



walkabout

RESOURCES LTD

and Controlled Entities
(ACN 119 670 370)

ANNUAL REPORT
FOR THE YEAR ENDED
30 JUNE 2016

COMPANY DIRECTORY	ASX Code: WKT
<p>Directors</p> <p>Allan Mulligan</p> <p>Thomas Murrell</p> <p>Andrew Cunningham</p>	<p>Auditors</p> <p>HLB Mann Judd Level 4, 130 Stirling Street Perth WA 6000 Australia</p>
<p>Company Secretary</p> <p>Kim France</p>	<p>Securities Exchange Listing</p> <p>Australian Securities Exchange Limited Level 40 Central Park 152-158 St Georges' Terrace Perth, WA 6000 Australia</p>
<p>Registered Office and Principal Place of Business</p> <p>Level 3 681 Murray Street West Perth, WA 6005 Australia</p> <p>Telephone: +61 8 6298 7500 Facsimile: +61 8 6298 7501</p> <p>Website : www.wkt.com.au Email: admin@wkt.com.au</p>	<p>Bankers:</p> <p>National Australia Bank Perth West Business Banking Centre 1238 Hay Street West Perth, WA 6005 Australia</p>
<p>Share Register</p> <p>Security Transfer Registrars 770 Canning Highway Applecross, WA 6153</p> <p>Telephone: +61 8 9315 2333 Email: registrar@securitytransfer.com.au</p>	

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DIRECTORS' REPORT

Your Directors submit the annual financial report of the consolidated entity consisting of Walkabout Resources Ltd ("the Company") and the entities it controlled during the period for the financial year ended 30 June 2016. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of Directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name, qualifications and independence status	Experience, special responsibilities and other directorships
<p>Mr Trevor Benson Chairman Independent Non- Executive Director</p>	<p>Appointed Chairman 13 September 2016</p> <p>Trevor has extensive experience as an investment banker and has served on numerous ASX listed company boards as both Chairman and Director. He has specialised in cross border transactions within the natural resources sector across China and SE Asia, and has been an adviser to Chinese State Owned Enterprises (SOE's). His specialist activities include corporate funding solutions and off-take agreement negotiations within the natural resources domain.</p> <p>Trevor has managed a \$300m resource fund for international investors and also funded and managed a copper operation in Zambia.</p> <p>Trevor holds a Bachelor of Science Degree from the University of Western Australia.</p> <p>Other directorships of listed companies in the last 3 years: None</p>
<p>Mr Allan Mulligan Managing Director</p>	<p>Appointed Managing Director 7 August 2012</p> <p>Allan is a mining engineer with over thirty years of mine management and production experience.</p> <p>Allan has specialised in technical assessment and production economics, feasibilities, project design and costing of underground mines and prospects. He has worked extensively in exploration, mine development and operations across Africa and Australia.</p> <p>Allan was a founding Director of Walkabout Resources Pty Ltd. He has previously been on the board of several Western Australian explorers.</p> <p>Other directorships of listed companies in the last 3 years: None</p>
<p>Mr Thomas Murrell Investor Relations Director Independent Non-Executive Director</p>	<p>Appointed 1 May 2015</p> <p>Tom is recognised as an authority on investor relations and has been the Managing Director of his own company 8M Media and Communications for the past eighteen years. He has provided counsel to an elite group of companies listed on the Australian Stock Exchange ranging from Top 500 companies through to start – up biotechnology, medical and mineral exploration companies. He has been a director of Investor Central, a Singapore based financial news service since 2002.</p> <p>A graduate of three Australian Universities, Tom gained his MBA from the University of WA and is the immediate past President of the Business School's Graduate Management Association representing UWA MBA alumni.</p> <p>Other directorships of listed companies in the last 3 years: None</p>

DIRECTORS' REPORT - Continued

<p>Mr Andrew Cunningham Technical Director Independent Non-Executive Director</p>	<p>Appointed 13 November 2015</p> <p>Andrew has a BSc Hons in Geology from the University of Stellenbosch in South Africa and is a member of the Australian Institute of Geosciences.</p> <p>Andrew has extensive cross discipline technical and management experience in the minerals industry predominantly in Africa and Australia and has worked in a range of commodities and geological styles including uranium, iron ore, graphite, diamonds, gold and base metals.</p> <p>During the last 15 years, Andrew has managed all facets of exploration and development projects in Africa from project generation to the completion of feasibility studies. He has held senior geology and exploration positions with major international mining companies as well as various ASX and TSX listed companies. He has been working with Walkabout Resources since 2013 and brings a wide range of exploration, resource development, mine geology and management experience to the company.</p> <p>Other directorships of listed companies in the last 3 years: None</p>
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<p>Mr Geoffrey Wallace Executive Director and Company Secretary</p>	<p>Appointed Director and Company Secretary 31 May 2011, Retired 13 November 2015</p> <p>Geoff is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Taxation Institute of Australia, a member of the Australian Institute of Company Directors, and a former Director of the Australian Mining and Petroleum Law Association. He has many years' experience in the financial, corporate and management areas of the mining industry. He has been a Director of a number of listed mining and exploration companies on the Australian Stock Exchange (ASX) and the Toronto Stock Exchange (TSX).</p> <p>Other directorships of listed companies in the last 3 years: None</p>
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Company Secretary

<p>Mr Kimberley France Company Secretary</p>	<p>Appointed 13 November 2015</p> <p>Kim is a Fellow of the Governance Institute of Australia and a Fellow of the Chartered Institute of Secretaries and a Certified Practising Accountant of over 40 years standing. Over the past 26 years he has been almost exclusively in the resources arena with particular emphasis in West and East Africa.</p>
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Interests in the shares and options of the company and related bodies corporate

The following relevant interests in shares of the Company or a related body corporate were held by the directors at the date of this report. There are no options on issue.

