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ASX ANNOUNCEMENT

LINDI JUMBO PROJECT - METALLURGY

"Best in Class" Premium Super Jumbo Flake Retention for Lindi Jumbo

Highlights

02 June 2016

- **Up to 25.7% of the graphite concentrate produced from a representative test material is classified as SUPER JUMBO (+500µm) at a grade of 95.6% TGC**
- **Up to 85.8% of the graphite in concentrate is greater than LARGE (+180µm) flake size categories**
- **Lindi Jumbo distribution of Super Jumbo and Jumbo flakes in high purity graphite concentrate is significantly higher than any other project in East Africa**
- **Concentrate grades of up to 97% TGC are routinely achieved without the addition of chemicals**
- **These results place Lindi Jumbo in potential highest class of revenue per tonne of saleable concentrate**
- **Results have been verified though the repetition of test-work on different samples**
- **High purity saleable product whilst preserving exceptional flake size ratios have been achieved through a simple but innovative attrition process**

Overview

African focussed, ASX listed energy minerals developer Walkabout Resources Ltd, (ASX:WKT) is pleased to report the metallurgical results from ongoing highly innovative test-work conducted on representative samples from the 70% held Lindi Jumbo Graphite Project in south east Tanzania.

Managing Director, Allan Mulligan said: ***"The combination of very high grade ore and the recovery of an exceptional ratio of Super Jumbo and Jumbo flake sizes, positions the Lindi Jumbo project to benefit from superior product revenues while producing concentrate at industry-low working costs."***

"The Lindi Jumbo graphite concentrate will potentially translate into the highest operating margins in the East African industry and insulate the project against expected oversupply price challenges."

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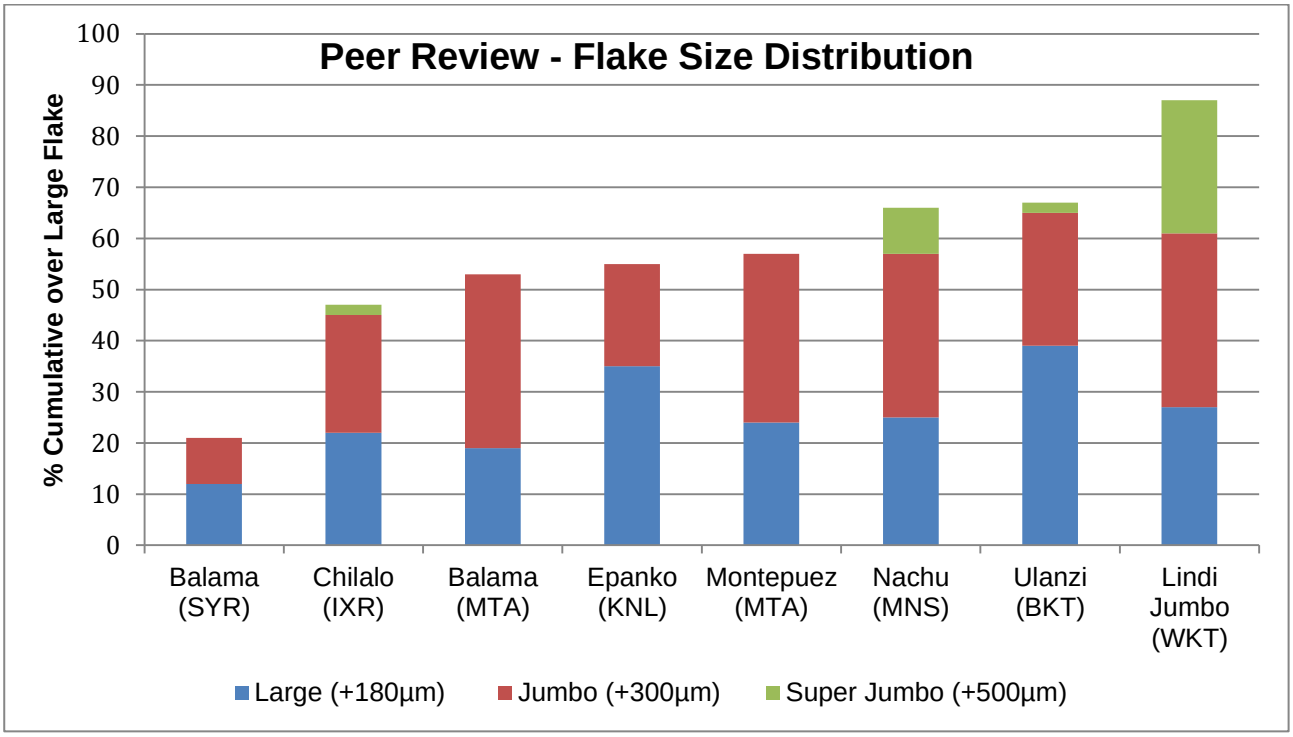
Detailed Report

