

**ASX ANNOUNCEMENT**

13 December 2016

WALKABOUT RESOURCES LTD  
ACN 119 670 370

ASX Code: WKT

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West Perth WA 6005T: +61 8 6298 7500  
F: +61 8 6298 7501**DIRECTORS**Chairman: Trevor Benson  
MD: Allan Mulligan  
Exec: Andrew Cunningham  
Non Exec: Tom Murrell**ORDINARY SHARES**  
101,847,115**UNLISTED OPTIONS**  
14,837,122**PROJECTS**Lindi Jumbo Graphite Project  
Tanzania (70%)Takatokwane Coal Project  
Botswana (60%)Kigoma Copper Project  
Tanzania (75%)

## Lindi Jumbo Project Update

- Increase in the **high grade** resource tonnage from 11.7 million tonnes to **29.6 million tonnes** (an increase of **165%**).
- Resource includes **4.7 million tonnes** of super high grade material **@ 22.8% TGC** in three discrete shallow zones of which **1.7 million tonnes** are in the Measured category confirming this to be the **highest grade resource in Tanzania**.
- Share **consolidation now complete** with only 101,847,115 shares and 14,837,122 options on issue providing **sound corporate base** from which to transact deals.
- The Project has confirmed the **highest ratio** of Super Jumbo (+500µm) and Jumbo (+300µm) flake size distributions in the peer group combined with Measured Resource grades up to 3 times that of other Projects.
- Scoping Study being updated for release in January 2017 and the Definitive Feasibility Study (DFS) expected to be completed late February 2017.

Emerging African graphite producer Walkabout Resources Ltd (ASX:WKT) is pleased to announce a Project update at the Lindi Jumbo Graphite Project in south eastern Tanzania. The JORC 2012 Measured, Indicated and Inferred Resource upgrade<sup>1</sup> was recently calculated by Trepanier Pty Ltd, an independent geological consultancy.

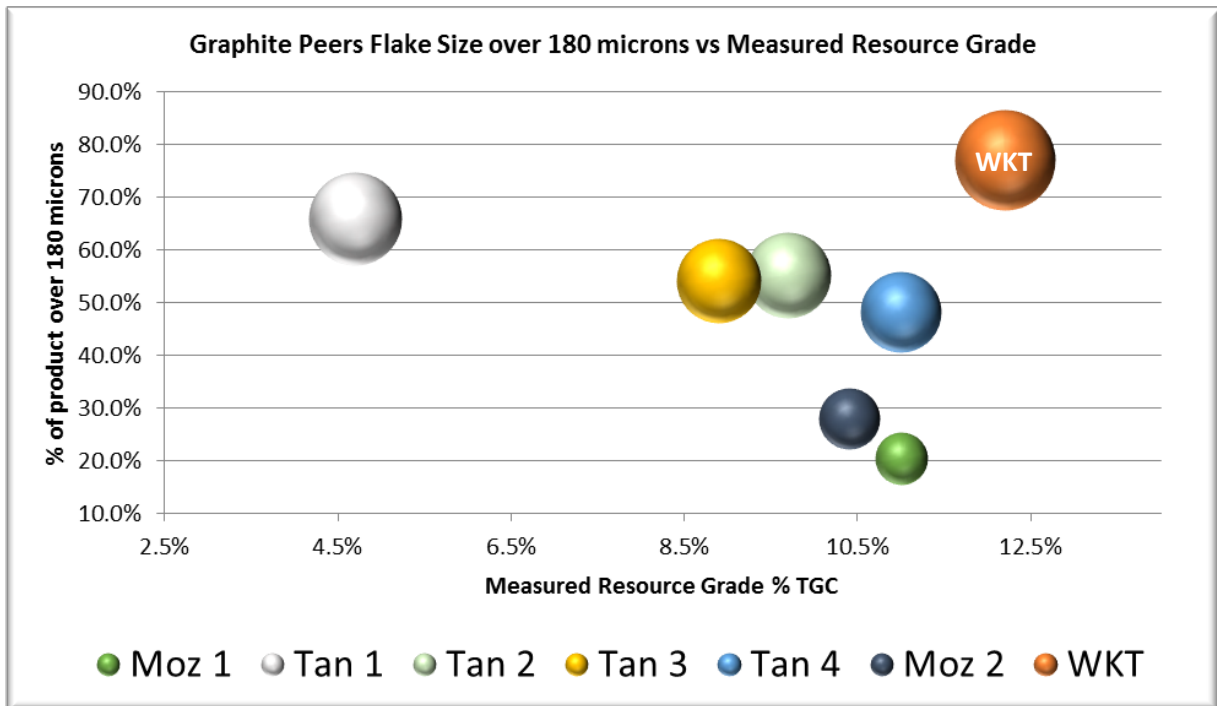
**Managing Director of Walkabout Resources, Allan Mulligan commented;**