Director	Ordinary shares
T Benson	-
A Mulligan	98,005,857
T Murrell	4,755,865
A Cunningham	3,963,221

No share options of the Company were granted to Directors of the Company during or since the end of the financial year as part of their remuneration package.

Principal Activities

The principal activities of the consolidated entity during the financial year were the exploration and development of resources and energy assets located in Botswana and Tanzania with Namibia emerging as a target.

There have been no other significant changes in the nature of activities during the year.

DIRECTORS' REPORT - Continued

Operating Results

The comprehensive loss of the consolidated entity amounted to \$2,106,322 (2015: loss of \$3,095,116).

Financial Position

The net assets of the Group were \$10,802,011 at 30 June 2016 (2015: \$9,938,293).

Dividends Paid or Recommended

There were no dividends paid or recommended throughout the period.

Review of Operations

Projects

Lindi Jumbo Graphite Project – WKT earning 70% with option to 100%

During the year in review the primary focus of management has been the continued evaluation and development of the Lindi Jumbo Graphite Project and various fund raising efforts to support this. Details of the fund raisings are described in the section "Significant Changes in State of Affairs" following. The Lindi Jumbo Graphite Project is located within the emerging graphite province in south-eastern Tanzania approximately 200km by road from the port of Mtwara, and comprises four prospecting licences (PL's 9992/2014, 9993/2014, 9994/2014 and 9906/2014) totalling 325km².

Under the terms of the MOU signed in May 2015, the Company would earn 70% of the four prospecting licenses by determining an Inferred Mineral Resource.

During the year the Company conducted a drilling program of 1,130 metres and on 19 January 2016 announced a maiden Inferred JORC Mineral Resource, thus achieving the 70% ownership trigger point.

Lindi Jumbo Graphite Project 2012 JORC Inferred Resource - As at 30 June 2016

Category	Domain	Tonnes (millions)	TGC (%)	V2O5 (%)	Contained TGC (t)	Contained V2O5 (t)
Inferred	1	6.9	8.9	0.19	611,000	13,000
Inferred	2 ¹	2.6	20.6	0.20	526,500	5,200
Inferred	3	2.2	11.7	0.19	258,500	4,300
Inferred	4 ²	3.7	3.9	0.04	146,000	1,600
Inferred	ALL	15.3	10.1	0.16	1,542,000	24,100
Inferred	Excluding Domain 4	11.7	11.9	0.19	1,396,000	22,500

¹ High grade core enveloped by Domain 1

² Low grade domain (eastern flank of The Gilbert Arc)

Note: Appropriate rounding applied

The high grade core of Domain 2 at 20.6% TGC is enveloped inside a wide, shallow package of almost 7 million tonnes at a grade of 8.9% TGC. This infers that potential mining operations will be shallow, discrete and possibly able to selectively produce a run of mine product at or near planning specification.

The development strategy adopted by the Board envisages a focussed, appropriately sized and low risk approach to exploration and potential mine development. This is intended, in part, to prevent large expenditure incurred on resource size at the expense of product quality. The international graphite market is limited in nature and there is an ongoing surplus of graphite exploration. This reduced-risk strategy would imply that quality is more important and this remains the focus of the Board.

DIRECTORS' REPORT - Continued

The Company also embarked on a structured and intense programme of metallurgical test work. An innovative approach to grinding and flotation process techniques led to outstanding results of retained flake size distribution, in the concentrate, with high product purity also being achieved. Selected and repeated concentrate product from the Lindi Jumbo Graphite Project has shown to yield up to 85% of the product as larger than 180µm (Large), with an outstanding 25% of product larger than 500µm (Super Jumbo). Larger flake size products command a significant premium (up to three times revenue) over the finer fractions of the marketable product. (See ASX announcement 1 June 2016).

The Company further tested these product ratios and achieved graphite purity, for the +300 um concentrate, up to 98.48% Total Graphitic Carbon (TGC), without the use of chemicals. These are considered outstanding metallurgical results and represent a significant de-risking of the Lindi Jumbo Project. Subsequent to the end of the year under review, the Company has embarked on a further drill programme in order to partially upgrade the Inferred Resource into an Indicated and Measured status and thereby complete the range of studies underway to fast track the development of the Project.

Namibian and Tanzanian Lithium Prospects (100% Under Application)

During the year the Company made application for Lithium prospective licences in Namibia and Tanzania. The sites were selected as known pegmatoid belts hosting lithium and spodumene in addition to other minerals. Both areas had not previously been explored for lithium oxides.

The exploration strategy pursued by the Board is one of high grade opportunity targeting. In other words, after the application of primary exploration methodologies, if there are no apparent prospects of grades equal or in excess of 1.5% Li₂O, then the prospects will be abandoned. This rationale is in response to the huge amount of lithium exploration being undertaken across the world at this time.

Subsequent to the end of the period, initial exploration results for the Tanzanian prospects were found to be sub-standard and the Board decided to relinquish the licences. The licence applications for the Namibian prospects are awaiting approval by the Ministry of Mines and Energy.