Metallurgical characterisation and optimisation test-work has been ongoing at NAGROM laboratories in Perth under the direction of Dr. Evan Kirby of Metallurgical Management Services.

Overall objectives were to achieve benchmark recoveries of graphite from representative composite samples of the expected run-of-mine material, whilst delivering saleable purity levels in all size fractions and at the same time maximising the proportions of Super Jumbo and Jumbo flake sizes in the concentrate.

Under Dr. Kirby's guidance the graphite characterisation and optimisation work has progressed rapidly and testwork objectives have been satisfied early in the program with a simple and proven test regime demonstrating the robust metallurgical characteristics of the Lindi material.



Graph 1: Review of East Africa graphite projects using published results.
*Peer results sourced from published material

Flake Size Distribution

Latest flotation results from several tests on both the Resource Domains 1 & 2 *(See ASX release 19 January 2016)* have delivered exceptional results in regard to flake size distribution. Domain 2, the very high grade core of the deposit at 20.6 % TGC, returns a distribution of 85.8% of the graphite in concentrate above 180µm (Large, Jumbo and Super Jumbo flake sizes) including a spectacular 25.7% in the SUPER JUMBO (+500µm) category at 95.6 % TGC.

The optimisation test regime was focussed on the primary and secondary attrition of the simulated run of mine product.

walkabout
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Composite Sample – Mineral Resource Domain 2 (21 %TGC Head Grade)					
Flake Size	**Sieve Size (µm)**	**% Distribution by Graphite Mass**	**% TGC in Graphite Concentrate**	**Stormcrow Forecast Price FYR 2020 US$/t**	**Basket Price after Stormcrow US$/t**
Super Jumbo	>500	25.7	95.6	6,175	1,587
Jumbo	300 - 500	33.6	94.4	2,000 ?	672
Large	180 - 300	26.5	92.8	1,165	308
Summary	+180	85.8	94.3		1,997
The Rest	-75 - 180	14.2	89.9	493	70
Total		**100**	**93.6**		**2,567**

Table 1: Results from Test HG 12 with corresponding Stormcrow basket price forecasts.
*Graphite assays are per LOI^{1000} method

This result places the Lindi Jumbo Graphite Project as "Best in Class" for recovered flake size across all aspiring East African graphite developers.

Composite Sample - Mineral Resource Domain 1 (9.1 %TGC Head Grade)					
Flake Size	**Sieve Size (µm)**	**% Distribution by Graphite Mass**	**% TGC in Graphite Concentrate**	**Stormcrow Forecast Price FYR 2020 US$/t**	**Basket Price after Stormcrow US$/t**
Super Jumbo	> 500	5.6	97.1	6,175	346
Jumbo	300 - 500	33.2	96.6	2,000 ?	664
Large	180 - 300	32.3	96.4	1,165	376
Summary	+180	71.1	96.6		1,386
The Rest	-75 - 180	29.0	94.8	493	493
Total		**100**	**96.1**		**1,529**

Table 2: Results from Test LG 13 with corresponding Stormcrow basket price forecasts
*Graphite assays are per LOI^{1000} method

71.1 % of the graphite distribution in Domain 1, which envelopes the high grade core of the deposit, is above 180 microns at an average grade of 96.7% TGC.

