

# ASX ANNOUNCEMENT

14 March 2023



## UPDATE ON INSTITUTIONAL STANDBY FUNDING

Walkabout Resources (**ASX:WKT**) (the “Company”), wishes to provide an update on its institutional standby funding arrangement (the “Standby Financing”) with Battery Metals Capital Group, LLC (the “Investor”) announced in its ASX Announcement dated 27 February 2023 entitled “Walkabout Resources Announces Institutional Standby Funding” (the “Announcement”). A summary of the Standby Financing was set out in the Announcement, and this announcement should be read in conjunction with the Announcement.

As set out in the Announcement, 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 “Commitment”). The Commitment is an important back-up funding arrangement to enable Lindi Jumbo to acquire the necessary operational resources and additionally, is intended to assist with advancing other financing transactions that the Company is currently negotiating.

The Announcement also set out that funding under the Commitment may be drawn only if the Company utilises its discretion to draw on the funding under the Commitment, except that the Investor may accelerate funding to the Company of (a) up to a maximum of US\$700,000 of the Commitment if the Company has not drawn down on the Commitment, or (b) up to a maximum of US\$3,000,000 if the Company has drawn down on the Commitment. The Company and the Investor have now agreed to reduce the maximum amount of funding above that the Investor may accelerate under the Commitment, from US\$3,000,000 to US\$2,150,000 (for Subscription Shares worth US\$2,500,000 (the “Committed Investment”). Given that the Committed Investment may be accelerated by the Investor, the Company utilised its currently available placement capacity under Listing Rule 7.1 for the Committed Investment.

The remaining US\$7,850,000 of funding (the “Optional Funding”) under the Commitment is entirely optional at the Company’s discretion and does not constitute a commitment by the Company to receive the funding, and therefore, no 7.1 placement capacity has yet been utilised in relation to this Optional Funding. In order for the Company to drawdown on the Optional Funding, the Company will need to have sufficient placement capacity under Listing Rule 7.1. As such, if the Company does not have sufficient placement capacity under Listing Rule 7.1 in relation to a drawdown of Optional Funding, the Company will be prohibited from requesting that drawdown, and the Investor will be prohibited from providing the associated funding.

In addition, as set out in the Announcement, the Company will make an initial one-time issuance of 3,472,000 shares to the Investor in the coming days (the “Tranche B Initial Subscription Shares”). In the event that the Company does not make a drawdown on the Commitment, the Tranche B Initial Subscription Shares will not be applied towards any of the Subscription Shares issued by the Company, and the Company will not receive any further consideration for the issuance of the Tranche B Initial Subscription Shares.

Further, as set out in the Announcement, the Company may make a further one-time issuance of 21,328,000 shares at the time of the first drawdown on the Commitment by the Company (the “Tranche A Initial Subscription Shares”). The Tranche A Initial Subscription Shares will only be issued if the Company makes a drawdown under the Commitment, and provided that the Company has sufficient placement capacity under Listing Rule 7.1 to issue the Tranche A Initial Subscription Shares. If the Company does not make a drawdown on the Commitment, or the Company does not have sufficient placement capacity under Listing Rule 7.1, the Tranche A Initial Subscription Shares will not be issued to the Investor. The issuance of the Tranche A Initial

Subscription Shares is thus entirely within the Company's control, as the Company has complete discretion as to elect whether to draw down on the Commitment. For clarity, if the Investor initiates the Committed Investment under the Commitment, the Company will not be required to issue the Tranche A Initial Subscription Shares.

The Company's decision to pursue the Standby Financing was made after an extensive canvas of a range of funding alternatives from a variety of sources. These funding alternatives included private placements, standby facilities, letters of credit, convertible securities, and a range of structured securities.

The Standby Financing has the following qualities that are advantageous to the Company and its funding requirements, and were not all present in the other funding alternatives considered by the Company:

- the Standby Financing provides a commitment by the Investor to fund additional amounts if required by the Company, that are sufficiently substantial to give the Company the flexibility required to meet its funding requirements, while still being modest relative to the Company's size;
- while the Standby Financing is modestly-sized relative to the Company's market capitalisation, it is substantial enough to provide the Company with confidence to budget for its activities for an extended period of time;
- The Standby Financing has the potential to minimise dilution by providing for shares to be issued at a later time (rather than at current prices, which the Company believes do not fully reflect the Company's potential);
- the Standby Financing offers cash repayment alternatives to issuing shares, all of which are at the option of the Company;
- at the same time, the Standby Financing does not require to be serviced in cash and thus does not put any strain on the Company's cashflows or create a risk of the Company defaulting on its obligations through non-payment;
- the Standby Financing is unsecured, which enables the Company to use its assets as collateral for other debt financing; and
- the Standby Financing does not constrain the Company's ability to pursue other funding alternatives or corporate transactions.

The factors discussed above are extensive and militate in favour of the Standby Financing as opposed to the alternatives that the Company considered. Most of those alternative sources of funding considered by the Company were too costly, and/or do not provide an adequate amount of committed capital, and/or were too dilutive, and/or could not be executed in a timely fashion.

Finally, in connection with entering into the Standby Financing, the Company also considered the Investor's and its management's reputation, track record, and experience in the Company's industry; their history of participation in portfolio companies' entitlement issues and other conventional fundraisings; their history of patience in deferring the issuance of shares until later times, after portfolio companies were able to execute on their business plans; their history of co-operation with, and flexibility in dealing with, portfolio companies; their standing in the Australian and global financial communities; their ability to assist the Company beyond the purely financial aspects of the Standby Financing; the past performance of other portfolio companies of the Investor and its management; critically, the fact that the Investor is a credible investor that has proven its reliability, financial capability and co-operative approach in dealing with the Company by having previously invested millions of dollars in the Company on three separate occasions, including a stand-alone investment in 2021, participation in the Company's recent entitlement issue, and the subsequent placement of the shortfall; and the fact that the Investor remains a supportive investor in the Company.

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](http://wkt.com.au)