ASX ANNOUNCEMENT

7 February 2017

WALKABOUT RESOURCES LTD
ACN 119 670 370

ASX Code: WKT

admin@wkt.com.au
www.wkt.com.au

Level 3, 681 Murray St,
West Perth, WA 6872
P.O. Box 263,
West Perth WA 6005

T: +61 8 6298 7500
F: +61 8 6298 7501

Definitive Feasibility Study Finalised

A Definitive Feasibility Study (DFS) by emerging African graphite developer Walkabout Resources Ltd (ASX:WKT) for a proposed open pit mine and graphite processing plant at its Lindi Jumbo Graphite Project in south eastern Tanzania shows a payback period of just 22 months.

Highlights

- Mining plan utilises exceptional **high grade (>17% TGC)** plant feed in first three years and +16% TGC over Life of Mine (LOM).
- DFS to accuracy of 10%-15% confirms exceptionally robust economics and returns even at potential softening price regimes for premium material.
- On mine cash cost of **US$292/t** in concentrate delivered at mine gate. Cost for concentrate to FOB Port of Mtwara included in off-site costs.
- Upfront Capex of **US$38.7m** the lowest capital intensity amongst peer group. Ongoing sustaining and deferred capital of US$5.6m.
- Weighted average product basket price of **US$1,687/t** intentionally modelled conservative against peers.
- Pre-tax NPV^{10} of **US$323m** with Pre-tax IRR of **97%** highly robust.
- Project Pre-tax NPV^{10} of US$133m and Pre-tax IRR of 50% at current **10 year low** prices.
- Project almost **completely de-risked** with built in capacity optimisation and expansion opportunities in the resource and the process plant.
- Operating model of **"Fully Outsourced – Build, Own, Operate**" (BOO) well underway with full scope under current negotiations.
- Front End Engineering Design (FEED) currently being discussed with different Work Breakdown Scope (WBS) scope Preferred Partners for various areas of design.

Managing Director of Walkabout Resources Ltd, Allan Mulligan commented; *"The finalisation of this DFS is a milestone event for our Company and allows us to actively pursue funding options for the fast tracked development of this fine, high grade project. Importantly, this study reduces risk and increases confidence for our current and future investors."*

Lindi Jumbo Graphite Project

The Lindi Jumbo project is located in southeast Tanzania approximately 200kms from the Port of Mtwara. The Company currently holds 70% of the project with the option to acquire 100%.

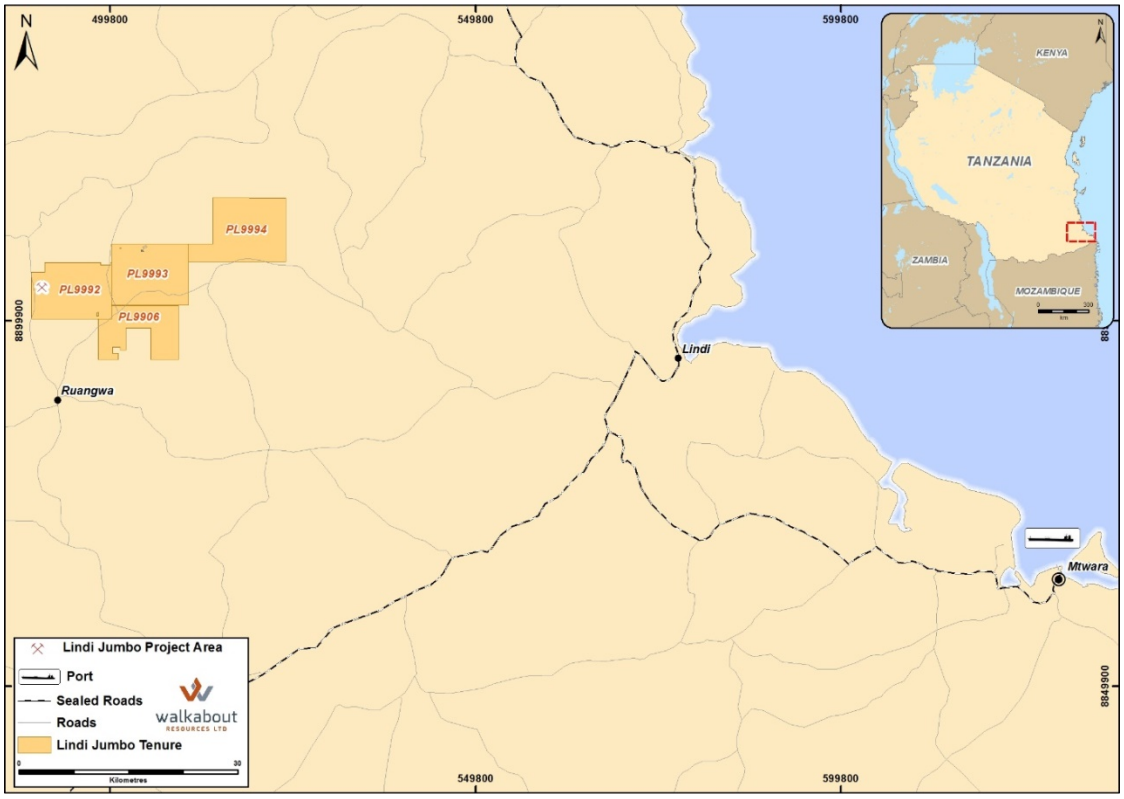


Figure 1 - Location of Lindi Jumbo Graphite Project exploration licenses

The Project is currently being assessed for Environmental Impact certification by the National Environmental Management Council of Tanzania. Following award of this certificate, the Mining Licence application (ML) valid for 10 years, renewable, will be submitted.

In December 2016, following an infill drilling program, the Maiden Inferred graphite Mineral Resource at Lindi Jumbo was reclassified to Measured, Indicated and Inferred[1]. The updated Resource contains three discrete very high grade zones which present the opportunity for selective, high grade mining.

The Company believes the very high grade nature of the Mineral Resource provides a significant competitive advantage in capital and operating cost reduction and also in metallurgical performance through the production of a premium graphite product which is able to secure premium sales prices in a highly competitive market.

As a result of the forecast high growth in demand for natural large-flake graphite and the premium nature of the product produced during test work, the Directors of the Company have elected to fast track the project to production.

[1] See ASX Announcement of 6 December 2016

Definitive Feasibility Study

1. Project Design Philosophy

The financial modelling of the DFS has been carried out on a 100% basis because the Company will move to acquire the remaining 30% upon project development.

The development philosophy is underpinned by the unique and very high grade nature of three discrete and visually distinct domains within the Measured and Indicated Resource. Comprehensive mining modelling indicate that these may be extracted with minimum contamination from lower grade associated domains such that a high grade feed to the mill in excess of 17.5% TGC can be delivered for the first three years and a life of mine average mill feed grade above 16% TGC.

As such, the potential high grade feed favourably affect both the capital and operating margins and mitigate potential market risk that may arise within the international graphite market.

Further to this strategy the Company believes that a second pillar of risk mitigation must be the production of a premium product which may remain in short supply even in a highly contested supply environment. The Company has achieved this with repeated test-work returning highly favourable ratios of the high value larger graphite flakes with up to 60% of the total graphite in concentrate in the Super Jumbo (+500µm) and Jumbo (+300µm) categories. The Company has developed a mill float regime which protects the integrity of the jumbo flakes against overzealous liberation techniques in the pursuit of higher concentrate grade and recovery yields.Importantly, the higher grade input material greatly assists in assuring a more efficient and elegant liberation process. The Lindi Jumbo Graphite Project boasts up to 85% of natural flake sizes above 180 µm, the highest amongst its peer group.

The premium products demonstrated to be produced through exhaustive metallurgical testwork at internationally accredited laboratories will allow the Company to negotiate higher than average prices even during periods of price slump due to looming potential oversupply of general natural flake graphite product smaller than 180µm.

The third pillar of risk mitigation within the design philosophy is to not target too large and complex an operation at the outset, increasing capital and operational risk during the early stages. It would be far more prudent to increase production from a stable economic base than attempt too large an entry into the market which may be oversupplied with smaller flake natural “vanilla” graphite.

Finally, the robust operating margins at Lindi Jumbo facilitate a tactical intent to fully outsource the construction and mine operations to “Specialist Partner Suppliers”, which has the effect of reducing capital and fully aligning the various co-dependent working areas of the relatively small and uncomplicated, yet remote operation.

2. Financial Summary

The technical and financial parameters of the definitive feasibility study (DFS) are for the development of a mining and processing operation at Lindi Jumbo to produce an annual output of 40,000 tonnes per annum of four discrete products of graphite concentrate for sale FOB from the

Port of Mtwara. Such an operation has been assessed technically and financially modelled to an estimated accuracy level of cost of ±10%-15% by several specialist and independent consultants familiar with mining project development in remote Africa.

Such a level of production would entail the milling of only 5m tonnes over the 20 year life of mine, an average of only 260,000 tonnes per annum (22,000 tonnes per month), although a mill capacity of 300,000 tons per year has been provided for.

A key assumptive area of all mining projects is the selection of accurate market based product revenues for a life of mine forecast. A wide variety of revenue options currently exist amongst industry but at the same time, a varying mix of products are being planned to be produced.

It remains challenging to find consensus amongst the graphite industry on future pricing. Several professional analyst organisations have published views on short term price forecasts. The Company has priced revenues using a combination of analysts pricing from a 2014 professional study and current "10 year low" prices and provides a consensus view from discussions with industry analysts, end users and graphite traders in China.

The study price used for the modelling of the Lindi Jumbo Project is a weighted life of mine mixed basket price 1,687 per tonne. This price is derived by calculating the ratio of the four planned products and an estimated discrete price for each product based on its expected market supply and demand expectations. The Company believes the price adopted, which is key to an accurate forecast of economic performance, is prudent considering the current market and expected demand forecasts in several product areas.

Table 1: Some financial modelling results.

Financial Metric		Life of Mine
Life of Mine Modelled	Years	20
Operating Costs (exc conc.transport)	US$/tonne conc	292
Operating Costs FOB Port of Mtwara	US$/tonne conc	352
Capital Costs (pre-production) (inc cont, EPC, Duties)	US$m	38.7
Sustaining Capital	US$m	5.6
Average Annual Free Cashflow	US$m	35.8
Life of Mine Revenue	US$m	1,259
EBIDTA average annual	US$m	47.7
Pre Tax NPV[10]	US$m	323
Pre Tax IRR	%	96.4
Post Tax NPV[10]	US$m	230
Post Tax IRR	%	85.9
Operating Margin	%	79
Payback Period	Months	22

3. Basis for Product Revenue

The Company believes this area to be one of the most important in establishing the economic credentials for a project valuation.

A wide variety in price forecasts exists within the industry associated with forecast product mixes and possible future market demand related to the potential battery market and expandable materials industry and the associated level of product "upgrade".

The Company and its consultants have considered several issues when establishing a benchmark product revenue for the valuation. The following factors were considered:

- Potential product specifications supported by metallurgical test work and discounted,
- Specialist commodity analysts forecasts,
- Current prices across several product specifications,
- Discussions with various end-users, traders and industry specialists which led to the "Consensus Forecast".