Takatokwane Coal Project, Botswana (Various between 65% and 70% interest)

Takatokwane is located just 195km from the Botswana capital, Gaborone, in the southern belt of the Central Kalahari Sub-Basin and is directly accessible by a well-maintained bitumen road. Walkabout has previously defined a 6.9 billion tonne JORC 2004 Inferred raw coal Resource and a 748 million tonne Indicated raw coal Resource over the two Joint Ventures with Wizard Investments Pty Ltd (70%) and Triprop Energy Pty Ltd (40% earning 65%).

The Company has now commenced with an update of the current studies for the project that indicate the Project is co-dependent upon a recovery in the price of thermal coal to around US\$85 per tonne and the construction of a railway line to the either the east coast or west coast of Africa or to South Africa. The government of Botswana continues to investigate the construction of the Trans-Kalahari rail-line to Walvis Bay in Namibia, the sanction of which will unlock the economics of the Takatokwane Coal Project.

Takatokwane Raw Coal Resources JORC 2004 - As at June 30 2016

Category	Tonnes (Mt)	Density (t/m ³)	Licence	Joint Venture	WKT Share	ASX Report Date
Indicated	214.60	1.70	PL035/2007	Wizard Investments Pty Ltd	70%	11/04/2013
Inferred	4,015.56	1.60	PL035/2007	Wizard Investments Pty Ltd	70%	16/11/2011
Indicated	533.44	1.68	PL157/2009	Triprop Energy Pty Ltd	40%	11/04/2013
Inferred	2,102.23	1.80	PL157/2009	Triprop Energy Pty Ltd	40%	13/08/2012
Total Indicated	748.04	1.69				
Total Inferred	6,135.79	1.67				
Total Resource	6,883.83	1.69				

DIRECTORS' REPORT - Continued

No exploration of coal resources was conducted during the period, and there was no physical mining of Resources. Therefore, there has been no material changes or additions to the Takatokwane raw coal resources as previously defined.

Kigoma Copper Project, Tanzania (Various between 75% and 100% interest)

The Kigoma Copper Project, is some 80km south of the town of Kigoma on the shores of Lake Tanganyika in western Tanzania. Walkabout has been exploring for copper in the Kigoma Region since early 2013. Initial reconnaissance trips to the area revealed a number of small scale artisanal copper and lead mines in a variety of geological/structural settings.

Due to its focus on the Lindi Jumbo Graphite Project the Company has not conducted significant work at Kigoma during the 2015/16 financial period, however, it continues to be an area of interest.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Company occurred during the year:

From 7 August 2015 to 22 September 2015 the Company issued 328,848,666 fully paid shares at the price of \$0.003 in accordance with a prospectus dated 5 June 2015 and shortfall offer, raising \$986,546.

On 10 February 2016 the Company placed 67,500,000 fully paid ordinary shares at the price of \$0.0032 per share to sophisticated and professional investors to raise \$216,000.

On 8 March 2016 the company issued 126,171,875 fully paid ordinary shares at the price of \$0.0032 per share to raise \$403,750 in accordance with a share purchase plan.

On 21 March 2016 the company placed 139,235,269 fully paid ordinary shares at the price of \$0.0032 to raise \$445,552.

On 14 June 2016 the company issued 11,687,538 fully paid ordinary shares at the price of \$0.006308 to directors and the company secretary in lieu of fees in accordance with shareholder authorisation at a general meeting dated 7 June 2016.

On 23 June 2016 the Company placed 258,400,000 fully paid ordinary shares at the price of \$0.005 per share to sophisticated and professional investors to raise \$1,292,000.

At the date of this report there are no unissued ordinary shares of the company under option.

Significant Events After Balance Date

On 7 September 2016 the Company issued 20,000,000 fully paid shares at the price of \$0.005 to consultants in lieu of fees in accordance with shareholder authorisation at a general meeting dated 7 June 2016.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments and Expected Results

Further information has not been presented in this report as disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity.

Environmental legislation

The consolidated entity is not subject to any significant environmental legislation.

DIRECTORS' REPORT - Continued

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the Directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

REMUNERATION REPORT (Audited)

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Key Management Personnel ("KMP") of the Company for the financial year ended 30 June 2016. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and its controlled entities, directly or indirectly, including any Director (whether Executive or otherwise) of the parent company.

The Directors and key management personnel of the Group during or since the end of the financial year were:

Mr T Benson	Chairman (Non-executive)
Mr A Mulligan	Managing Director
Mr T Murrell	Non-executive Director
Mr A Cunningham	Non-executive Director
Mr G Wallace	Executive Director & Company Secretary

Remuneration policy

The remuneration policy of Walkabout has been designed to align Director and Executive objectives with shareholder and business objectives by providing a fixed remuneration component and potentially, at the Boards discretion, long term incentives based on key performance areas affecting the consolidated entity's financial results. The Board of Walkabout believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the consolidated entity, as well as create goal congruence between Directors, Executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the consolidated entity is as follows: the remuneration policy, setting the terms and conditions for the Executive Directors and other senior executives, was developed by the Board of Directors, and approved by resolution of the Board. All Executives receive a base salary including superannuation with the possibility of options and performance incentives.

The Board of Directors review executive packages annually by reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of Executives is assessed annually with each executive and is based predominantly on operational and exploration activities and shareholders' value. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can award these if they can be reasonably justified. The policy is designed to attract and retain the highest calibre of Executives and reward them for performance that results in long term growth in shareholder value.

Directors and Executives receive a superannuation guarantee contribution required by the Government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Company has not established a Remuneration Committee. The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for directors and executive team. The Board of Directors determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Any changes to the maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at an Annual General Meeting. The latest determination was at a General Meeting prior to the Company's listing on ASX, held on 5 August 2006 when shareholders approved an aggregate remuneration of \$200,000 per year. Fees for non-executive directors are not linked to performance of the consolidated entity.

