

ASX ANNOUNCEMENT

Walkabout to Invest in Lindi Graphite Project

27 November 2014

Overview

Walkabout Resources Ltd (ASX:WKT) is pleased to announce that following technical and legal due-diligence, including a reconnaissance mapping and sampling field trip to site, the Board has agreed to exercise the Option to Invest (the Option) in the Lindi Graphite Project in South Eastern Tanzania. The decision to invest is conditional upon the Parties executing a Memorandum of Understanding (MOU) as per the Term Sheet within 60 days of the decision to invest.

Walkabout has previously announced the Option for a staged purchase of 70% of four prospecting licenses (PL's 9992/2014, 9993/2014, 9994/2014 and 9906/2014) totalling 325km² in the world class graphite province in south-eastern Tanzania approximately 75km to the west of the coastal town of Lindi. One of the licences is contiguous to the World Class Nachu Graphite Project being developed by Magnis Resources.

The reconnaissance mapping and sampling program conducted during November has confirmed a NE-SW graphite strike of approximately 3km that is interpreted to be the northern extension of the high quality Nachu Graphite Project Zones into the Lindi Graphite Project licences. In addition, the mapping program continues to identify prospective rock units of the Usagaran (Mozambique Belt) Proterozoic system which hosts a number of high quality, large flake size graphite deposits in south eastern Tanzania.

Allan Mulligan said, *"While our world class coal project in Botswana continues to progress, our vision for the Lindi Graphite Project is simple and direct. Fast track the exploration and metallurgy to the stage where an end-user can be introduced and then develop, in partnership, a market specific operation that delivers into those fixed contracts.*

The exploration, shallow mining and flotation processing at Lindi should not be overly complex and locking in a long term market agreement that survives inevitable future oversupply will be key."

Term Sheet Detail

Upon the Decision to Invest and satisfaction of the Conditions Precedent, Walkabout will earn 70% in each of the four licences comprising the Project Area.

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Within 7 days of executing a Memorandum of Understanding, (which must be within 60 days of the Decision to Invest,) WKT must advance the Vendor the sum of US\$50,000 cash and refund previous documented expenses to a maximum of US\$40,000.

Consideration payments are to be made annually for 3 years after the signing of the MOU.

1 year anniversary - US\$100,000 per licence that the Company agrees to proceed with, payable by 50% in cash and 50% in shares in WKT at a price equivalent to the 14 day VWAP prior to the payment date.

2 Year anniversary - US\$150,000 per licence that the Company agrees to proceed with, payable by 50% in cash and 50% in shares in WKT at a price equivalent to the 14 day VWAP prior to the payment date.

3 Year anniversary - US\$250,000 cash payable per licence that the Company agrees to proceed with.

Other Relevant Terms:

- The Vendor enjoys a “Free Carry” to the initial declaration of an Inferred Resource on any of the licences, where-after co-contribution payments will need to be made.
- The Investor may “Buy-Out” the Vendor’s remaining 30% at any time for US\$1,000,000 per licence.
- The Investor may withdraw from any or all licences within the JV at any time and without obligation.
- The Investor is to keep the Licences in good standing throughout the Agreement.

Details of Walkabout Resources’ other projects are available at the Company’s website, www.wkt.com.au

Allan Mulligan – Managing Director
+61 8 6298 7500 (T) allanm@wkt.com.au