The Company then developed a template of the above results and positioned the Lindi Jumbo mine concentrate product (not "upgraded") into the list derived from the above.

Table 2: Product pricing benchmarking[2]

Industry Technical Analysts US$ per size Category			*+500µm*	*+300µm*	*+180µm*	*<180 µm*
Spot Prices BMI 2016 Nov				1,250	850	675
Stormcrow Forecast 2018			2,596	811	650*	414
Stormcrow Forecast 2019			3,573	947	728*	508
Stormcrow Forecast 2020			6,175	1,165	841*	517
Consensus Forecast beyond 2020			3,500	2,000	1,250	750
Life of Mine Modelled Ratio			20%	35%	19%	26%
Average			3,961	1,235	1,005	529
Lowest			2,596	811	811	414
Highest			6,175	2,000	1,165	750
Lindi Jumbo	*Low*	*1,110*	*2,000*	*1,250*	*850*	*675*
	Base Case	***1,687***	***3,500***	***1,750***	***1,000***	***750***
	High	*2,088*	*4,000*	*2,500*	*1,750*	*875*

*Adjusted for comparison

The above prices are then input to the technical model and this resulted in a weighted average Life of Mine basket price of $1,687.

Stormcrow Capital is an international funding and industry specific research agency that provides consulting services. The 2014 Stormcrow report has been reconciled with nominal actual prices received for the years 2013 to 2016 and an overall correlation of 96.3% has been recorded with a minimum of 85.3% and a maximum of 100.3 being achieved.

In adopting its pricing assumptions based on the table above, the Company considered that the Stormcrow report of 2014, when combined with latest actual prices achieved and the Consensus Forecast provides a sound and reasonable analysis of the supply and demand forecasts for graphite concentrate.

Modelling with current (January 2017) prices for Lindi Jumbo of US$1,000 per product tonne still return a Pre Tax NPV[10] of US$133m underlining the very robust nature of the project.

[2] see ASX announcement of 02 June 2016

4. Resource Estimate

The updated JORC 2012 Measured, Indicated and Inferred Resource was announced to the ASX on 6 December 2016. There are three very high grade domains (Domains 7, 8 and 9) which extend to surface and are visually distinct from the lower grade enveloping Domain 1. The super high grade domains contain **4.7 Mt of ore at an average grade of 22.8% TGC (1, 07 million tonnes of contained graphite**) with metallurgical test work of these domains indicating up to 85% of the concentrate above 180 microns (Large) and up to 25% of the concentrate in the SUPER JUMBO category[2].

The Mineral Resource (including the super high grade zones) remains open along strike and down–dip with further high-grade zones encountered in the hangingwall of the deposit (Domain 6).
The Lindi Mineral Resource has been classified as Measured, Indicated and Inferred, according to JORC 2012 and is shown in the table below.

Table 3: Resource category breakdown of the high grade western flank of the Gilbert Arc.

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

(1) High grade Domains 7,8 and 9 enveloped by Domain 1
(2) Low grade domain (eastern flank of The Gilbert Arc) not included in resource
Note: Appropriate rounding applied

No further work was done along the low-grade eastern flank (Domain 4) of the deposit. The Company's interpretation of this zone (4.1 Mt @ 4% TGC) was that it was too low grade to ever be mined economically and the grade can be seen as "background" as a 5% TGC cut-off was used along the western flank. The area is allocated for mining infrastructure development (waste dumps and stockpiles).

5. Mining

A geotechnical study was undertaken to determine the design criteria for the open pit mine design and pit optimisation. The pit optimisation exercise was repeated with a range of cut-off grades in order to optimise the cost per tonne of product produced. A cut-off grade of 8 % TGC was selected. Additional factors used in selection of the ultimate pit shell were the production rate and life of mine.

It was specified that the production rate should be limited to 40,000 tpa of concentrate as this is limited by potential market constraints. In order to achieve a mine life of at least 20 years at the specified production rate an in pit resource of around 3 million tonnes is required. This guided the selection of the ultimate pit shell to use in the mining schedule.

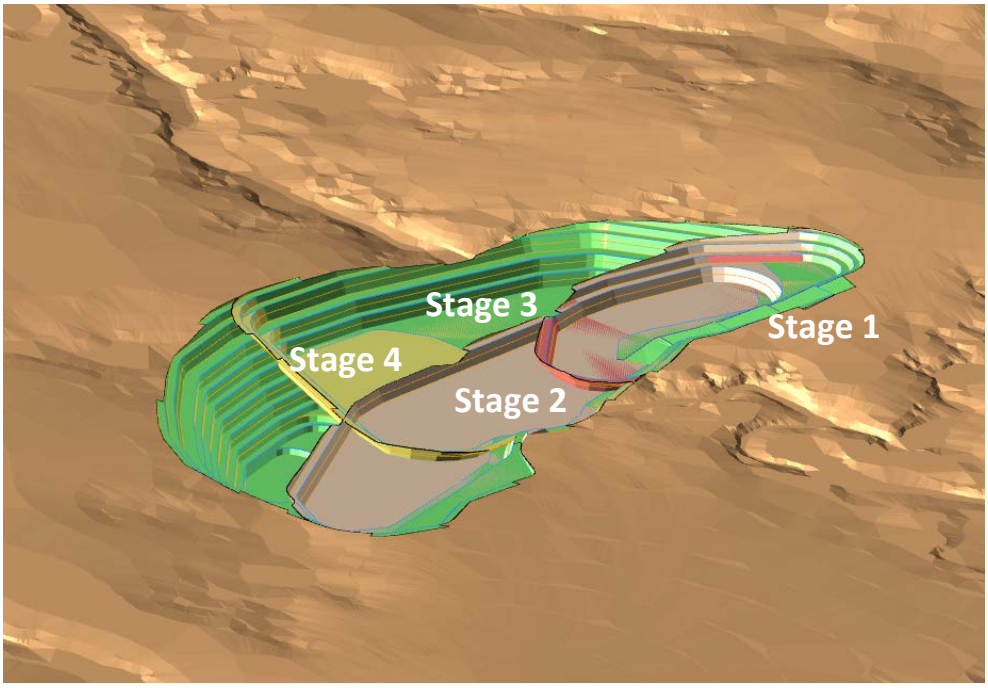


Image 1. Oblique view from the southeast of the Lindi Jumbo pit shell with four mining stages

Table 4. Inventory of mining plan over LOM highlighting high grade start-up feed.

Description	Unit	Stage 1	Stage 2	Stage 3	Stage 4	Total
High Grade - Tonnage	t	113,039	102,808	16,066	0	231,913
High Grade Mill Feed	(%)	23.7	22.9	22.2	0.0	23.2
Medium Grade - Tonnage	t	266,055	374,424	1,489,168	2,654,883	4,784,531
Medium Grade - TGC Percent	(%)	13.8	14.3	14.2	17.1	15.8
Low Grade Tonnage	t	302,000	959,779	3,407,154	4,798,619	9,467,552
Low Grade - TGC Percent	%	5.7	5.2	5.5	5.5	5.5
Waste Tonnage	t	419,673	668,534	2,394,442	3,605,240	7,087,890
Total Mined Tonnage	t	1,100,768	1,437,011	4,912,388	7,453,502	14,903,669
Strip Ratio	-	1.90	2.01	2.26	1.81	2.00

Key to de-risking the mine through the mining schedule is the start-up zone in stages 1 and 2 where the ultra-high grades of resource domains 7, 8 and 9 are accessed to sweeten the plant feed.

Mining costs have been kept low in spite of the modest scale of operation. The mining contract is planned to be fully outsourced where the contractor will purchase, supply and manage all equipment and personnel. There is only a small allocation of capital to mining to assist with contractor mobilisation.

Table 5. Mining Operating Costs

Mining Operating Cost	LOM Total [USD'million]	Unit Cost [USD/t ROM]	Unit Cost [USD/t conc]
Contractor Fixed Costs	$ 15.73	$ 3.14	$ 20.66
Contractor Ore Mining	$ 36.00	$ 7.18	$ 47.28
Contractor Waste Mining	$ 22.12	$ 4.41	$ 29.05
Mining Owners Costs - Labour	$ 6.65	$ 1.33	$ 8.74
Mining Power Cost	$ 0.93	$ 0.18	$ 1.22
Mining Total	$ 81.43	$ 16.23	$ 106.95

The mining operation at Lindi will be outsourced to a contract mining company. Weathered ore and waste will be excavated using a hydraulic shovel and loaded onto dump trucks for hauling out of the pit to the RoM stockpile, low grade stockpiles or waste dumps. Where the weathered material requires ripping by dozer before excavating this will be done using a tracked dozer. Fresh ore and waste will be drilled and blasted before being loaded and hauled in a similar manner. Waste will be transported to the waste dump site, which has been identified in the vicinity of the open pit. Ore will be transported to the run of mine (RoM) pad adjacent to the processing plant in preparation for feeding to the plant.

Waste and ore will be transported from the pit to the waste dump, RoM pad or stockpile by articulated dump trucks of 30 tonne capacity. The primary mining equipment fleet required consists of two excavators and two trucks. Additional ancillary equipment has been allowed for in the cost estimates.

6. Processing

A graphite processing flow sheet was developed based on the extensive metallurgical test work program. The focus of the test work program, carried out under the supervision of Dr Evan Kirby of Metallurgical Management Services (MMS) at Nagrom Laboratories in Perth has been the preservation of flake size into concentrate within a minimum concentrate grade of 95% TGC.

This has been achieved across a range of ore grades and aligned with the proposed mining vertical profile. The Lindi Jumbo Graphite Project boasts up to 85% of natural flake sizes above 180 µm, the highest amongst its peer group.

Follow up test work has been carried out in Germany and China to confirm the methodology employed is effective across bench scale operations and can be up-scaled. Confirmation of attritioning regimes, mill charges and speeds and retention times has been undertaken. Further test work will be undertaken prior to detailed design to be undertaken upon project commitment.
The proposed flowsheet consists of the following primary activities:

- ROM Bin and Apron Feeder
- Crushing - a primary jaw crusher and secondary cone crusher.
- Drum Scrubber with Trommel Screen (Trommel Screen Oversize to Secondary Crushing)
- Milling – a primary rod mill.
- Sequential Rougher/Scavenger Flotation
- Regrind cleaner flotation – four stages of concentrate attrition regrinding and cleaner flotation.
- Filtration and concentrate drying.
- Screening of final product concentrate.
- Bagging of concentrate.

The plant has been sized for a feed of 300 thousand tons per annum (ktpa) of ore with a grade of > 16% Total Graphitic Carbon (TGC), to produce 40 ktpa of graphite flake concentrate with an average grade of 97% TGC. This corresponds to a graphitic carbon recovery of about 85%. The design basis was 1,000 tons of ore per day for 300 days per year (50 weeks, 6 days per week, with an availability of 92% giving a running time of 6,600 hours per year).

Much of the equipment is likely to be sourced from China where several decades of graphite processing IP is located. The process plant contracting philosophy is also that of fully outsourced operations. Various groups are in discussion regarding the design, procurement and construction and then the operation of the process plant under contract.