Performance-based remuneration

The size and activities of the Company preclude any formal performance-based remuneration component other than at the Directors discretion as has been discussed previously.

DIRECTORS' REPORT - Continued

Company performance, shareholder wealth and Director and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, Directors and Executives. There have been two methods applied in achieving this aim, the first being a fixed market competitive salary, and the second being the potential issue of options to Directors and Executives to encourage the alignment of personal and shareholder interests.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct.

Key Management Personnel Remuneration Policy

The remuneration structure for KMP is to be based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and KMP are on a continuing basis, the terms of which are not expected to change in the immediate future.

Employment Contracts

Executive Director	Contract Commencement	Contract Termination	Remuneration	Notice period	Termination entitlement
A Mulligan	7 August 2012	7 August 2015	\$250,000	3 months	3 months' pay in lieu of notice

Mr Mulligan's contract has been extended on a 12 month basis and is currently under review.

In addition, each Executive Director is entitled to the statutory 9.5% superannuation guarantee.

DIRECTORS' REPORT - Continued

Table 1 details the nature and amount of remuneration for each Director of Walkabout Resources Ltd. There are no Executives who aren't Directors.

Remuneration of Key Management Personnel

Table 1: Directors' remuneration for the years ended 30 June 2016 and 30 June 2015

30 June 2016	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Salary and fees	Bonuses	Non-cash benefit	Other	Superannuation	Long-service Leave	Equity	Options		
	\$	\$	\$	\$	\$	\$	\$	\$		
Mr Allan Mulligan	250,000	-	-	-	23,750	-	-	-	273,750	-
Thomas Murrell ¹	78,740	-	-	-	-	-	-	-	78,740	-
Andrew Cunningham ²	57,725	-	-	-	-	-	-	-	57,725	-
Mr Geoffrey Wallace ³	97,359	-	-	-	9,249	-	-	-	106,608	-
	483,824	-	-	-	32,999	-	-	-	516,823	
30 June 2015	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share-based Payment		Total	Performance Related
	Salary and fees	Bonuses	Non-cash benefit	Other	Superannuation	Long-service Leave	Equity	Options		
	\$	\$	\$	\$	\$	\$	\$	\$		
Mr Allan Mulligan	193,750	-	-	-	18,407	-	-	-	212,157	-
Thomas Murrell ¹	30,597	-	-	-	-	-	-	-	30,597	-
Mr Geoffrey Wallace ³	146,475	-	-	-	13,915	-	-	-	160,390	-
Mr Peter Batten ⁴	6,250	-	-	-	-	-	-	-	6,250	-
	377,072	-	-	-	32,322	-	-	-	409,394	

(1) Appointed 1 May 2015

(2) Appointed 13 November 2015

(3) Resigned 13 November 2015

(4) Resigned 28 April 2015

DIRECTORS' REPORT - Continued

No options issued as compensation were exercised during the year by Directors and Executives.

Shareholdings of Key Management Personnel Ordinary Shares

30 June 2016	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period	Balance held nominally
Directors	Number	Number	Number	Number	Number	Number
Allan Mulligan	94,880,857	-	-	3,125,000	98,005,857	20,000,000
Thomas Murrell	-	-	-	4,755,865	4,755,865	4,755,865
Andrew Cunningham	-	-	-	3,963,221	3,963,221	3,963,221
Geoffrey Wallace	96,818,916	-	-	-	96,818,916 ¹	71,818,916

¹ Balance held at date of resignation 13 November 2015

30 June 2015	Balance at beginning of period	Granted as remuneration	On Exercise of Options	Net Change Other	Balance at end of period	Balance held nominally
Directors	Number	Number	Number	Number	Number	Number
Allan Mulligan	67,298,857	-	-	27,582,000	94,880,857	20,000,000
Geoffrey Wallace	73,652,249	-	-	23,166,667	96,818,916	71,818,916
Thomas Murrell	-	-	-	-	-	-
Peter Batten	2,078,025	-	-	-	2,078,025 ²	-

² Balance held at date of resignation 28 April 2015

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Option holdings of Key Management Personnel

There are no options on issue.

Other transactions with Key Management Personnel

For amounts owing to key management personnel refer to Note 17 to the financial report for details.

End of Remuneration Report

DIRECTORS' REPORT - Continued

Directors' meetings

The number of meetings of directors held during the year and the number of meetings attended by each Director were as follows:

	Number of meetings held	Number eligible to attend	Number attended
Alan Mulligan	11	11	11
Thomas Murrell	11	11	11
Andrew Cunningham	4	4	4
Geoffrey Wallace	7	7	7

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor's independence

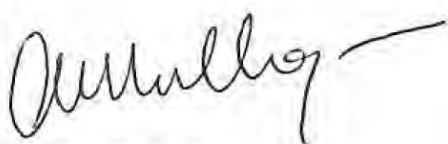
Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 22 and forms part of this Directors' Report for the year ended 30 June 2016.

Non-audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 4 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Board of Directors.



Allan Mulligan
Director
28 September 2016

DIRECTORS' REPORT - Continued

Competent Person – Dr Ian D. Blayden

The information in this report that relates to Coal Resources at Takatokwane is based on information compiled by Dr Ian D. Blayden of Geological and Management Resources Pty Ltd which provides geological consulting services to Optiro Pty Ltd. Dr Blayden is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as defined by the 2012 edition of the "Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Blayden consents to the inclusion in the document of the information in the form and context in which it appears.