*"The project is advancing extremely well and the outstanding upgraded resource, coincident with the successful corporate re-structure, now position Walkabout for continued accelerated development of the Lindi Jumbo Graphite Mine. Following release of the Definitive Feasibility Study early next year, we move directly to project funding options."*

<sup>1</sup> ASX announcement 6 December 2016

## Project Outlook

The Company believes the technical fundamentals underpinning the Lindi Jumbo Graphite Project are amongst the best in the Industry. In order to adequately de-risk the project, it is essential that the Resource can demonstrate high grade and premium marketable product.



**Graph 1: Peer Review of aggregate flake size ratio above 180 microns versus Measured Resource grades with bubble size representing the percentage of flake size over 180 microns.<sup>2</sup>**

The graph above highlights the advantage the Lindi Jumbo Project has over the East African peer group in respect of published flake size distribution and the grade of the Measured Resource, relating directly to potential operational cost savings, reductions in capex and premiums to potential revenue.

The geometry of the Measured and Indicated Resource facilitate a potential simple surface mining regime where the super high-grade domains of the Resource (Domains 7, 8 and 9) can be mined discretely. This should translate into a premium mill head grade and significantly reduce capital and mining and processing costs.

The Company strongly believes that it is imperative to achieve operating costs which can compete with current Chinese producing mines in order to mitigate potential market risk.

Repeated metallurgical test work under the Walkabout proprietary flowsheet for Lindi Jumbo has demonstrated that high ratios of Super Jumbo (+500µm), Jumbo (+300µm) and Large (180µm) natural flake can be recovered at a concentrate grade of between 95% TGC and 97% TGC.

<sup>2</sup> Source: ASX announcements and Company presentations

Walkabout has upgraded its concentrate product to 99.85% in an independent laboratory test using standard chemical leach methods but does not currently intend testing for mechanical upgrade of concentrate which will invariably come at the expense of both flake sizes and yield.

The Scoping Study completed in July of 2016 and based on Inferred Resources is currently being re-assessed for guidance using only the Measured and Indicated Resource.

### Mineral Resource Upgrade<sup>3</sup>

Through a modest infill drilling and trenching program including 24 holes for 1,735m, the high grade Mineral Resource along the western flank of The Gilbert Arc deposit was increased by a spectacular 165% to 29.6 million tonnes at 11.0% TGC containing 3.25 million tonnes of graphite. Forty percent (40%) of the resource is now classified as **Measured (6.4 Mt @ 12.2% TGC)** and Indicated (5.5 Mt @ 11.0% TGC) containing 1.38 million tonnes of graphite.

**Table 1: Resource category breakdown of the high grade western flank of the Gilbert Arc.**

| Domain           | Tonnes (millions) | TGC %       | Contained Graphite (tonnes) |
|------------------|-------------------|-------------|-----------------------------|
| <b>Measured</b>  |                   |             |                             |
| 1                | 3.9               | 7.1         | 276,900                     |
| 3                | 0.9               | 13.2        | 118,800                     |
| <b>7 (HG)</b>    | <b>0.5</b>        | <b>20.7</b> | <b>103,500</b>              |
| <b>8 (HG)</b>    | <b>0.5</b>        | <b>24.9</b> | <b>124,500</b>              |
| <b>9 (HG)</b>    | <b>0.7</b>        | <b>24.1</b> | <b>168,700</b>              |
| Sub-Total        | <b>6.4</b>        | <b>12.2</b> | <b>780,800</b>              |
| <b>Indicated</b> |                   |             |                             |
| 1                | 3.6               | 6.9         | 248,400                     |
| 3                | 0.7               | 12.0        | 84,000                      |
| <b>7 (HG)</b>    | <b>0.4</b>        | <b>20.9</b> | <b>83,600</b>               |
| <b>8 (HG)</b>    | <b>0.4</b>        | <b>21.8</b> | <b>87,200</b>               |
| <b>9 (HG)</b>    | <b>0.5</b>        | <b>23.0</b> | <b>115,000</b>              |
| Sub-Total        | <b>5.5</b>        | <b>11.0</b> | <b>605,000</b>              |
| <b>Inferred</b>  |                   |             |                             |
| 1                | 11.8              | 8.4         | 991,200                     |
| 3                | 2.7               | 12.2        | 329,400                     |
| 6                | 1.3               | 9.9         | 128,700                     |
| <b>7 (HG)</b>    | <b>0.5</b>        | <b>19.7</b> | <b>98,500</b>               |
| <b>8 (HG)</b>    | <b>0.3</b>        | <b>22.8</b> | <b>68,400</b>               |
| <b>9 (HG)</b>    | <b>0.9</b>        | <b>24.9</b> | <b>224,100</b>              |
| Sub-Total        | <b>17.6</b>       | <b>10.6</b> | <b>1,865,600</b>            |
| <b>Total</b>     | <b>29.6</b>       | <b>11.0</b> | <b>3,256,000</b>            |