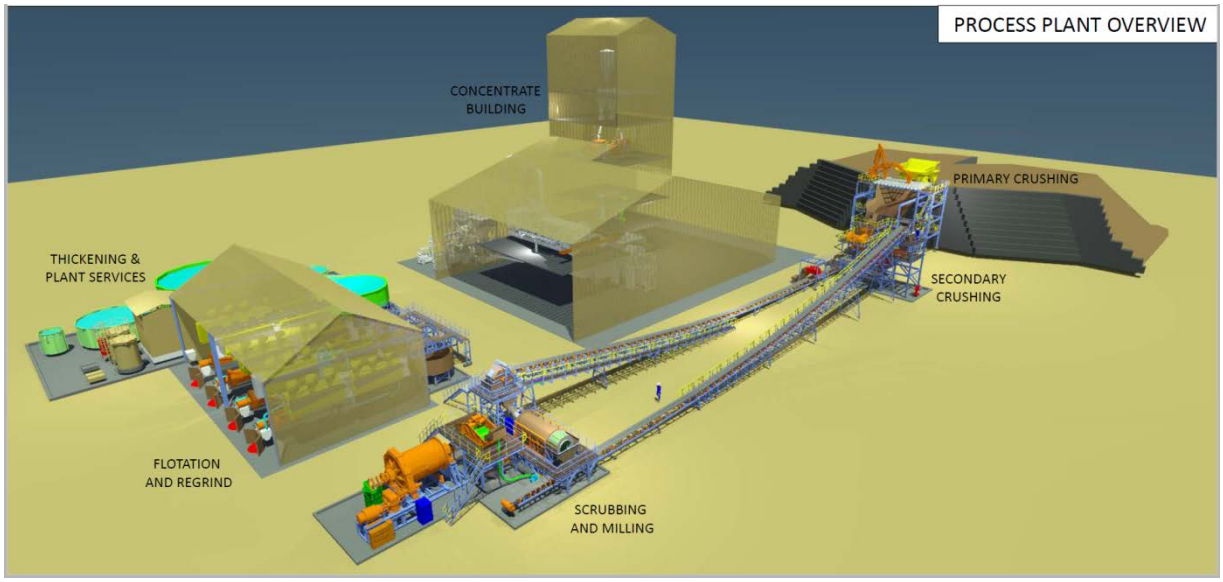


Image 2. Proposed Lindi Jumbo Graphite Process Plant .

Table 6. Process plant operating costs.

Processing	LOM Total [USD'million]	Unit Cost [USD/t ROM]	Unit Cost [USD/t conc]
Consumables	$ 17.01	$ 3.39	$ 22.34
Contractor Labour	$ 23.43	$ 4.67	$ 30.77
Maintenance	$ 6.42	$ 1.28	$ 8.43
Processing Power Cost	$ 49.54	$ 9.87	$ 65.06
Processing Total	$ 96.39	$ 19.21	$ 126.60

Four high purity products (96% to 98% TGC) are planned to be produced at Lindi Jumbo and the life of mine average ratio includes a weathered allocation of ore and a fresh allocation with a cut off being determined to be 10m below surface. The products are targeted towards the high end markets with an estimated 8,000 tonnes per annum of Super Jumbo (+500um) and 14,000 tonnes per annum of the Jumbo (+300um) products suitable for the expandable natural flake markets.

Table 7. Products and contributions to revenue

Product Type	% of Total	Sales Price [USD/tonne]	Annual Sales	Revenue [US$m]	% Contribution to Revenue
Super Jumbo (+500µm)	19.6%	3,500	8,000	513	40.7%
Jumbo (+300µm / -500µm)	35.0%	1,750	13,300	457	36.3%
Large (+180µm / -300 µm)	19.0%	1,000	8,200	142	11.2%
The Rest (-180µm)	26.4%	750	10,500	148	11.7%
Total	100.0%	1,687	40,000	1,259	100.0%

The products are planned to be bagged and shipped separately with a shipping agent collecting at mine gate and managing all logistics, shipping and transport.

7. Surface Infrastructure Requirements

Design for a tailings storage facility (TSF) has been progressed beyond the 20% design stage. The proposed TSF will cover an area of approximately 17 hectares and comprise of an initially engineered earth starter wall with a maximum height of 8 m (at the lowest point), sufficiently high to contain the tailings material during the initial period with a rate of rise greater than the specified maximum of 2m/year. The TSF will be constructed in phases.

Surface infrastructure to support the mining and processing has been conceptually designed and includes:

- Dewatering arrangements for the open pit.
- Bulk power supply – on site generation by diesel driven generators pending connection to a high reticulation feed.
- Bulk water supply from a bore field in close proximity to the mine.
- Potable water supply.
- Camp and accommodation facilities to be built, owned and operated by others.
- Offices and stores.
- Workshop for both plant and mining fleet maintenance
- A minor stream diversion which is required to divert an ephemeral stream around the proposed open pit. This is deferred to years 3 and 4.

- A road diversion around the proposed pit.
- Site roads and storm water control.
- Surface vehicles to support the operation.

The contracting methodology for the "Shared Services" WBS package is for the early and preliminary site works and earthworks to be carried out by the Mining Contractor and then the rest of the "smalls" to be further outsourced.

Table 8. Breakdown of Operating costs for Shared Services

Shared Services	LOM Total [USD'million]	Unit Cost [USD/t ROM]	Unit Cost [USD/t conc]
Camp Management and Maintenance	$ 4.32	$ 0.86	$ 5.68
Camp Operation, incl. housekeeping, laundry	$ 16.21	$ 3.23	$ 21.29
Shared Infrastucture Maintenance Cost	$ 5.06	$ 1.01	$ 6.65
Shared Services Owner Labour	$ 14.62	$ 2.91	$ 19.20
Shared Services Power Cost	$ 11.99	$ 2.39	$ 15.75
Shared Services Total	$ 52.20	$ 10.41	$ 68.57
Tailings and Stockpile Storage	$ 0.69	$ 0.14	$ 0.91

8. Capital and Operating Costs

a. Basis of Capital Cost

Capital cost has been defined as the cost of all infrastructure and constructions within the mine site. Capital costs therefore comprise:

- The cost of the shared services infrastructure, which includes all services, infrastructure and facilities used for the operation of the mine and process plant.
- The cost of the processing plant, which includes all infrastructure related to processing the ROM ore and disposing of the tailings.
- The cost of mine support infrastructure, including infrastructure required for explosives, in pit power and pumping.
- The cost for the mobilisation of the mining contractor.
- Indirect project costs, such as engineering costs, freight and contingency
- Specific Import Tariffs have not been included in the direct capital estimate.

Capital costs have been determined through a combination of fixed tender pricing, firm quotations and data-base references based on similar operations. The costs presented have a base date of January 2017, and are presented in United States Dollars. The costs presented are real costs and are exclusive of escalation.

Contingency has been calculated through consideration of the estimate accuracy, which has been calculated on the quality of the cost information and the level of engineering at this stage of the study. Through the calculation of estimate accuracy, the capital cost estimate high, mean and low values were determined. The estimate high, mean and low values were superimposed to a triangular probability distribution. By determining the standard deviation of this distribution, it was

determined that increasing the initial capital cost by 11.8%, by means of a contingency, would be equivalent to stating that there is a 90% certainty that the capital estimate will not be exceeded. This confidence level on capital cost is appropriate for this level of study.

Table 9. Calculation of appropriate contingency on capital estimate

Costs	ID	Accuracy	Mean	Low Value	High Value
Tender/Mine Cost	T	$ 0.95	$ 16,522,609	$ 15,696,478	$ 17,348,739
Budget Quotations	B	$ 0.90	$ 16,511,688	$ 14,860,519	$ 18,162,856
Database Quotations	D	$ 0.80	$ 1,195,182	$ 956,146	$ 1,434,219
Estimates	E	$ 0.75	$ 5,263,761	$ 3,947,820	$ 6,579,701
Total		$ 0.90	$ 39,493,240	$ 35,460,964	$ 43,525,515
Quantity	**ID**	**Accuracy**	**Mean**	**Low Value**	**High Value**
Bill of Quantity	B	$ 0.95	$ 19,864,208	$ 18,870,997	$ 20,857,418
Material Take Off	M	$ 0.90	$ 16,535,903	$ 14,882,313	$ 18,189,493
Estimate	E	$ 0.85	$ 3,093,129	$ 2,629,160	$ 3,557,098
Total		$ 0.92	$ 39,493,240	$ 36,382,470	$ 42,604,010
Description		**Accuracy**	**Mean**	**Low Value**	**High Value**
Accuracy on Cost		$ 0.90	$ 39,493,240	$ 35,460,964	$ 43,525,515
Accuracy on Quantity		$ 0.92	$ 39,493,240	$ 36,382,470	$ 42,604,010
Total		$ 0.83	$ 39,493,240	$ 32,667,805	$ 46,318,675
		Contingency	**4,583,747**	For 90% confidence	
		Std Deviation	2,786,472		

Initial start-up capital is scheduled to be expended within a 2 year period and the peak funding requirement is US$39.9m.

Table 10. List of initial and deferred capital estimates

Capital Cost [USD million]	LOM Total	Initial Start Up	Ongoing or Deferred
Mining	$ 0.08	$ 0.08	$ -
Processing	$ 18.82	$ 18.82	$ -
Accomodation Camp	$ 1.40	$ 1.40	$ -
Shared Infrastructure	$ 6.50	$ 5.63	$ 0.86
Storage Facilities	$ 6.36	$ 2.17	$ 4.19
Power Supply	$ 2.64	$ 2.64	$ -
Water Supply	$ 1.48	$ 1.48	$ -
Logistics	$ 2.21	$ 2.21	$ -
Indirects	$ 4.80	$ 4.21	$ 0.59
Total	$ 44.29	$ 38.65	$ 5.64

b. Basis of Operating Costs

Operating cost has been defined as the cost of all ongoing mining, processing and operational activities. Operating costs therefore comprise:

- The cost of mining the ore and waste material from the open pit, including the cost of man power, consumables and bulk supply.
- The cost of processing the ore to saleable products, including the cost of manpower, consumables and bulk supply.
- The cost of shared services for the support of the operation, including the cost of on-site labour, infrastructure, camp costs and bulk supply.
- The cost of bagging, preparing and delivering the ore to the mine gate. *(Concentrate delivery from mine-gate to FOB Port of Mtwara has been included in corporate, admin and off-site costs)*

Operating costs have been determined through fixed tenders, firm quotes, database costs and estimations based on similar operations. The costs presented have a base date of February 2017 and are presented in United States Dollars. The costs presented are real costs and are exclusive of escalation.

The direct operating cost model does not make provision for the following:

- Corporate head office costs.
- Final closure costs.
- Legal and off-site costs.
- Exploration costs.