Competent Person – Mr Alan Golding

The information in this report that relates to Coal Resources and exploration results at Takatokwane South is based on data compiled by Mr Alan Golding who is a member of the South African Geological Society, the South African Institute of Engineering Geologists and a Fellow of the Geological Society of London. Mr Golding has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration to qualify as a competent person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Golding consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.

Competent Person – Mr Andrew Cunningham

The information in this report that relates to exploration results in Tanzania is based on data compiled by Mr Andrew Cunningham who is a member of the Australian Institute of Geoscientists, and is an independent consultant to the Company. Mr Cunningham has sufficient experience relevant to the style of mineralisation and the type of deposit under consideration to qualify as a competent person as defined in the 2012 edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cunningham consents to the inclusion in this announcement of the matters based on his information in the form and context in which they appear.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement is current as at 30 June 2016 and has been approved by the Board of the Company on that date.

This Corporate Governance Statement discloses the extent to which the Company has, during the financial year ending 30 June 2016, followed the recommendations set by the ASX Corporate Governance Council in its publication Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory, however the Recommendations that have not been followed for any part of the reporting period have been identified and reasons provided for not following them along with what (if any) alternative governance practices were adopted in lieu of the recommendation during that period.

The Company has adopted a Corporate Governance Plan which provides the written terms of reference for the Company's corporate governance duties.

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skills set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

The Company's Corporate Governance Plan is available on the Company's website at www.wkt.com.au.

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
Principle 1: Lay solid foundations for management and oversight		
<p>Recommendation 1.1</p> <p>A listed entity should have and disclose a charter which sets out the respective roles and responsibilities of the Board, the Chair and management, and includes a description of those matters expressly reserved to the Board and those delegated to management.</p>	YES	<p>The Company has adopted a Board Charter that sets out the specific roles and responsibilities of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management.</p> <p>The Board Charter sets out the specific responsibilities of the Board, requirements as to the Board's composition, the roles and responsibilities of the Chairman and Company Secretary, the establishment, operation and management of Board Committees, Directors' access to Company records and information, details of the Board's relationship with management, details of the Board's performance review and details of the Board's disclosure policy.</p> <p>A copy of the Company's Board Charter, which is part of the Company's Corporate Governance Plan, is available on the Company's website.</p>
<p>Recommendation 1.2</p> <p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a Director; and</p> <p>(b) provide security holders with all material information relevant to a decision on whether or not to elect or re-elect a Director.</p>	YES	<p>(a) The Company has guidelines for the appointment and selection of the Board in its Corporate Governance Plan. The Company's Nomination Committee Charter (in the Company's Corporate Governance Plan) requires the Nomination Committee (or, in its absence, the Board) to ensure appropriate checks (including checks in respect of character, experience, education, criminal record and bankruptcy history (as appropriate)) are undertaken before appointing a person, or putting forward to security holders a candidate for election, as a Director.</p> <p>(b) Under the Nomination Committee Charter, all material information relevant to a decision on whether or not to elect or re-elect a Director must be provided to security holders in the Notice of Meeting containing the resolution to</p>

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
		elect or re-elect a Director.
<p>Recommendation 1.3</p> <p>A listed entity should have a written agreement with each Director and senior executive setting out the terms of their appointment.</p>	YES	<p>The Company's Nomination Committee Charter requires the Nomination Committee (or, in its absence, the Board) to ensure that each Director and senior executive is a party to a written agreement with the Company which sets out the terms of that Director's or senior executive's appointment.</p> <p>The Company has had written agreements with each of its Directors and senior executives for the past financial year.</p>
<p>Recommendation 1.4</p> <p>The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>	YES	<p>The Board Charter outlines the roles, responsibility and accountability of the Company Secretary. In accordance with this, the Company Secretary is accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board.</p>
<p>Recommendation 1.5</p> <p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period:</p> <p>(i) the measurable objectives for achieving gender diversity set by the Board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(ii) either:</p> <p>the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in the Workplace Gender Equality Act.</p>	PARTIALLY	<p>(a) The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives, including in respect of gender diversity. The Diversity Policy requires the Board to set measurable gender diversity objectives and to assess annually both the objectives and the Company's progress in achieving them.</p> <p>(b) The Diversity Policy is available, as part of the Corporate Governance Plan, on the Company's website.</p> <p>(c)</p> <p>(i) The Board did not set measurable gender diversity objectives for the past financial year, because:</p> <ul style="list-style-type: none"> - The Board did not anticipate there would be a need to appoint any new Directors or senior executives due to limited nature of the Company's existing and proposed activities and the Board's view that the existing Directors and senior executives have sufficient skill and experience to carry out the Company's plans; and - if it became necessary to appoint any new Directors or senior executives, the Board considered the application of a measurable gender diversity objective requiring a specified proportion of women on the Board and in senior executive roles will, given the small size of the Company and the Board, unduly limit the Company from applying the Diversity Policy as a whole and the Company's policy of appointing based on skills and merit; and <p>(ii) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes) for the past financial year is disclosed in the Company's Annual</p>

