

ASX ANNOUNCEMENT

Non-Renounceable Entitlement Offer with Free Attaching Option

28 September 2016

Walkabout Resources Ltd (ASX:WKT) (the **Company**) is pleased to announce that it will undertake a non-renounceable pro rata entitlement offer (**Entitlement Offer**) to eligible shareholders on the basis of one share (**New Share**) at an issue price of \$0.004 for every four fully paid ordinary shares (**Shares**) held to raise approximately \$2 million (before costs). In addition, one free attaching unlisted option (**Option**) at a strike price of A\$0.006 for each Share applied for will be granted. These Options will have an expiry date 12 months from the date of issue of the Options. A prospectus will be lodged in relation to the Entitlement Offer following this announcement (**Prospectus**).

The Company has completed further drilling at the 70% held Lindi Jumbo Graphite Project in south eastern Tanzania and is awaiting an upgrade of the Inferred Mineral Resource to Measured and Indicated status for the project. This Resource upgrade will allow the Definitive Feasibility Study to be completed.

The Entitlement Offer will be available to eligible holders of Shares in the Company (**Shareholders**) with a registered address in Australia and New Zealand (**Eligible Shareholders**) as at 5.00 pm (AWST) on 5 October 2016 (**Record Date**). The Company will make an application to the ASX for official quotation of the New Shares.

The Entitlement Offer will be managed and underwritten by CPS Capital Group of Perth up to the amount of \$300,000 (**Underwritten Value**). Thomas Murrell, a director of the Company, will sub-underwrite up to \$100,000 of the Underwritten Value. The Directors of Walkabout have indicated that they will participate in the Entitlement Offer.

New Shares issued pursuant to the Entitlement Offer will rank equally with all Shares on issue.

Entitlements which are not taken up by Eligible Shareholders (**Entitlements**) will form part of the shortfall (**Shortfall Shares**). Subject to any restrictions imposed by law, Eligible Shareholders who have subscribed for their Entitlements in full may apply for additional shares under the shortfall. Shortfall Shares will be issued to Eligible Shareholders at the discretion of the Directors and the Underwriter. Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Directors reserve the right to deal with the Shortfall Shares which are not taken up by Eligible Shareholders under the Entitlement Offer within 3 months after the Closing Date, including by inviting persons to apply for the Shortfall Shares.

Managing Director of Walkabout Resources Ltd, Allan Mulligan commented; ***“Project development at Lindi Jumbo is going well. The accelerated project plan is on track and our focus is now on introducing the premium Lindi Jumbo concentrate product to potential buyers. We believe this capital raising is well priced for shareholders and the free attached option is an incentive for staying with the Company while we progress the project and transform the Company from an explorer to a developer.”***

Use of Funds

The Company will use the proceeds from the Entitlement Offer for exploration and evaluation work at its Lindi Graphite Project (70%) and for the completion of a Definitive Feasibility Study which is currently in progress.

The Lindi Jumbo development strategy adopted by the Company is to fast track a graphite operation into production and in so doing, capitalise on expected market shortages of Jumbo and Super Jumbo natural flake graphite. Follow up and expansion potential exists at the property and regional exploration across the tenement package has returned several further zones of high grade outcrop ready for follow up exploration. The high grade graphite endowment from this area demonstrates high quality, large and jumbo flake graphite which commands a premium price in the market.

The Project has a JORC 2012 Inferred Resource of 15.3 million tonnes at 10.1% Total Graphitic Carbon (TGC) including a high grade core of 2.6 million tonnes at 20.6% TGC. Additional drilling to delineate an upgraded JORC Resource to Indicated and Measured status has now been completed with first batch of assay results announced on 27 September 2016. Furthermore, extensive metallurgical test work undertaken on the mineral material has returned the highest

ASX ANNOUNCEMENT

ratio of Super Jumbo flakes (+500 microns), Jumbo flakes (+300 microns) and Large flakes (+180 microns) into final concentrate of any graphite project currently being developed. This high ratio of flake size produces a premium graphite product and the basket price for the product realises a premium against other graphite products available to the market.

The Company also intends commencing exploration work on its lithium applications in Namibia as soon as these are granted.

Proposed Timetable

It is proposed that the Prospectus for the Entitlement Offer will be mailed to shareholders on 10 October 2016 and that the closing date will be Wednesday 19 October 2016.

Subject to the Corporations Act 2001 (Cth) and the ASX Listing Rules, the Directors of the Company reserve the right to vary the closing date of the Entitlement Offer. The Directors also reserve the right not to proceed with the whole or part of the Entitlement Offer at any time prior to allotment. In that event, application money will be returned without interest.

Excluded Shareholders

The Company has decided that it is unreasonable to extend the Entitlement Offer to shareholders with a registered address outside Australia and New Zealand (Excluded Shareholders) having regard to:

- a. the number of Shareholders outside Australia and New Zealand;
- b. the number and value of New Shares that would be offered to Shareholders outside of Australia and New Zealand; and
- c. the cost of complying with the legal requirements, and requirements of regulatory authorities, in the overseas jurisdictions.

Accordingly, the Entitlement Offer will not be extended to Excluded Shareholders.

Full details of the terms and conditions of the Entitlement Offer will be contained in the Prospectus to be lodged with the ASX and to be despatched to Eligible Shareholders in accordance with the timetable set out in the Prospectus.

Allan Mulligan – Managing Director

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