Table 11. Summary of on-mine operating costs

On-Mine Operating Cost	LOM Total [USD'million]	Unit Cost [USD/t ROM]	Unit Cost [USD/t conc]
Mining	$ 81.43	$ 16.23	$ 106.95
Processing	$ 88.02	$ 17.55	$ 115.61
Shared Services	$ 52.20	$ 10.41	$ 68.57
Storage Facilities	$ 0.69	$ 0.14	$ 0.91
Total	$ 222.35	$ 44.32	$ 292.04

9. Financial modelling and indicators

The comprehensive corporate model has assumed the following financial parameters;

- Life of Mine modelling – 20 years of production
- Discount Rate – 10% considered appropriate for mid-scale East African projects
- Tax Rate – 30% engaged after capital allowance has been reached
- Royalty Rate – 3% as per other projects
- Contingency – 11.8% calculated as a function of accuracy of cost and quantity
- Equity – 100% based on the premise that the option to acquire the remaining 30% will be exercised
- Accuracy – This study, by measured definition can be considered within 10% to 15% accurate

This study is classified as Definitive and is based on a level of engineering design that approximates 20% of engineering and detailed engagement with suppliers. The concept for design is modular and in respect of modular plant and fixtures, specific engineering and costs are detailed and generally require very little, if any modification. In the case of the largest and most critical engineered area, the process plant, the design

to date includes “off-the-shelf” mills, scrubbers, float cells, water and slurry pumps and even the drying and bagging section is delivered complete and in one package.

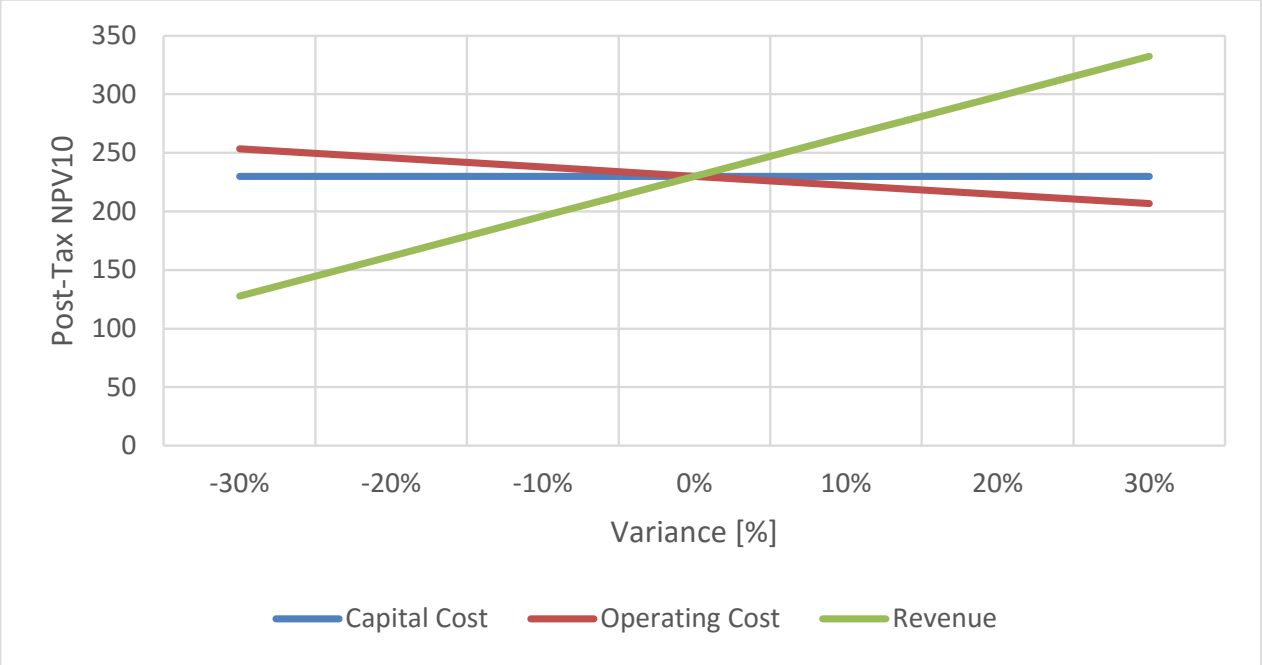
Financial, technical and schedule risk is thus highly mitigated with this approach. The outsourced package for B.O.O. is also intended to mitigate risk with expert suppliers providing ready engineered solutions within the context of a Scope of Work for delivery.

Table 12. Estimates of LOM taxes and royalties to the fiscus of Tanzania

Tax	LOM Total [USD'million]	LOM Total [USD million]
Gross Profit/Loss	$ 955	3.0%
Capital Allowance	$ 28	
Taxable Income	$ 926	
Total Tax Paid	$ 278	$ 36

Taxes of some $128m are expected to be contributed to the fiscus of Tanzania in addition to the creation of some 170 permanent jobs and significant follow on economic activity within the area. Life of mine royalties of US$21m are also expected to be paid.

Sensitivity calculations were derived for the main economic drivers, capital, operating costs and revenue. The model was tested by a 30% variation to both the negative and positive. The outcome of this modelling is that the highest sensitivity is to revenue, although a 30% reduction in revenue still yields a post tax NPV[10] of US$127m.



Graph 1. NPV[10] sensitivity to revenue, costs and capex.

Table 13. The financial metrics associated with the current design specifications and fiscal regime.

Financial Reporting	LOM Total	Unit
Revenue	$ 1,259,347,269	USD
Project Operating Cost	$ 268,029,666	USD
Project Capital Cost	$ 38,652,922	USD
Ongoing Capital Cost	$ 5,640,673	USD
Pre-Tax NPV (10%)	$ 323,374,254	USD
Pre-Tax IRR	$ 96	%
Post-Tax NPV (10%)	$ 230,061,308	USD
Post-Tax IRR	$ 86	%
Payback Period	$ 22	months
Peak Funding Requirement	$ -39,919,112	USD
On-Mine Unit Operating Cost	$ 292	USD / t conc
Operating Margin (before Royalties)	$ 79	%
Average Annual Free Cashflow	$ 35,849,706	USD
Annual Average EBITDA	$ 50,156,249	USD

10. Funding Options

The Company believes that reasonable grounds exist to assume that funding for the Project will be will be available.

The Company is currently in discussions with several parties regarding funding options for the Project. The details of these discussions cannot be disclosed at this time for commercial reasons. No material or binding Agreements for funding or product off-take have been signed at this time and the Company wishes to explore a range of options before executing non-binding MOU's that provide little certainty but constrain management options.

The Company believes that the highly robust economics, relative efficient capital intensity, premium products produced, and project size and approach will facilitate successful fund raising for the project. However, successful funding remains a key risk associated with all proposed project developments.

11. Environmental and Social Permitting Requirements

The proposed project area is partly occupied by a limited number of local people and some of them are involved in agriculture and domestic livestock keeping. In terms of conservation significance,

most of the flora and fauna of the area falls under the category of Least Concern (LC) under IUCN categorization.

Generally, the biodiversity value of the area is quite small compared to the benefits that will occur by executing the graphite mining project, especially to the local communities surrounding the project area. From the initial scoping study findings, it can be concluded that the impacts of the proposed project are minor and easily mitigatable.

In general terms, all the stakeholders view the project as a positive initiative in terms of community support by improving social services and social infrastructural facilities, i.e. health, road, water availability, village government offices and education facilities.

Employment was viewed as one of the major positive impacts has to be brought by the developer and helps reduce the poverty level of the people in the Ruangwa District and other corners country wise.

12. Preliminary Schedule

The project development schedule indicates that the Project can be constructed by the 1st quarter of 2018 **provided** that initial funding can be secured before the end of the end of April in 2017. Partial funding would also facilitate an earlier commitment to the long lead items.

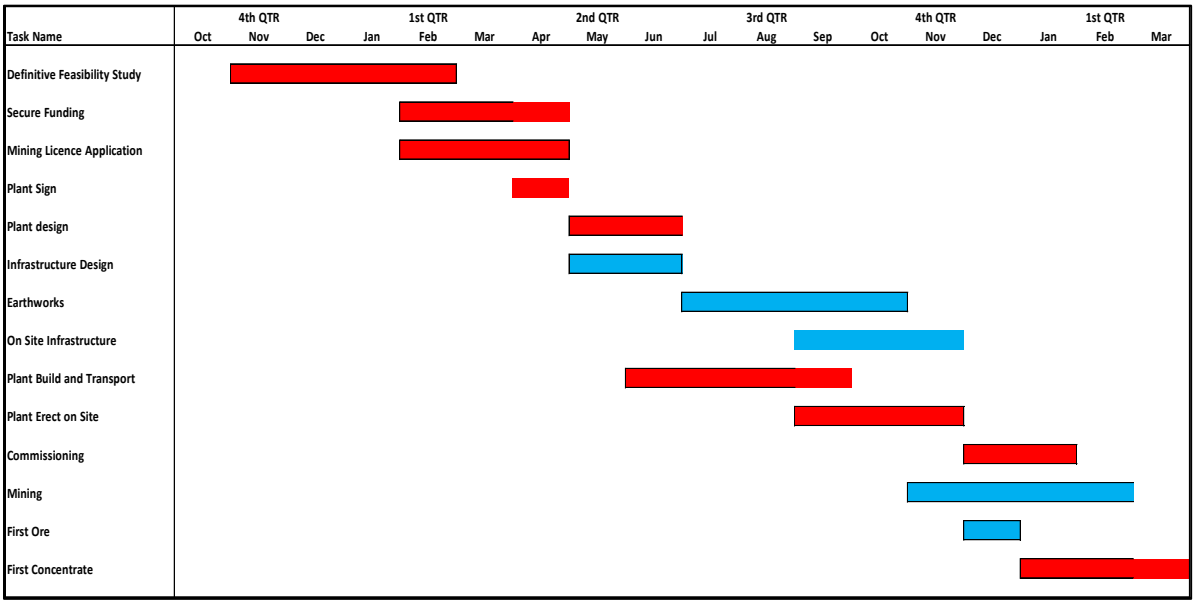


Image 3: High level preliminary project schedule

Overview of DFS

The Definitive Feasibility Study was centrally managed from Johannesburg by independent mining consultancy Bara International Ltd with specialist independent consultants contributing to the resource definition, metallurgy, environmental and hydrology and social elements.

The following consultants contributed to the key components of the Scoping study:

Consultant	**Scope of Work**
Mr L. Barnes - Trepannier	Resource Estimation
Dr Evan Kirby – Perth	Metallurgical Testwork
Bara Consulting Pty Ltd - Johannesburg	Geotechnical Study Mining Study (Mine Design and Scheduling), Infrastructure Report compilation and financial modelling
Metallurgical Management Services Pty Ltd - Perth	Process Engineering and Infrastructure
Enviromine Consult Ltd - Tanzania	Environmental and Social Baseline Permitting and Mining Licence
Prime Resources (Pty) Ltd - Johannesburg	Geotechnical Tailings Storage Design
resourceswithoutborders - Tanzania	HR Consulting and expertise
Earth Systems Consulting Pty Ltd - Australia	Hydrology and Flood Lines
J & M Fast Engineering – Tanzania	Hydrology
Nagrom Laboratories - Australia	Metallurgical Testwork

Consents

All consultants engaged by WKT in the Lindi Jumbo Scoping Study have provided their consent to the data and the interpretations contained in this announcement.