\* Note: Appropriate rounding applied

<sup>3</sup> ASX announcement 6 Dec 2016

The super high grade Domains 7, 8 and 9 which are **in excess of 20% TGC** across the Measured and Indicated Resource zones are accessible as discrete zones from surface and should facilitate exceptional head grade feed into the milling circuit during the production cycle.

No further work was done along the low-grade eastern flank (Domain 4) of the deposit. The Company's interpretation of this zone (4.1Mt @ 4% TGC) was that it was too low grade to ever be mined economically.

## *Study and Engineering*

### **Construction Submissions**

In Johannesburg, independent engineering consultancy Bara International have taken receipt of design and construct enquiry responses to the Request for Proposal of the Scopes of Work for the accommodation camp facility, the mining contract and the process plant design and construction from nine individual supplier groups located in Tanzania, South Africa and Zimbabwe.

The project has been divided into nine discrete design and construct packages and the three largest have now been finalised.

The detailed responses will now be assessed and the Company will begin a process of negotiation with proposed Preferred Partner Suppliers for planning and detail leading to Design and Construct Agreements being finalised.

### **Definitive Feasibility Study**

The updated Measured and Indicated Resource will now be converted to a Reserve and used in the Definitive Feasibility Study mining depletion modelling, pit optimisation and detailed costing. The standardised metallurgical results will be modelled for the purposes of technical process optimisation and detailed costing. The flowsheet and plant equipment lists along with the Process Plant responses from the Design and Construct submissions will be used to derive detailed capital and operating cost estimates for the Process Plant.

### **Funding Options**

A corporate model will be developed and this will be used to proceed with project funding enquiries utilising a range of options the Company has considered.

## *Metallurgical Testwork and Product Marketing*

The Company has been providing concentrate samples to a number of potential offtake and end user clients and has been requested to provide more ore and concentrate samples for further analysis. The work to acquire these and the processing of them is underway under an ongoing site based process.

The Company has recently visited a leading SOE (State Owned Enterprise) equipment manufacturing, design and test work facility as well as an operating graphite mine in China. Ongoing work with the manufacturing and metallurgical laboratory in parallel with the Preferred Process Design and Construct Partner will facilitate rapid project decision making and optimisation during the fast track construction process.

## Site and Other Progress

The Company is pleased to report on other progress relating to development and legislative requirements at the Project;

### Relocation Assistance Programme (RAP)

The RAP is a Tanzanian legislative process specifically intended to standardize the process whereby compensation is assessed, defined and agreed between local land users/owners and project developers. In the case of the Lindi Jumbo Project, most of the current land users are engaged in the farming of cashew nuts from trees and other micro-agricultural endeavours in the region.

It is much better to have a Government defined process in place than no system at all. The process at Lindi Jumbo is well advanced and following assessment, independent as well as Government valuers will be assigned to determine the extent of compensation required. Agreement is reached, under Government oversight, between the land users and the Company and compensation is set for payment at the time of pre-construction. The Company is only applying for a Mining Licence (ML) and not a Special Mining Licence (SML). The required size for the ML is 7,8 km<sup>2</sup>, less than a third of the size of other licences in the area.



**Photo 1: Mr Jaribu Modest holding up the asset registration certificate relating to his micro-agricultural endeavour.**

### **Environmental Impact Assessment (EIA)**

The EIA is currently in final stages of assessment by the National Environmental Management Council. Following approval of the EIA and completion of the Definitive Feasibility Study (DFS), the Mining Licence Application can be submitted for approval.



**Photo 2: Village resident meetings at Matambarale Village**

### **Communication and Meetings**

The Company has engaged in many meetings with the Regional authorities at Lindi, Mtwara and Ruangwa. In addition, numerous meetings with the Matambarale Village Council and the Village itself have been concluded. These meetings are necessary to maintain communications about the Company's intentions and timetable as well as to get the communities buy-in to the project.

### **Purchase of Primary Mining Licences (PML's)**

The Company has completed the negotiation and purchase of four PML's that were located within the mining target area. PML's are micro-mining licences granted to Tanzanian Nationals for 7 years for working as artisanal mining operations.

