

9 February 2016

Dear Shareholder,

Private Placement of Shares and Share Purchase Plan

The Company (WKT) is pleased to announce it has placed 67,500,000 fully paid ordinary shares with existing shareholders that are sophisticated investors to raise \$216,000. The funds will be used for interim working capital and to support the Lindi Graphite Project.

Please also find attached an invitation to participate in a capital raising by way of a Share Purchase Plan (SPP) to existing shareholders to acquire ordinary shares in the Company at a price of \$0.0032c (0.32c) per share. This represents a 20% discount to the VWAP in the last 5 trading days before this announcement and set the price for the Private Placement announced above.

The Company has recently published the Maiden JORC Inferred Resource at the Lindi Jumbo Graphite Project in Tanzania. (Refer to the ASX announcement dated 19 January 2016). This Resource contains an envelope of very high grade, large and jumbo flake graphite which will be the target area for a fast tracked mining operation from surface.

Our development philosophy is measured and rational. We believe that in order to mitigate market risk in the graphite space, it is necessary to engage in a staged modular development. This approach has the following significant advantages;

- a) reduced capital and project development costs,
- b) accelerated timelines in all technical and regulatory milestones,
- c) reduced market risk in that contract sales allotment sizes are standard,
- d) a modular and fast tracked approach to expansion into the growing market,
- e) the ability to mine fewer tonnes at higher grades and engineer "robustness" into the operation.

It is our view that the high grade envelope at Lindi Jumbo will provide the project with several advantages over our peer group. Lower run-of-mine head grades require more mining reserve, more equipment, more process capacity and larger tailings facilities to produce the same volume of saleable concentrate.

Finally, the funds raised through this SPP will enable the Company to progress the development plan for the Project while continuing to engage with cornerstone investor groups seeking to participate in the development.

Yours sincerely,



Allan Mulligan
Managing Director
Walkabout Resources Ltd