For and on behalf on the WKT Board,

Allan Mulligan
Managing Director

About WKT

Walkabout is fast tracking the development of the Lindi Jumbo Project to take advantage of forecast market conditions for Flake Graphite deposits with high ratios of Large and Jumbo flakes. The Company has developed a proprietary processing technique based on an existing and proven flow-sheet used elsewhere in Africa and which yields exceptionally high ratios of Large (+180µm), Jumbo (+300µm) and Super Jumbo (+500µm) flakes into concentrate. This premium product will allow

higher than average revenues to be achieved. The Company currently holds 70% of four licences at Lindi Jumbo with an option to acquire the remaining 30% share.

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

ENDS

Competent Person's Statement

Exploration Targets and Results

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.

Mineral Resources

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.

Metallurgy

The information in this document that relates to interpretation of metallurgical test-work and process plant design for a scoping study level assessment is based on information compiled or reviewed by Evan Kirby who is a Member of the Australian Institute of Mining and Metallurgy (AUSIMM). Evan Kirby is a consultant to Walkabout Resources Ltd. Evan Kirby consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Mining Study

The information in this document that relates to mine design for a scoping study level assessment is based on information compiled or reviewed by Clive Brown, a Member of the South African Institute of Mining and Metallurgy and Allan Mulligan who is a Member of the Australian Institute of Mining and Metallurgy (AUSIMM). Allan Mulligan is a full time employee of Walkabout Resources Ltd. Allan Mulligan consents to the inclusion in this document of the matters based on his information in the form and context in which it appears. Clive Brown is a full time employee of Bara Consulting Pty Ltd

and provided technical, capital and operating cost estimates for the mine and associated infrastructure for the Lindi Jumbo Project financial model. The information in this document that relates to these inputs is based on information compiled or reviewed by Clive Brown. Clive Brown consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Forward Looking Statements and Disclaimers

This announcement includes forward-looking statements that are only predictions and are subject to risks, uncertainties and assumptions, which are outside the control of Walkabout Resources Limited.

Actual values, results, interpretations or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements in the announcement as they speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, Walkabout Resources Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this announcement or any changes in events, conditions or circumstances on which any such forward-looking statements is based.

This announcement has been prepared by Walkabout Resources Limited. This document contains background information about Walkabout Resources Limited current at the date of this announcement. The announcement is in summary form and does not purport to be all-inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

The announcement is for information purposes only. Neither this announcement nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sales of shares in any jurisdiction. The announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply to their own jurisdiction as a failure to do so may result in a violation of securities laws in such jurisdiction.

This announcement does not constitute investment advice and has been prepared without considering the recipients investment objectives, financial circumstances or particular needs and the opinions and recommendations in this announcement are not intended to represent recommendations of particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. To the fullest extent of the law, Walkabout Resources Limited, its officers, employees, agents and advisors do not make any representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of any information, statements, opinion, estimates, forecasts or other representations contained in this announcement. No responsibility for any errors or omissions from the announcement arising out of negligence or otherwise is accepted.

Material Assumptions and Clarifications

Material assumptions used in the estimation of the production target and associated financial information are set out in the following table:

Criteria	Commentary
Mineral Resource estimate underpinning the production target	The Mineral Resource estimate declared on 6 December 2016 underpins the production target. This estimate was prepared by a Competent Person in accordance with JORC Code 2012. The production target is 260,000 tonnes of ore @ 16% TGC for a total of 40,000 tonnes of graphite in concentrate. Approximately 55% of the total production target is in the Measured and 45% in the Indicated Resource categories. None of the production target is in the Inferred Resource category. A cut off of 8% TGC has been used.
Site Visits	Site visits were carried out by representative of the; • Independent Resource Consultant, representatives of the • Mining, Engineering and geo-technical consultancy, • Hydrologists and Environmental consultancy, • Metallurgical consultancy.
Study Status	The production target and financial information in this release are based on a Definitive Feasibility Study. The DFS study referred to in this announcement is based on technical and economic assessments and is sufficient to support the estimation of Ore Reserves. The Ore reserve statement is pending the publication of this study.
Mining factors or assumptions	A 95% graphite mining recovery and 5% dilution have been used. These are considered appropriate after assessing the favourable geometry of the Measured and Indicated Resource.
Metallurgical factors or assumptions	A mill and flotation recovery of 90% has been used. Furthermore, extensive metallurgical testwork has been carried out of the material in a Perth based independent laboratory. Following extensive metallurgical testwork of existing and new flowsheet applications for graphite, the Company has adopted a process flowsheet very similar to that used successfully in a previous graphite mining operation in Africa. Further attritioning optimisation of this flowsheet in order to preserve natural flake sizes has been proven in test work by the Company. The combined use of the proven flowsheet application and the optimised attritioning regime have resulted in flake size retention into concentrate amongst the best in the industry. Walkabout considers this combined process as Proprietary and the technical details of this process is commercially sensitive and cannot be disclosed to the market.
Environmental	An Environmental Scoping Document has been approved by the National Environmental Management Council of Tanzania. Furthermore, an Environmental Impact Assessment study has been submitted to the NEMC and has undergone due process. While the EIA is not yet approved, the Company has made a material assumption that any matters raised will not be material to the success of the Project as these will have been highlighted by the professional consultant.
Infrastructure	An assessment of public infrastructure has been carried out. On mine infrastructure has been designed according to industry practice and firm quotations received.
Capital Costs	Capital estimates have been developed using a combination of enquiry to suppliers, benchmark projects and consultant databases. Capital costs are the cost of the shared services infrastructure, which includes all services, infrastructure and facilities used for the operation of the mine and process plant. • The cost of the processing plant, which includes all infrastructure related to processing the ROM ore and disposing of the tailings based on a firm tender response. • The cost of mine support infrastructure, including infrastructure required for explosives, in pit power and pumping. • The cost for the mobilisation of the mining contractor. • Indirect project costs, such as engineering costs, freight and contingency. • The cost for the purchase of 30% of the licence PL9222/2014 from the vendor. The capital costs do not make provision for the following: • Head office costs. • Mine closure costs. The costs presented are real costs and are exclusive of escalation.
Operating Costs	The basis of Operating Costs has been defined as the cost of all ongoing mining, processing and operational activities. Operating costs therefore comprise: • The cost of mining the ore and waste material from the open pit, including the cost of

<table>
<tr><td></td><td>man power, consumables and bulk supply.
• The cost of processing the ore to saleable products, including the cost of man power, consumables and bulk supply.
• The cost of shared services for the support of the operation, including the cost of on-site labour, infrastructure, camp costs and bulk supply.
• The cost of transporting the ore to the point of sale.

Operating costs have been determined through database costs, quotes and estimations based on similar operations. The costs presented have a base date of January 2017, are presented in United States Dollars.

The operating costs do not make provision for the following:

• Head office costs.
• Off-site costs.
• Social responsibility costs.

The costs presented are real costs and are exclusive of escalation. The Company believes that on-site operating costs will be within the lower quartile of the industry peer group. The basis for this assumption is the ability to discretely mine high grade Resource Domains 7,8 and 9 which enable a very high mill head feed grade (circa 16%TGC), and the very low cost of mining due to the surficial nature of the mineral deposit. The mining operation is simple and small requiring only 25,000 tonnes per month of feed grade material.</td></tr>
<tr><td>Revenue factors</td><td>Revenue is a function of graphite prices. The Company has established the characteristics of the expected final product through extensive test work programs in Perth, China and Europe. Price forecasts have been assumed from an examination of other studies, discussion with end users and market forecasts. The split of product ranges from test work is between;

<table>
<tr><th>Product Split</th><th>Product Split used in Basket Price</th><th>Price Assumed for Modelling</th></tr>
<tr><td>+500um material at +95% TGC</td><td>19.6%</td><td>USD3,500/t FOB</td></tr>
<tr><td>+300um material at +95% TGC</td><td>35%</td><td>USD1,750/t FOB</td></tr>
<tr><td>+180um at +95% TGC</td><td>19%</td><td>USD1,000/t FOB</td></tr>
<tr><td>material smaller than 180um</td><td>26.4%</td><td>USD750/t FOB</td></tr>
</table>

The Company has laid out its basis for adopting product pricing on page 5 in this report. The Company believes that combining the three elements of Stormcrow Forecast 2014, BMI actual index prices and the Consensus Forecast from discussions with end users and traders provides a reasonable basis for the valuation of the pricing model.

The Consensus Forecast is derived from discussions with industry end users, analysts and traders related to the latest supply and demand forecasts considering the potential future growth of the battery and expandable products market in the medium term.

Risks associated with these assumptions are that the product split is not achieved and/or that the price assumptions are not met by the prevailing graphite market. The Company has based these assumptions on publicly available market forecasts by expert industry analysts and has taken a conservative position on both sets of assumptions.

The assumed basket price used is more conservative than other more advanced projects.</td></tr>
<tr><td>Schedule and Timeframe</td><td>The project development schedule indicates that the Project can be constructed and be in production by the 1st quarter of 2018 provided that funding can be secured before the end of the end of April in 2017. Partial funding would also facilitate an earlier commitment to the long lead items.</td></tr>
<tr><td>Market Assessment</td><td>The international graphite market is expected to expand significantly over the next 5 years. Much market attention has been dedicated to this matter. The Company has tested its product with several end-user and trading house participants and has been informed that the product is marketable and within specification. The Company has assumed, at this time, that the product will be sold.</td></tr>
<tr><td>Funding</td><td>The Company believes that reasonable grounds exist to assume that funding for the Project will be will be available. The Company is presently in detailed discussions with several parties regarding the provision of Project funding but cannot disclose these parties at this time. As of the date of this release, no material or binding Agreements have yet been concluded. The Company believes that the highly robust economics, relative efficient capital intensity, premium products</td></tr>
</table>

	produced, and project size and approach will facilitate successful fund raising for the project. The ability of a Project to be funded remains a key risk to successful project implementation.
Economic	A discount rate of 10% has been used for financial modelling. This number was selected as a generic cost of capital and considered a prudent and suitable discount rate for project funding and economic forecasts in Africa. The model has been terminated at 20 years even though many years of resource still remain.
Social	The Company has embarked on several exercises in relation to the local communities in the area. General acceptance of the project is good. No material risks have been identified in this regard.
Other	There are no known naturally occurring material risks to the Lindi Jumbo Graphite Project.
Classification	• Resources were classified in accordance with the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012 Edition). • The classification of the Mineral Resources was completed based on the geological continuity, estimation performance, number of drill samples, drill hole spacing and sample distribution. The Competent Person is satisfied that the result approximately reflects his view of the deposit. • Continuous zones meeting the following criteria were used to define the resource class: <u>Measured Resource</u> Drill spacing less than 50m by 50m <u>Indicated Resource</u> Drill spacing up to 100m by 100m <u>Inferred Resource</u> Drill spacing wider than 100m by 100m Mineral Resource Estimation and Reporting methods are discussed in "Section 3 of Appendix A, JORC Code, 2012 Edition – Table 1 reporting template"
Audit or reviews	The mining and processing and infrastructure components of the DFS study were independently reviewed by Walkabout specialist consultants. No material issues were identified by the reviewers.