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
		Report.
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Board, its committees and individual Directors on an annual basis. It may do so with the aid of an independent advisor. The process for this is set out in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company's Corporate Governance Plan requires the Company to disclose whether or not performance evaluations were conducted during the relevant reporting period. The Company has completed performance evaluations in respect of the Board, its committees (if any) and individual Directors for the past financial year in accordance with the above process.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	YES	<p>(a) The Company's Nomination Committee (or, in its absence, the Board) is responsible for evaluating the performance of the Company's senior executives on an annual basis. The Company's Remuneration Committee (or, in its absence, the Board) is responsible for evaluating the remuneration of the Company's senior executives on an annual basis. A senior executive, for these purposes, means key management personnel (as defined in the Corporations Act) other than a non executive Director.</p> <p>The applicable processes for these evaluations can be found in the Company's Corporate Governance Plan, which is available on the Company's website.</p> <p>(b) The Company has completed performance evaluations in respect of the senior executives (if any) for the past financial year in accordance with the applicable processes.</p>
Principle 2: Structure the Board to add value		
<p>Recommendation 2.1 The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the Board has the</p>	YES	<p>(a) The Company's Nomination Committee Charter provides for the creation of a Nomination Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom are independent Directors, and which must be chaired by an independent Director</p> <p>(b) The Company did not have a Nomination Committee for the past financial year as the Board did not consider the Company would benefit from its establishment. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Nomination Committee under the Nomination Committee Charter, including the following processes to address succession issues and to ensure the Board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively:</p> <p>(i) Devoting time at least annually to discuss</p>

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively.</p>		<p>Board succession issues and updating the Company's Board skills matrix; and</p> <p>(ii) All Board members being involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and ASX Listing Rules</p>
<p>Recommendation 2.2</p> <p>A listed entity should have and disclose a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.</p>	<p>YES</p>	<p>Under the Nomination Committee Charter (in the Company's Corporate Governance Plan), the Nomination Committee (or, in its absence, the Board) is required to prepare a Board skill matrix setting out the mix of skills and diversity that the Board currently has (or is looking to achieve) and to review this at least annually against the Company's Board skills matrix to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction.</p> <p>The Company has, for the past financial year, had a Board skill matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. A copy is available in the Company's Annual Report.</p> <p>The Board Charter requires the disclosure of each Board member's qualifications and expertise. Full details as to each Director and senior executive's relevant skills and experience are available in the Company's Annual Report.</p>
<p>Recommendation 2.3</p> <p>A listed entity should disclose:</p> <p>(a) the names of the Directors considered by the Board to be independent Directors;</p> <p>(b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3rd Edition), but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each Director</p>	<p>YES</p>	<p>(a) The Board Charter requires the disclosure of the names of Directors considered by the Board to be independent. The Company has disclosed those Directors it considered to be independent in its Annual Report and on the Company's website. The Board considers the following Directors are independent: Peter Batten (resigned 28 April 2015) and Thomas Murrell (appointed 1 May 2015).</p> <p>(b) The Company's Annual Report discloses the length of service of each Director, as at the end of each financial year.</p>
<p>Recommendation 2.4</p> <p>A majority of the Board of a listed entity should be independent Directors.</p>	<p>NO</p>	<p>The Company's Board Charter requires that, where practical, the majority of the Board should be independent.</p> <p>There was not an independent majority of the Board during all of the past financial year, due to the size of the Board.</p>
<p>Recommendation 2.5</p> <p>The Chair of the Board of a listed entity should be an independent Director and, in particular, should not be the same person as the CEO of the entity.</p>	<p>NO</p>	<p>The Board Charter provides that, where practical, the Chair of the Board should be an independent Director and should not be the CEO/Managing Director.</p> <p>The Chair of the Company during the past financial year, Allan Mulligan, was not an independent Director and was the CEO.</p> <p>The Board did not have an independent Chair because the size and scope of the Company's operations does not justify more than the minimum number of directors, presently 1 executive director and 2 non-executive directors. Given Mr Mulligan's</p>

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
		relevant experience in the exploration and mining industry his appointment as Executive Chairman is in the best interests of the Company and its shareholders. Thomas Murrell, an independent director, undertakes the role of deputy chair in any situation where the chair is conflicted.
<p>Recommendation 2.6</p> <p>A listed entity should have a program for inducting new Directors and providing appropriate professional development opportunities for continuing Directors to develop and maintain the skills and knowledge needed to perform their role as a Director effectively.</p>	YES	In accordance with the Company's Board Charter, the Nominations Committee (or, in its absence, the Board) is responsible for the approval and review of induction and continuing professional development programs and procedures for Directors to ensure that they can effectively discharge their responsibilities. The Company Secretary is responsible for facilitating inductions and professional development.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1</p> <p>A listed entity should:</p> <p>(a) have a code of conduct for its Directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	YES	<p>(a) The Company's Corporate Code of Conduct applies to the Company's Directors, senior executives and employees.</p> <p>(b) The Company's Corporate Code of Conduct (which forms part of the Company's Corporate Governance Plan) is available on the Company's website.</p>
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1</p> <p>The Board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive Directors and a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, who is not the Chair of the Board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	YES	<p>The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director who is not the Chair</p> <p>The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p>(i) the Board devotes time at annual Board meetings to fulfilling the roles and responsibilities associated with maintaining the Company's internal audit function and arrangements with external auditors; and</p> <p>(ii) all members of the Board are involved in the Company's audit function to ensure the proper maintenance of the entity and the integrity of all financial reporting.</p>
<p>Recommendation 4.2</p> <p>The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO</p>	YES	The Company's Audit and Risk Committee Charter requires the CEO and CFO (or, if none, the person(s) fulfilling those functions) to provide a sign off on these terms.