### **Regional Exploration**

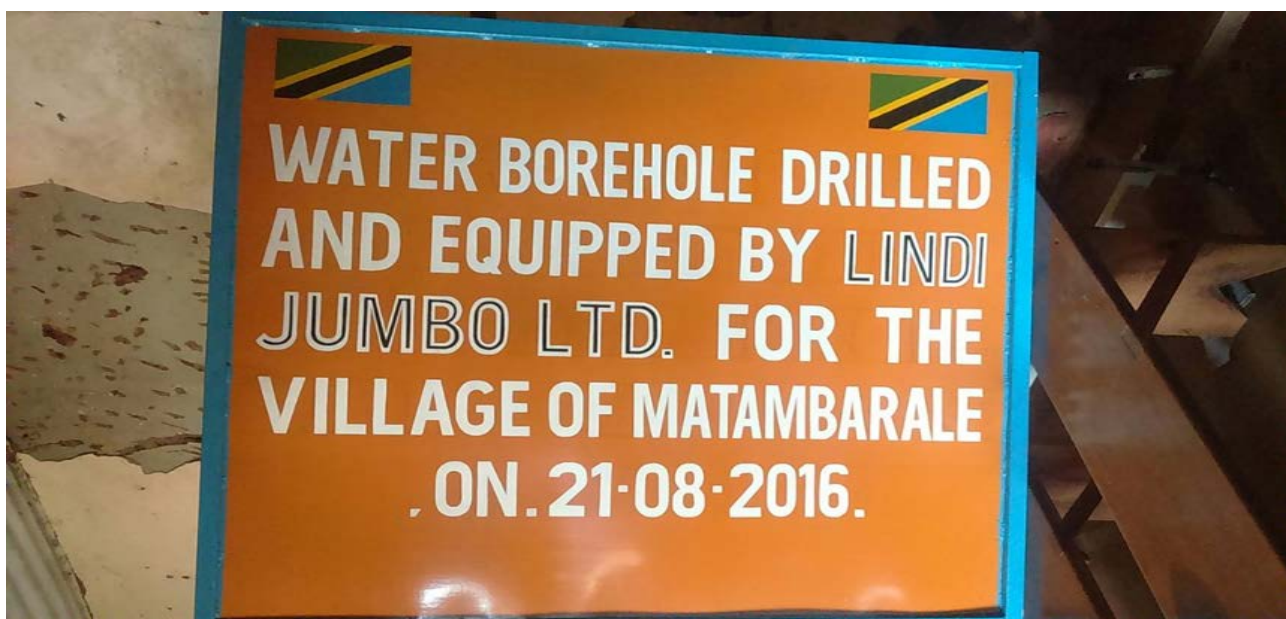
An extended land based regional exploration programme has been completed and samples have been submitted for assay. This programme is intended to explore a 4km long EM anomaly on licence PL9993/2014 where further high grade graphite has been identified in outcrop. The Company intends to delineate a second project site also based on the criteria of high grade and premium product. Other historical high-grade graphite occurrences on PL9994/2014 were also mapped and sampled, with results due early in 2017.

### Social Programme

The level of social interaction is coincident with the status of development of the Project. Currently, Walkabout enjoys excellent relations with the residents of the Matambarale Village, the only village of consequence near the proposed mine site. The Company has funded and installed a fresh water bore and pump in the Village, the first time residents have had access to fresh, running water in close proximity to their homes.



**Photo 3: Company Environmental Consultant Sandoka Nyarono testing the new water pump at Matambarale Village.**



**Photo 4: Sign recognising contribution of Project to the water supply bore.**

The Company has also contributed to the building of convenience facilities at the Ruangwa Church and to the training of security officers for District Council buildings in Ruangwa town.

END

Details of Walkabout Resources projects are available at the Company's website, [www.wkt.com.au](http://www.wkt.com.au)

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### **Competent Person's Statement**

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Andrew Cunningham (Director of Walkabout Resources Limited). Mr Cunningham is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd), Mr Aidan Platel (Consultant with Platel Consulting Pty Ltd), Mr Andrew Cunningham (Director of Walkabout Resources Limited) and Ms Bianca Manzi (Bianca Manzi Consulting). Mr Barnes, Mr Platel, Mr Cunningham and Ms Manzi are members of the Australian Institute of Mining and Metallurgy and/or the Australian Institute of Geoscientists and have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Ms Manzi is the Competent Person for the geological database. Mr Barnes is the Competent Person for the resource estimation. Both Mr Platel and Mr Cunningham completed the site inspections. Mr Barnes, Mr Platel, Mr Cunningham and Ms. Manzi consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.