Appendix A

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• *2015 Reverse Circulation (RC) drilling was done and samples were split using a cone splitter into 1m samples. All primary samples as well as sample spoils are weighed and the results recorded.* • *2016 Reverse Circulation (RC) drilling was done and one metre samples were collected in a large sample bag beneath the cyclone. Individual one metre samples were split using a riffle splitter (75%/25% split). All large sample bags were weighed before splitting.* • *All RC intervals were geologically logged by a suitably qualified geologist and mineralized intersects (graphitic zones) dispatched to SGS in Mwanza or BV in Dar es Salaam, Tanzania for processing.* • *Diamond drilling (DD) was done to collect adequate samples for metallurgical and ore characterization testwork. Graphitic zones were sampled (1/2 and ¼ HQ3 core) using a diamond saw.* • *Trenches: Standardized sampling methods include continuous chip samples of approximately 4 cm wide being collected along the northern edge of the trench floor consisting of about 3 kg to 4 kg of material per sample. Hammers and chisels were used to gently dislodge the weathered rock along the channel profile. A large plastic bag was laid out on the trench floor beneath each sample to collect the chip samples. This ensured that the sample was not contaminated by rubble or fines from the trench floor.* • *Graphite quality and rock classifications were visually determined by field geologist.*

Criteria	JORC Code explanation	Commentary
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• *Reverse Circulation and Diamond Drilling was conducted* • *RC Sampling was done with a 5 ½" face sampling bit (2015 and 2016).* • *Core size was HQ3 (61.1mm diameter) triple tube system. All inclined core holes were oriented using a Reflex ACTZ orientation tool.*
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• *RC (2015) recovery was recorded by visual estimation of recovered sample bags and all sample rejects from the cone splitter were weighed and the weights recorded. All A and B samples were weighed to assess the accuracy of the sampling process. Recovery was generally of good quality.* • *RC (2016) recovery was recorded by visual estimation of recovered sample bags with all primary one metre samples collected through a cyclone weighed and the weights recorded.* • *Sample recovery was Measured and recorded for each core run* • *Downhole depths were validated against core blocks and drillers sheets* • *Minor core loss was recorded in the weathered zones* • *Twin hole comparison of RC vs Diamond Indicated that there is no sample bias for graphite assays* • *There does not appear to be any relationship between sample recovery and grade.*
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• *All drillholes were geologically logged in full by an independent geologist.* • *All data is initially captured on paper logging sheets and transferred to pre-formatted excel tables and loaded into the project specific drillhole database.* • *The logging and reporting of visual graphite percentages on preliminary logs is semi-quantitative. A reference to previous logs and assays is used as a reference.* • *All logs are checked and validated by an external geologist before loading into the database. Logging is of sufficient quality for current studies.*

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• *Reverse Circulation (RC) samples were split using a cone splitter (2015) and riffle splitter (2016) into 1m samples. All primary samples and RC spoils were weighed and the results recorded. The vast majority of the samples were dry.* • *Duplicate samples were taken approximately 1:20 and were collected by spearing approximately 3kg from the representative 1m interval sample reject (2015) or by splitting the 75% reject to obtain a duplicate sample (2016).* • *QC measures include field duplicate samples, blanks and certified standards (1:20) over and above the internal controls at the laboratories (SGS and NAGROM).* • *All sampling was carefully supervised. Ticket books were used with pre-numbered tickets placed in the sample bag and double checked against the ticket stubs and field sample sheet to guard against sample mix ups.* • *All RC intervals were geologically logged and mineralized intersects dispatched to SGS in Mwanza or BV in Dar es Salaam for sample preparation, and subsequently to Perth for assaying of pulps.* • *All samples were separately crushed and pulverized to 75% passing 2 mm, split, pulverize <1.5 kg to 85% passing 75 um.* • *SGS: Graphitic Carbon Leco Method by CSA05V (0.01% lower detection and 40% upper detection limit), HNO3 leach, LECO Ash and total digest of carbon samples for multi element analyses. The solution from the above DIA40Q digest is presented to an ICP-OES for the quantification of the elements of Interest (V) with 1 ppm lower detection limit and a 10,000ppm upper limit (2015).* *NAGROM: Labfit CS2000 combustion/IR analyser was used for Graphitic Carbon (0.1 % to 100% detection limits).*

Criteria	JORC Code explanation	Commentary
		• *Diamond core samples were cut lengthwise using a manual core saw on site. The core was cut in half, and then one half was quartered to provide samples for metallurgical testwork and assaying respectively.* • *Individual meter samples within graphitic zones were packed and sealed in clearly labeled plastic bags for transport* • *Duplicate samples were inserted at the NAGROM Lab in Perth using a coarse crushed split of the specified sample interval. Coarse duplicates were inserted approximately 1:20 samples.* • *The quarter core analytical samples were separately crushed to 2mm, dried at 105°then pulverized to 95% passing 75 µm.* • *Graphitic Carbon (TGC; CS003, 0.1% lower detection), and Total Carbon analysis (TC; CS001, 0.1% detection limit) is analysed by Total Combustion Analysis.* • *For TC and TGC, the prepared sample is dissolved in HCl over heat until all carbonate material is removed. The residue is then heated to drive off organic content. The final residue is combusted in oxygen with a Carbon-Sulphur Analyser and analysed for Total Graphitic Carbon (TGC) and Total Carbon (TC).* • *Sample size is appropriate for the material being tested.*
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• *QC measures include duplicate samples, blanks and certified standards (1:20) over and above the internal controls at the laboratories* • *Due to the systematic, robust and rather intensive nature of quality control procedures adopted, WKT is confident that the assay results are accurate and precise and that no bias has been introduced.*
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• *An external geological consultant conducted a site visit in September 2015 and August 2016 during the drilling programs to observe all drilling and sampling procedures. All procedures were considered industry standard, well supervised and well carried out.*

Criteria	JORC Code explanation	Commentary
		• *All data is initially captured on paper logging sheets, and transferred to pre-formatted excel tables and loaded into the project specific drillhole database. Paper logs are scanned and stored on the companies server. Original logs are stored at a secure facility in Ruangwa.* • *Assay data is provided as .csv files from the laboratory and entered into the project specific drillhole database. Spot checks are made against the laboratory certificates.*
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• *Collar positions were set out using a handheld Garmin GPS with reported accuracy of 5m and reported using WGS84, SUTM Zone 37.* • *Three pegs were lined up using a Suunto compass and a rope laid out on the ground between the three pegs to align the rig. Once the drilling was complete the final collar position was recorded using a handheld Garmin GPS.* • *Downhole surveys (dip and azimuth) were taken using a Reflex electronic multi shot instrument.* • *An accurate collar position survey was conducted by an independent surveyor and the survey reports have been received*
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• *2015 Drillholes were to test pre-determined geophysical targets and are thus not on a pre-determined grid.* • *The 2016 infill drilling program was conducted on a pre-determined grid with the aim increasing the confidence of the resource.* • *Infill drilling over a large portion of the deposit was done on a grid of 50m x 50m* • *No sample compositing has been done.*
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• *Surface mapping and interpretation of the VTEM data shows that the lithologies dip between 15 and 50 degrees to both the NW and SE on the limbs of various syn- and antiforms in the area.* • *Drillholes were planned to intersect the lithology/mineralisation at right angles or as close as possible to right angles.*
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• *Surface mapping and interpretation of the VTEM data shows that the lithologies dip between 15 and 50 degrees to both the NW and SE on the limbs of various syn- and antiforms in the area.*

Criteria	JORC Code explanation	Commentary
		• *Drillholes were planned to intersect the lithology/mineralisation at right angles or as close as possible to right angles.*
Sample security	• *The measures taken to ensure sample security.*	• *Samples were split and sealed (tied off in calico or plastic bags) at the drill site and transported to the Exploration Camp for processing. All samples picked for analyses are placed in clearly marked polyweave bags (10 per bag), and were stored securely on site before transported via a courier company to the prep labs in Mwanza and Dar es Salaam.*
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	*An external geological consultant conducted a site visit in September 2015 and August 2016 during the drilling programs to observe all drilling and sampling procedures. All procedures were considered industry standard, well supervised and well carried out.*

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• *The drilling was located on one granted Exploration License (PL9992/2014). The Company currently holds 70% of four licenses at Lindi Jumbo with an option to acquire the remaining 30% share. WKT, through its 100% Tanzanian subsidiary, Lindi Jumbo Limited (Company Registration Number 124563), now has registered title to the four licenses subject to anniversary payments being made to the Vendor for three years from the date of the Memorandum of Understanding, 13 May 2015.* • *The company is not aware of any impediments relating to the licenses or area.*
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• *The drilling was located on one granted Exploration License (PL9992/2014). The Company currently holds 70% of four licenses at Lindi Jumbo with an option to acquire the remaining 30% share. WKT, through its 100% Tanzanian subsidiary, Lindi Jumbo Limited (Company Registration Number 124563), now has registered title to the four licenses subject to anniversary payments being made to the Vendor for three years from the date of the Memorandum of Understanding, 13 May 2015.*
Criteria	**JORC Code explanation**	**Commentary**
		• *The company is not aware of any impediments relating to the licenses or area.*
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• *As far as the company is aware no exploration for graphite has been done by other parties in this area. Some gemstone diggings for tourmaline are present in the PL.*
Geology	• *Deposit type, geological setting and style of mineralisation.*	• *The project area is situated in the Usagaran of the Mozambique belt and consists of graphitic gneisses and schists interpreted to occur along the flanks of various anti- and synforms in the area with the lithological units dipping at between 15 and 50 degrees to the NW and SE.*
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth*	• *Trench and Drillhole coordinates and orientations are provided in Table 3 of this report.* • *Drillhole coordinates previously reported (see ASX announcement of 19 January 2016 and 1 September 2016* *All azimuths are approximately 120 degrees.*

	o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• *Trench results: weighted averages are used with a 5% TGC cut-off and ≤3m internal waste (<5% TGC). Results are rounded to the nearest 10th.* *RC: Aggregate graphite intersections are quoted using a cutoff of 5% TG and were averaged as all sample intervals are equal.* *DD: weighted averages are used with a 5% TGC cut-off and ≤3m internal waste (<5% TGC). Results are rounded to the nearest 10th.* *DD and Trench: Individual sample intervals are ≥50cm and ≤150cm.* • *No metal equivalent values have been reported.*
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• *The drilling is at right angles (or as close as possible to) the mapped strike of the outcropping lithologies.* • *All intercepts are reported as down-hole lengths and are aimed at being as perpendicular to mineralisation as practical.*

Criteria	JORC Code explanation	Commentary
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• *A drillhole/trench plan is provided in Figure 4.*
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	*All sampled intervals are reported individually in the "Hole and trench locations and mineralised intercepts" table above.*
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• *Previous announcements include the release of assay data related to surface "dig and grab" samples (ASX: 14 May 2015) and also to the results of an Airborne VTEM Survey (ASX: 19 September 2015).* • *Graphite characterization Petrography results(ASX: 30 July 2015), and initial metallurgy (ASX: 3 June 2015).* • *Drill assay results (4/11/2015, 16/11/2015, 24/11/2015, 1/12/2015, 8/12/2015, 21/12/2015 and 27/9/2016).* • *Metallurgical Results (8/01/2016, 18/02/2016, 2/06/2016, 07/07/2016) Maiden JORC Resource (19/01/2016)*
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations*	• *Exploration drilling will be ongoing. Further holes are planned to test targets generated through the VTEM survey and surface mapping on the various licenses.*

	and future drilling areas, provided this information is not commercially sensitive.	