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>		<p>The Company has obtained a sign off on these terms for each of its financial statements in the past financial year.</p>
<p>Recommendation 4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>YES</p>	<p>The Company's Corporate Governance Plan provides that the Board must ensure the Company's external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p> <p>The Company's external auditor attended the Company's last AGM during the past financial year.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1 A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>YES</p>	<p>(a) The Corporate Governance Plan details the Company's Continuous Disclosure Policy.</p> <p>(b) The Corporate Governance Plan, which incorporates the Continuous Disclosure Policy, is available on the Company's website.</p>
<p>Principle 6: Respect the rights of security holders</p>		
<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>YES</p>	<p>Information about the Company and its governance is available in the Corporate Governance Plan which can be found on the Company's website.</p>
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>YES</p>	<p>The Company has adopted a Shareholder Communications Strategy which aims to promote and facilitate effective two-way communication with investors. The Strategy outlines a range of ways in which information is communicated to shareholders and is available on the Company's website as part of the Company's Corporate Governance Plan.</p>
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p>	<p>YES</p>	<p>Shareholders are encouraged to participate at all general meetings and AGMs of the Company. Upon the despatch of any notice of meeting to Shareholders, the Company Secretary shall send out material stating that all Shareholders are encouraged to participate at the meeting.</p>
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>YES</p>	<p>The Shareholder Communication Strategy provides that security holders can register with the Company to receive email notifications when an announcement is made by the Company to the ASX, including the release of the Annual Report, half yearly reports and quarterly reports. Links are made available to the Company's website on which all information provided to the ASX is immediately posted.</p> <p>Shareholders queries should be referred to the Company Secretary at first instance.</p>
<p>Principle 7: Recognise and manage risk</p>		

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
<p>Recommendation 7.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent Directors; and</p> <p>(ii) is chaired by an independent Director, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the process it employs for overseeing the entity's risk management framework.</p>	<p>YES</p>	<p>(a) The Company's Corporate Governance Plan contains an Audit and Risk Committee Charter that provides for the creation of an Audit and Risk Committee (if it is considered it will benefit the Company), with at least three members, all of whom must be independent Directors, and which must be chaired by an independent Director.</p> <p>A copy of the Corporate Governance Plan is available on the Company's website.</p> <p>(b) The Company did not have an Audit and Risk Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Audit and Risk Committee under the Audit and Risk Committee Charter including the following processes to oversee the entity's risk management framework:</p> <p>(i) The Board devotes time at least quarterly at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures; and</p> <p>(ii) The Board liaises with the Company's external auditors on a semi-annual basis to review the risk management framework relating to financial reporting, security of tenure of the Company's significant business assets and finance risk management practices.</p>
<p>Recommendation 7.2</p> <p>The Board or a committee of the Board should:</p> <p>(a) review the entity's risk management framework with management at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose in relation to each reporting period, whether such a review has taken place.</p>	<p>YES</p>	<p>(a) The Audit and Risk Committee Charter requires that the Audit and Risk Committee (or, in its absence, the Board) should, at least annually, satisfy itself that the Company's risk management framework continues to be sound.</p> <p>(b) The Company's Board has completed a review of the Company's risk management framework in the past financial year.</p>
<p>Recommendation 7.3</p> <p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>YES</p>	<p>(a) The Audit and Risk Committee Charter provides for the Audit and Risk Committee to monitor the need for an internal audit function.</p> <p>(b) The Company did not have an internal audit function for the past financial year. The Board devotes time at least quarterly at Board meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.</p>
<p>Recommendation 7.4</p> <p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>YES</p>	<p>The Audit and Risk Committee Charter requires the Audit and Risk Committee (or, in its absence, the Board) to assist management determine whether the Company has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>

CORPORATE GOVERNANCE STATEMENT - Continued

RECOMMENDATIONS (3 RD EDITION)	COMPLY	EXPLANATION
		The Company's Corporate Governance Plan requires the Company to disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. The Company discloses this information on its website.
Principle 8: Remunerate fairly and responsibly		
<p>Recommendation 8.1</p> <p>The Board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> (i) has at least three members, a majority of whom are independent Directors; and (ii) is chaired by an independent Director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	YES	<ul style="list-style-type: none"> (ii) The Company's Corporate Governance Plan contains a Remuneration Committee Charter that provides for the creation of a Remuneration Committee (if it is considered it will benefit the Company), with at least three members, a majority of whom must be independent Directors, and which must be chaired by an independent Director. (iii) The Company did not have a Remuneration Committee for the past financial year as the Board did not consider the Company would benefit from its establishment, and does not currently have one. In accordance with the Company's Board Charter, the Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive: <ul style="list-style-type: none"> (i) the Board devotes time at the annual Board meeting to assess the level and composition of remuneration for Directors and senior executives; and (ii) the Board keeps abreast of changing market conditions to identify if there are material changes in the marketplace requiring more immediate attention to the level and composition of remuneration for Directors and senior executives.
<p>Recommendation 8.2</p> <p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive Directors and the remuneration of executive Directors and other senior executives and ensure that the different roles and responsibilities of non-executive Directors compared to executive Directors and other senior executives are reflected in the level and composition of their remuneration.</p>	YES	The Company's Corporate Governance Plan requires the Board to disclose its policies and practices regarding the remuneration of Directors and senior executives, which is disclosed in the Remuneration Report contained in the Company's Annual Report as well as being disclosed on the Company's website.
<p>Recommendation 8.3</p> <p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	YES	<ul style="list-style-type: none"> (a) The Company did not have an equity based remuneration scheme during the past financial year. The Company did not have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme. (b) As the Company did not have an equity based remuneration scheme during the past financial year there is no policy or summary of policy to disclose.