Due to the exceptional nature of the results they have been verified through repetition of the tests using separate samples from the composites.

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LINDI JUMBO PROJECT - METALLURGY

Graphite Concentrate Purity

The purity or grade of the concentrate size ranges is important since the more pure the graphite concentrate the more amenable it is to downstream processing and also substituting synthetic graphite with natural flake graphite in the market place. Highly pure natural graphite is suitable for sphericalisation and use in the lithium-ion battery market.

Grades of between 95.6% TGC and 97.1% TGC have been achieved for the +500µm grade material which exceed the initial target grade of 94% TGC. The +300µm material has returned grades between 94.4% TGC and 96.6% TGC.

The grades of Lindi Jumbo's +180µm and -180µm, constituting some 40.7% of the concentrate will be reprocessed in order to improve the purity and increase the grade of this material. It is expected that some of the +180um flake size may be compromised during this process but the high revenues generated by battery grade graphite will offset these reductions.

Furthermore, the Company has demonstrated it can achieve concentrate grades of up to 97.1% TGC and without the use of chemicals. The use of only standard flotation and attritioning processing has huge environmental, capital and operating cost advantages.

Dr. Evan Kirby commented; *"Achieving these results so early in the testwork program clearly demonstrates the outstanding treatment characteristics of the Lindi Jumbo ore".*

Project Production Proposals

The Company has elected, at this stage, to produce of only 4 discrete products for marketing. These will be Super Jumbo (+500µm) premium product, a Jumbo (+300µm) product, a Large (+180µm) product and all others combined in a Standard product (-180µm).

Super Jumbo flakes are priced at premium and are highly sought after by niche markets. Large and Jumbo flakes are in demand from the expandable graphite market while the balance of product should be suitable for the high growth Lithium Ion battery markets.

Basket Pricing

Super Jumbo (+500µm) flake sizes are forecast by industry analyst Stormcrow to sell for US$6,000 per tonne by CYR 2020. Other analysts (Industry Minerals and Benchmark Minerals) are forecasting Super Jumbo (+500µm) to be around US$4,000 per tonne with Jumbo flake sizes to command US$2,500 per tonne. The Company has chosen to price according to Stormcrow forecasts and then apply a discount for modelling purposes.

These metallurgical results calculate to a forecast Stormcrow basket price for Lindi Jumbo of US$1,529 and US$2,567 respectively pre discount. The Company has used a discounted figure of US$1,900 per tonne for internal modelling purposes.

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Image 1: Photo of +500um concentrate at the Nagrom Test Laboratory in Perth

Summary

The metallurgical results for a representative composite sample achieved through the application of innovative attrition processes at the Nagrom Laboratory in Perth places the concentrate at Lindi Jumbo amongst potentially the highest revenue generating natural graphite products in East Africa.

The ratio of 25% of the product by mass of Super Jumbo (+500µm) material achieved in two tests is exceptional and will result in the Lindi Jumbo Graphite concentrate being highly sought after.

Further optimisation work leading to bench scale testwork will continue as the Company moves to commissioning design of a modular style flotation plant later this year.

Lindi Jumbo Graphite Project

Walkabout is fast-tracking the project development at Lindi Jumbo to commence a surface mining and processing operation at the site. Further resource drilling will take place during July of 2016 which will enable the early application for a Mining Licence.

The Company currently has a 70% interest over four contiguous exploration licences in the area for a total exploration area of approximately 325 km^2.

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Competent Persons Statement

The information in this report that relates to Metallurgical test work and results is based on information compiled by Dr Evan Kirby, a Competent Person who is a member of Australian Institute of Mining and Metallurgy. Dr Kirby is a full time employee of of Metallurgical Management Services, a specialist metallurgical consultancy and an independent consultant to Walkabout Resources Ltd. Dr Kirby has sufficient experience that is relevant to the style of mineralogy and type of deposit under consideration and the typical beneficiation thereof. Dr Evan Kirby consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

ENDS

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