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used*	• *The database was compiled by WKT using Microsoft Office software.* • *The database was supplied for use for resource estimation as a Microsoft Access database.* • *The database was imported to Leapfrog™ software and also linked to Geovia Surpac™ (industry standard resource modelling and estimation software). No errors were identified in the database supplied in visual checks and through the Leapfrog and Surpac importing/connect processes.* • *Normal data validation checks were completed on import to the Access database.*
Criteria	**JORC Code explanation**	**Commentary**
		• *All logs were supplied as Excel spreadsheets and any discrepancies checked and corrected by field personnel. Data has been checked back to hard copy results*
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	• *Andrew Cunningham (appointed 13 November 2015 Director Walkabout Resources Ltd, and Competent Person) initially visited the site in July 2015 followed by a further visit in September 2015 whilst an independent geological consultant.* *Aidan Platel, Competent Person (Platel Consulting PTY Ltd) completed a site visit in August 2016 covering all aspects of the site work and the 2016 drilling program.* • *All drilling and sampling procedures were considered industry standard, well supervised and well carried out.*
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• *The confidence in the geological interpretation is considered robust for the purposes of reporting a Measured, Indicated and Inferred Resource. Graphite is hosted within graphitic schists and gneisses of the Neoproterozoic Mozambique Belt. These graphite rich zones dip to the north-west and south-east at 15-45° and are interpreted to occur on the flanks of various syn- and antiforms in the area.* • *Four main zones are modelled, with the main zone (Zone 1) including three internal high grade veins as separate domains (7, 8 and 9) which shown clear continuity.* • *The geological interpretation is supported by geological mapping, trenching and drill hole logging and mineralogical studies completed on Walkabout's recent drillholes plus*

		geophysical survey data (VTEM). • *Weathered zones (oxide and transition) of reasonably uniform depth (averaging 2-3m and 6-10m) were interpreted based on the geological logs and coded into the block model.* • *No alternative interpretations have been considered at this stage.* • *Logged graphite rich zones in the graphitic schists correlate extremely well with TGC assay grades.*
Criteria	**JORC Code explanation**	**Commentary**
		• *The key factors affecting continuity (known to date) are the presence of graphitic schist host rocks plus VTEM conductors.*
Dimensions	*The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• *The modelled mineralised zone has dimensions of 1,400m (surface trace striking 030) with four main mineralised zones (one with a high-grade core) ranging in thickness up to 35m (Domain 1 including high grade core), 10m (Domain 3), 20m (Domain 6) and 30m (Domain 4 – eastern lower grade zone) ranging between 100m and 245m RL (AMSL).*
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of*	• *Grade estimation using Ordinary Kriging (OK) was completed using Geovia Surpac™ software for TGC (%).* • *Drill spacing typically ranges from 35m to 160m with one section break of 300m.* • *Drillhole samples were flagged with wireframed domain codes. Sample data was composited for TGC 1m using a best fit method with a minimum of 50% of the required interval to make a composite.* • *Influences of extreme sample distribution outliers were analysed for potential top-cutting on a domain basis. Top-cuts were decided by using a combination of methods including grade histograms, log probability plots and statistical tools. Based on this statistical analysis of the data population, top-cuts for TGC were not required.* • *Directional variograms were modelled by domain using traditional variograms. Nugget values for TGC are moderate (between 20 and 35%) for the lower grade domains and structure ranges up to 230m. Block model was constructed with parent blocks of 10m (E) by 25m (N) by 10m (RL) and sub-blocked to 2.5m (E) by 6.25m (N) by 2.5m (RL). All estimation was completed to the parent cell size. Discretisation was set to 5 by 5 by 2 for all domains.* • *Three estimation passes were used.*

	reconciliation data if available.	
Criteria	**JORC Code explanation**	**Commentary**
		• *The first pass had a limit of 75m, the second pass 150m and the third pass searching a large distance to fill the blocks within the wireframed zones. Each pass used a maximum of 12 samples, a minimum of 6 samples and maximum per hole of 4 samples.* • *Search ellipse sizes were based primarily on a combination of the variography and the trends of the wireframed mineralised zones. Hard boundaries were applied between all estimation domains.* • *Validation of the block model included a volumetric comparison of the resource wireframes to the block model volumes. Validation of the grade estimate included comparison of block model grades to the declustered input composite grades plus swath plot comparison by easting, northing and elevation. Visual comparisons of input composite grades vs. block model grades were also completed.* • *One previous resource estimation exists for this deposit as reported by Walkabout in January 2016 (Inferred Mineral Resource of 15.3Mt @ 10.1% TGC).*
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content*	• *Tonnes have been estimated on a dry basis.*
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• *Grade envelopes have been wireframed to an approximate 5% TGC cut-off for Domains 1, 3 and 6 allowing for continuity of the higher-grade zone. The lower grade Domain 4 is wireframed to an approximate 3-4% TGC cut-off. Based on visual and statistical analysis of the drilling results and geological logging of the graphite rich zones, this cut-off tends to be a natural geological change and coincides with the contact between the graphite rich schists and the other host rocks (i.e. biotite schists and gneisses, garnet gneisses and occasional dolomites).*

Criteria	JORC Code explanation	Commentary
		• *The material from within the modelled oxide/transition zone has been included in the reported Inferred Resource for now. It is noted there is a risk that future metallurgical testwork may deem this material unusable.*
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• *Based on the orientations, thicknesses and depths to which the graphitic rich zones have been modelled, plus their estimated grades for TGC, the potential mining method is considered to be open pit mining.*
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• *Perth based NAGROM Metallurgical plus specialist metallurgical consultants, Battery Limits Pty Ltd and Dr Evan Kirby of Metallurgical Management Services have completed extensive metallurgical testwork and have recovered graphite flake of marketable qualities.* • *Metallurgical composite samples were prepared from half HQ core (fresh material for high-grade and low-grade composites) along the strike of the orebody, as well as from weathered high grade material in outcrop.*
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• *Appropriate environmental studies and sterilisation drilling have been completed to determination of the location of any potential waste rock dump (WRD) and TSF facilities.* • *Environmental monitoring is underway and the detailed project scale environmental study is well advanced*
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been Measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• *Walkabout Resources completed specific gravity testwork on 307 drill core samples across the deposit using Hydrostatic Weighing (spray seal coated).* • *Of these 307 samples, 175are from within the modelled mineralised domains.*

Criteria	JORC Code explanation	Commentary
		• *Statistical analysis of the samples and comparison against depth and TGC grade identified a clear relationship between bulk density (BD) and TGC grade for Domain 1 (plus the high grade core domains). As such, the BD within these two domains was calculated by the equation: BD = (-0.0113x TGC%) + 2.8255.* • *For Domains 3 and 6, the relationship was not so clear so the average BD for the zone of 2.5 g/cm3 was used.* • *Domain 4 was not intersected by any of the diamond core holes, so the average of 2.5 g/cm3 was applied.* • *For the modelled oxide/transition zone, a reduced BD of 2.0 g/cm3 was used.*
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• *The Mineral Resource has been classified on the basis of confidence in the geological model, continuity of mineralised zones, drilling density, confidence in the underlying database and the available bulk density information.* • *All factors considered; the resource estimate has in part been assigned to Measured, Indicated and Inferred Resources.*
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• *Whilst Mr. Barnes (Competent Person) is considered Independent of Walkabout Resources, no third party review has been conducted.*
Discussion of relative accuracy/confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• *The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.* • *The statement relates to global estimates of tonnes and grade.*

Section 4 Estimation and reporting of Ore reserves

Criteria	JORC Code explanation	Commentary
Mineral resource Estimate for conversion to ore reserve	*Description of the mineral resource estimate used as a basis for ore reserve*	*The Mineral Resource Estimate used as a basis for the conversion to the Ore Reserve was published by Walkabout Resources on 6 December 2016 with Mr Laurie Barnes of Trepannier as the Competent Person. It reported 29Mt at 11.0% graphitic carbon (Cg) including Measured, Indicated and Inferred materials for all domains at a 5.0% Cg cut-off.* *Only the Measured and Indicated blocks have been included in the Ore Reserve estimate. The Measured, Indicated and Inferred resource materials of these blocks, at a 5% Cg cut-off, were reported as 11.9Mt with a grade of 11.6% Cg.*
	Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	*The Mineral Resources are reported inclusive of the Ore Reserves.*
Site visits	*Comment on any site visits undertaken by the Competent Person and the outcome of those visits.*	*Site visits were also carried out by representative of the;* • *Independent Resource Consultant, representatives of the* • *Mining, Engineering and geo-technical consultancy,* • *Hydrologists and Environmental consultancy,* • *Metallurgical consultancy.* *The Competent Person (Mr Aidan Platel) has visited the Lindi Jumbo project site in October 2016.* *The following observations were made:* *Mtwara is the nearest sizable regional centre. It has port and airport infrastructure. The port facilities are suitable for concentrate export.* *From Mtwara the site is accessible via sealed and unsealed roads.* *Apart from road access there is no other infrastructure such as power or water supply.* *Several villages / communities are located in the project area but overall the area is not heavily populated. The main villages will not be materially impacted by the project.* *The project area is covered with vegetation and some parts are utilized for growing food crops. Differences in elevation are moderate with no steep slopes or inaccessible ridges hence site establishment and accessing mining areas are not expected to be difficult.* *Weathering depth varies. Highly*

		weathered materials have moderate clay contents. This is likely to affect the haulage efficiency of the mining fleet and needs to be included in mine planning consideration. *Diamond drill core showed that fresh rock is competent without signs of adverse conditions that could affect slope stability or drilling and blasting requirements.* *Some sulphides were observed in some parts of the diamond drill core.*
Study status	*The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves.*	*A Definitive Feasibility Study for the Gilbert Arc area of the project was the basis for the conversion of Resources to Reserves. The study was compiled by Bara International in February 2017.*
	The Code requires that a study to at least Pre- Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	*The Definitive Feasibility Study was underpinned by a mine plan that was based on the Measured and Indicated resource materials of the Resource. Mine planning included pit optimisations, pit designs, mining and processing scheduling, cost estimations and the analyses to ensure the project is technical achievable and economically viable.* *Slope design criteria, mining dilution, ore loss and processing recoveries were applied in the pit optimisation process together with mining, processing and concentrate transport cost estimates, concentrate pricing and royalty estimates to generate optimised pit shells which form the basis for pit designs and the mine plan.*
Cut-off parameters	*The basis of the adopted cut-off grade(s) or quality parameters applied.*	*Only Measured and Indicated resource materials, modified for dilution and ore loss, were considered as potential ore in the pit optimisation process. The optimisation was restricted to a production rate that would yield 40,000 tonnes per annum of concentrate at a grade of 95%-97%.* *No ore or concentrate quality parameters were applied.*
Mining factors or assumptions	*The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).*	*Whittle 4X pit optimisation, including sensitivity analysis, was completed. Slope design criteria, mining dilution, ore loss and processing recoveries were applied in the pit optimisation process together with mining, processing and sales cost estimates and revenue projections to form the basis for pit designs and subsequent mining and processing schedules.*
	The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc.	A conventional open pit mine method was chosen as the basis of the DFS due to the low strip ratio and the outcropping of ore at surface. Mine design criteria include: minimum

