STAGE OF THE PROJECT DEVELOPMENT CAPITAL REQUIREMENT

Emerging graphite producer Walkabout Resources Ltd (ASX:WKT) (the **Company**) has finalised the third of its 3-stage companion equity fund raising process by agreeing a placement of Ordinary Shares of up to USD10m with Battery Metals Capital Group LLC (the **Investor** or **BMCG**), a U.S.-based institutional investor.

HIGHLIGHTS

- Placement agreed with Battery Metals Capital Group LLC, raising up to USD6m in two tranches;
- Further USD4m available within 10 months at the Company's election;
- Additional capital raising capacity provides risk cover towards start up of Lindi Jumbo Graphite Mine and;
- The total of USD12m companion equity required to access the USD20m project loan funding from CRDB Bank in Tanzania has now been secured.

USD4m raised in the first 2 tranches of the placement will be used as the third and final companion equity stage 3 payment to be made shortly after the second tranche of the placement is approved by shareholders. The balance of USD2m from the placement will be available for company activities outside Australia including exploration of its other international assets and further growth projects associated with Lindi Jumbo. By placing these shares in US dollars, the company has a natural hedge for the future issue of shares to BMCG, as well as for its costs which are largely USD-denominated.

CEO of Walkabout Resources, Andrew Cunningham commented: *"The confidence demonstrated by BMCG in the Lindi Jumbo Graphite Project and in management reflects the underlying quality of the Project.*

This final tranche in the funding requirements for Lindi Jumbo marks an inflection point in the Company's progress and puts us in an enviable situation where international market timing is also working in our favour.

We have already made the first stage US\$4m payment into Tanzania and commenced with execution of the Material Agreements. Sufficient subscriptions have been received under the current Entitlement Offer for the Stage 2 US\$4m payment to be made to Tanzania next month. This is a very exciting time for Walkabout Resources."

Investment Summary

The placement will be made in three tranches, each by way of the Investor making a lumpsum cash prepayment of the subscription price of Shares (**Subscription Shares**). The first tranche will raise US\$1.7m using the Company's current capacity under Listing Rule 7.1, and is expected to occur in the next week.

The second tranche will raise a further US\$4.3m following (and subject to) approval at a meeting of shareholders to be held in the next month or so.

Finally, an optional third tranche may raise US\$4m no later than ten months following the second tranche, subject to the Company exercising its option to receive this third tranche and shareholder approval (if required).

The placement agreement closes out an aggregate requirement of the US\$12m in equity required to be received, in order to unlock a further US\$20m in debt funding from Tanzanian Bank, CRDB, and means that the construction of the Lindi Jumbo Graphite Project is fully funded to production. *(See ASX announcements 13/04/21, 12/05/21 and 22/06/21)*

Investment Detail

The first tranche will raise US\$1.7m in cash proceeds for US\$1.785m of Subscription Shares utilizing the Company's current available capacity under Listing Rule 7.1. The second tranche will raise US\$4.3m for US\$4.515m of Subscription Shares following (and subject to) approval from shareholders at a General Meeting to be held shortly.

The third tranche may raise US\$4.0m for US\$4.2m worth of Subscription Shares no later than ten months following the second tranche, subject to the Company deciding to exercise an option to receive that tranche.

BCMG will request for the 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 BCMG. The number of shares so issued by the Company will be determined by applying the Purchase Price (as set out below) to the subscription amount, but subject to a Floor Price (as set out below).

Subject to the Floor Price described below, after two months following the first tranche, 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 5% discount (or an 8% discount if the Subscription Shares are issued after 12 months) (rounded down to the next half of a cent, or if the share price exceeds fifty cents, the next whole cent). The Purchase Price will, nevertheless, be the subject of the Floor Price of \$0.12. 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 subscription amount in cash (with a 5% premium), subject to the Investor's right to receive Subscription Shares at the Floor Price in lieu of such cash repayment. The Purchase Price will not be the subject of a cap.

The Company will have the right (but no obligation) to forego issuing shares in relation to the Investor's request for issuance and instead to repay the subscription amount by making a payment to the Investor equal to the number of shares that would have otherwise been issued multiplied the Purchase Price or, if greater, the market value of the Subscription Shares at that time.

The Investor will not be obligated to provide the second or third tranche, and/or may reduce the size of the second or third tranche, if the market price of the Company's shares is below \$0.135 and does not recover to above that level within two months after the Investor notifies the Company. In addition, the Company and the Investor will each have the right to postpone the third tranche by up to two months.

The Company will make an initial issuance of 3.8 million shares to the Investor at the time of the funding of first tranche, towards the ultimate number of Subscription Shares to be issued. Alternatively, in lieu of applying these shares towards the aggregate number of the Subscription Shares to be issued by the Company, the Investor may make a further payment to the Company equal to the value of these shares determined using the Subscription Price at the time of the payment.

The proceeds from the second and third tranches will not exceed 4% and 6%, respectively, of the Company's market capitalisation, without the Investor's consent.

Neither the Investor nor the Company has any obligation in relation to the third tranche unless the Company exercises its option to put the third tranche to the Investor during the five month period following the funding of the second tranche. In order to exercise this option, the Company must have sufficient capacity under Listing Rule 7.1 to conduct the third tranche at the time of exercise of the option, thereby obligating the Investor to provide the funding. The Company will determine whether to exercise the option prior to the deadline for its exercise, based on its capital requirements, the macroeconomic conditions, its share price, and its capacity under Listing Rule 7.1.

The Company has agreed to issue 2,360,495 shares in satisfaction of a fee payable to the Investor.

This announcement is authorised for release by the Board.

-ENDS-

For further information, please contact:

Andrew Cunningham
Chief Executive Officer
+61 8 6298 7500

Or

Skye Gilligan
Media Liaison
+61 416 854 264
skye@gilliganngroup.com.au

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