		mining width, ramp width and gradient, pit exit location and slope design parameters. A small scale mining fleet, utilising a fleet consisting of a single 50t excavator matched with 30t articulated dump trucks was selected to accommodate initial access, efficient mining of the surface materials and subsequent development of mining areas.
	• *The assumptions made regarding geotechnical parameters (e.g. pit slopes, stope sizes, etc.), grade control and pre-production drilling.*	*Geotechnical design parameters were provided by Bara Consultants and applied to pit optimisations and pit designs.* *A cost estimate was generated based on these assumptions and were applied in the pit optimisation and also to the mining schedule. A site visit to assess geotechnical core parameters was made by the geotechnical engineer. Digability, ripping depths, slope geometry, berm widths and bench face angles and heights were derived.*
	The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate).	*Only Measured and Indicated resource materials, modified for dilution and ore loss, were considered as potential ore in the pit optimisation process. Slope design criteria and processing recoveries were applied in the pit optimisation process. Few assumptions were made since most geotechnical factors were calculated from hard data.*
	The mining dilution factors used	*A mining loss of 5% was used. Considering the geotechnical data and the primary geometry of the Measured and Indicated Resource, a mining dilution factor of 5% was considered appropriate. The economic factors to produce 40kt of concentrate ore at 95% to 97% were derived from the input cost assumptions from the previous study and a pit optimization model was developed.*
	The mining recovery factors used.	*5% of material was assumed lost.*
	Any minimum mining widths used.	*Benchheights of 10m was used and a minimum mining width of 2m was considered appropriate for the scale of equipment being considered.*
	The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion.	*No Inferred Resource has been used.*
	The infrastructure requirements of the selected mining methods.	*Contract mining is assumed and rates were sourced from a number of suitably qualified and experienced contracting groups. It was stipulated that all supporting infrastructure will be supplied and mobilised by the selected contractor with the costs reflected in their rates. The rates from the selected contractor were used in the pit optimisation and subsequently are applied to the schedule physicals for the mining cost estimate.* *The infrastructure includes fuel & oil storage facilities and fuel bay, workshops,*

		wash bay, magazines and AN storage facility, offices, lunch and ablution facilities.
Metallurgical factors or assumptions	*The metallurgical process proposed and the appropriateness of that process to the style of mineralisation.*	*Metallurgical test work has been undertaken for a representative cross section of all ore types. These test results, in terms of recovery and flake size, were relatively consistent without any indication of the presence of variable metallurgical domains.* *This finding is also consistent with the observed uniformity of graphite mineralisation in diamond drill core and the resulting absence of any interpreted geological domaining in the resource model. The recovery of graphite concentrate from ore best employs flotation concentration methods.*
	Any assumptions or allowances made for deleterious elements.	*Mineralogical testwork determined that no deleterious elements have been observed or modelled.*
	The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole	*Metallurgical testing has been restricted to laboratory test work. Samples were obtained from diamond drill holes.* *No bulk sample or pilot scale test work has yet been undertaken. Metallurgical test work covering several different zones within the deposit showed consistent results in terms of recovery and concentrate product quality (grade and flake size). Together with the uniformity of the mineralisation, it provides the confidence that the results are representative and underpin the assumptions for the reserve estimate.*
	For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet specifications?	*The reserve estimate was based on the graphitic carbon content rather than the total carbon content all the way through the value chain from drilling, assaying, resource estimation to metallurgical assessment.* *In addition the flake sizes in the concentrate have an important effect on the projected concentrate price. The anticipated concentrate flake size distribution for the project is based on, and in line with, the metallurgical test work results.*
Environmental	*The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered and, where applicable, the status of approvals for process residue storage and waste dumps should be reported.*	*The Environmental Impact Assessment for the mine is pending approval by the NEMC.Mining and processing at the project site will result in voids (mined out pits), waste dumps and a tailings storage facility which are subject to normal rehabilitation and mine closure planning.* *The footprint for mining and processing of blocks are at some distance from the nearest villages. However relocation (and compensation) of a small number of individual dwellings will be required and compensation for loss of agricultural land will also have to be negotiated. Waste rock and tailings characterisation analysis has been undertaken as part of the Environmental Impact Assessment (EIA).*

		Some sulphides were observed in the diamond drill core and the minimal risks of acid drainage have been assessed in the waste rock characterisation analysis. Mitigating engineering design has been included and costed.
Infrastructure	*The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.*	*The only current infrastructure in the area of the project is road access. A proportion of the access roads are not sealed and will require limited upgrading to facilitate the transport of the concentrate produced.* *Grid power supply is planned for the project.* *The project water supply will primarily be from surface harvesting of water on the project site during the wet season. A dynamic water balance was completed. Unskilled labour is available from villages in the region. Permanent accommodation facilities are planned for skilled labour including a small number of expatriates.*
Costs	*The derivation of, or assumptions made, regarding projected capital costs in the study.* *The methodology used to estimate operating costs.*	*Capital cost has been defined as the cost of all infrastructure and constructions within the mine site. Capital costs therefore comprise:* • *The cost of the shared services infrastructure, which includes all services, infrastructure and facilities used for the operation of the mine and process plant.* • *The cost of the processing plant, which includes all infrastructure related to processing the ROM ore and disposing of the tailings.* • *The cost of mine support infrastructure, including infrastructure required for explosives, in pit power and pumping.* • *The cost for the mobilisation of the mining contractor.* • *Indirect project costs, such as engineering costs, freight and contingency* • *Specific Import Tariffs have not been included in the direct capital estimate.* *Capital costs have been determined through a combination of fixed tender pricing, firm quotations and data-base references based on similar operations. The costs presented have a base date of January 2017, and are presented in United States Dollars. The costs presented are real costs and are exclusive of escalation.* *Contingency has been calculated through consideration of the estimate accuracy, which has been calculated on the quality of the cost information and the level of engineering at this stage of the study. Through the calculation of estimate accuracy, the capital cost estimate high, mean and low values were determined. The estimate high, mean and low values were superimposed to a triangular probability distribution. By determining the standard deviation of this distribution, it was determined that increasing the*

		initial capital cost by 11.8%, by means of a contingency, would be equivalent to stating that there is a 90% certainty that the capital estimate will not be exceeded. This confidence level on capital cost is appropriate for this level of study.
Revenue Factors	*Allowances made for the content of deleterious elements.*	*There are none of significance.*
	The derivation of assumptions made of metal or commodity price(s), for the principal minerals and co-products.	*The Company and its consultants have considered several issues when establishing a benchmark product revenue for the valuation. The following factors were considered:* • *Potential product specifications supported by metallurgical test work and discounted,* • *Specialist commodity analysts forecasts,* • *Current prices across several product specifications,* • *Discussions with various end-users, traders and industry specialists which led to the "Consensus Forecast".* *The Company then developed a template of the above results and positioned the Lindi Jumbo mine concentrate product (not "upgraded") into the list derived from the above.*
	Derivation of transportation charges	*From fixed and firm contractor quote.*
	The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc.	*A concentrate treatment charge was applied of 2% to allow for screening into the required size fraction. The price of the concentrate varies with its flake size distribution and no deleterious elements have been identified that could result in penalties.*
	The allowances made for royalties payable, both Government and private.	*Gross royalties of 3% were applied. There are no private considerations.*
	The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc.	*The factors that affect the revenue are:* • *the resource graphitic carbon grade adjusted for dilution.* • *the processing recovery.* • *the concentrate grade.* • *the flake size distribution in the concentrate.* • *the concentrate prices for varying flake sizes.* • *government royalties.* *Prices and costs are all in US dollars without exchange rate factoring.*
	The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products.	*See above*
Market assessment	*The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future.*	*The forecast market demand for graphite in concentrate has been published by several expert commodity market agencies. The Company has held discussions with manyend-users and market participants and confirmed strong demand exists for the product range. Potential offtake discussions are ongoing and test material has been despatched to*

		10 interested parties.
Economic	*A customer and competitor analysis along with the identification of likely market windows for the product.*	*This has been carried out during the exercise referred to above. The Project is being fast-tracked in order to take advantage of the market window.*
	Price and volume forecasts and the basis for these forecasts.	*See above. The weighted average price assumed for the life of mine range of products is US$1,688 per tonne FOB port of Mtwara.*
	The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc.	• *Life of Mine modelling – 20 years of production* • *Discount Rate – 10% considered appropriate for mid-scale East African projects* • *Tax Rate – 30% engaged after capital allowance has been reached* • *Royalty Rate – 3% as per other projects* • *Contingency – 11.8% calculated as a function of accuracy of cost and quantity* • *Equity – 100% based on the premise that the option to acquire the remaining 30% will be exercised* • *Accuracy – This study, by measured definition can be considered within 10% to 15% accurate*
	NPV ranges and sensitivity to variations in the significant assumptions and inputs.	*Sensitivities to revenue, operating costs and capital have been modelled by way of variance modelling. Further sensitivity to the basket price assumptions, by -30% and +30% have been modelled. Results are tabled.* *30% increase in capital expenditure results in a 11% reduction in NPV.* *30% increase in operational costs results in a 12% reduction in NPV.* *30% concentrate price decrease results in a 55% reduction in NPV.*
Social	*The status of agreements with key stakeholders and matters leading to social licence to operate.*	*A Resettlement Action Plan has been completed and the final valuation of project affected land has commenced. The valuation was conducted by Government Valuers and Company contracted Valuers. Once approved by the Chief Valuer this will form the basis of all compensation payments* *An MOU with the affected village committees is under discussion. To date 12 village meetings have been held with the Company and recorded. The Company has installed water bores for the Matambarale Village.*
Classification	*Any identified material naturally occurring risks*	*The inundation of operations due to infrequent excessive rain is a possibility.*
	The status of material legal agreements and marketing arrangements.	*The option to acquire the remaining 30% of tenure from the vendor is governed by an MOU. The cost for acquiring the equity is US1m per licence that is optioned.* • *Service contracts for mining* • *concentrate transport, ship loading* • *security and operating of accommodation facilities*

		are all under discussion and procurement.
	The status of government agreements and approvals critical to the viability of the project, such as mineral tenement status and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third part on which extraction of the reserve is contingent.	*The Environmental Impact Approval Certificate has been forwarded to the Minister for endorsement. The Mining Licence Application is being prepared as a result of the design emanating from the DFS. The Relocation Assistance Plan (RAP) is currently at a 70% complete status and is ongoing. There are no known unresolved matters and no dependents on third parties for approvals.*
	The basis for the classification of the Ore Reserves into varying confidence categories. Whether the result appropriately reflects the Competent Person's view of the deposit. The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources (if any).	*Proven ore reserves were determined from Measured resources and Probable reserves from Indicated resource materials. This is in line with the geological knowledge available and appropriate application of economic and mining parameters.* *Approximately 50% of the reserves are Proven and 50% are Probable.*