CORPORATE GOVERNANCE STATEMENT - Continued

Diversity policy

In accordance with this policy, the Board provides the following information pertaining to the proportion of women employees across the organisation for the past financial year:

	ACTUAL	
	NUMBER	PERCENTAGE
Number of women employees in the whole organisation	0	0%
Number of women in senior executive positions	0	0%
Number of women on the board	0	0%

Senior executive positions (other than Board positions) are defined as those where a person has the responsibility for planning, directing and controlling the activities of the Company, directly or indirectly.

Board Skills Matrix

The Board is comprised of highly experienced senior business personnel from a variety of professional and enterprise backgrounds. They each meet the fundamental requirements and, collectively, possess the skills, experience and diversity considered necessary to appropriately govern an ASX listed exploration company.

The key skills of the 4 current members of the Board is set out below.

Skills	No. of Directors
Accounting and financial reporting	
Business development and strategy	3
Capital raising	4
Environmental and sustainability compliance	2
Exploration Permit regulatory regime	2
Exploration Technical acumen	2
Financial acumen	3
Financial markets	3
Investor relations	4
Legal and securities regulatory compliance	3
Listed company board experience	2
Risk management	3
Senior management role	4
Shareholder management	3

AUDITOR'S INDEPENDENCE DECLARATION



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Walkabout Resources Limited for the year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink that reads 'D I Buckley'.

Perth, Western Australia
28 September 2016

D I Buckley
Partner

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Consolidated	
		2016 \$	2015 \$
Revenue from continuing operations	2	3,849	4,253
Depreciation and amortisation expense	2	(12,509)	(26,241)
Occupancy costs		(84,874)	(113,913)
Legal and compliance fees		(79,072)	(72,679)
Administration expenses		(321,444)	(164,997)
Consulting fees		(6,686)	(61,393)
Professional fees		(141,357)	(67,089)
Other expenses		(54,681)	(73,762)
Exploration costs written off	2	(1,409,455)	(2,517,083)
Foreign exchange loss	2	(93)	(2,212)
Loss before income tax		(2,106,322)	(3,095,116)
Income tax expense	3	-	-
Net loss from continuing operations		(2,106,322)	(3,095,116)
Loss for the year		(2,106,322)	(3,095,116)
Other comprehensive income			
Exchange differences on translation of foreign operations		(312,304)	282,465
Other comprehensive income/ (loss) for the year, net of tax		(312,304)	282,465
Total comprehensive loss for the year		(2,418,626)	(2,812,651)
Earnings Per Share			
Basic and diluted loss per share (cents per share)	5	(0.14)	(0.38)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	Consolidated	
		2016 \$	2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,221,675	229,879
Trade and other receivables	7	79,698	18,036
TOTAL CURRENT ASSETS		1,301,373	247,915
NON-CURRENT ASSETS			
Trade and other receivables	7	5,000	5,000
Plant and equipment	8	15,069	27,578
Deferred exploration expenditure	9	9,726,473	10,120,095
TOTAL NON-CURRENT ASSETS		9,746,542	10,152,673
TOTAL ASSETS		11,047,915	10,400,588
CURRENT LIABILITIES			
Trade and other payables	10	201,632	435,942
Provisions		44,272	26,353
TOTAL CURRENT LIABILITIES		245,904	462,295
TOTAL LIABILITIES		245,904	462,295
NET ASSETS		10,802,011	9,938,293
EQUITY			
Share capital	11	50,810,046	47,527,702
Reserves	12	(257,876)	54,428
Accumulated losses		(39,750,159)	(37,643,837)
TOTAL EQUITY		10,802,011	9,938,293

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2016**

Consolidated

	Share Capital	Accumulated Losses	Foreign Currency Translation Reserve	Total
	\$	\$	\$	\$
Balance as at 1 July 2015	47,527,702	(37,643,837)	54,428	9,938,293
Net loss for the year	-	(2,106,322)	-	(2,106,322)
Exchange differences arising on translation of foreign operations	-	-	(312,304)	(312,304)
Total comprehensive loss for the year	-	(2,106,322)	(312,304)	(2,418,626)
Shares issued during the year	3,417,573	-	-	3,417,574
Transaction costs	(135,229)	-	-	(135,230)
Balance as at 30 June 2016	50,810,046	(39,750,159)	(257,876)	10,802,011
Balance as at 1 July 2014	47,052,059	(34,548,721)	(228,037)	12,275,301
Net loss for the year	-	(3,095,116)	-	(3,095,116)
Exchange differences arising on translation of foreign operations	-	-	282,465	282,465
Total comprehensive loss for the year	-	(3,095,116)	282,465	(2,812,651)
Shares issued during the year	511,534	-	-	511,534
Transaction costs	(35,891)	-	-	(35,891)
Balance as at 30 June 2015	47,527,702	(37,643,837)	54,428	9,938,293

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

	Note	Consolidated	
		2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(787,425)	(141,837)
Interest received		3,849	4,253
Net cash used in operating activities	14	(783,576)	(137,584)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration and evaluation expenditure		(1,429,966)	(408,332)
Refund of security bonds		-	30,742
Net cash used in investing activities		(1,429,966)	(377,590)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,333,849	360,388
Payments relating to capital raising		(128,511)	(35,891)
Net cash provided by financing activities		3,205,338	324,497
Net increase / (decrease) in cash held		991,796	(190,677)
Cash at beginning of financial year	6	229,879	420,556
Effect of foreign currency on cash balances		-	-
Cash at end of financial year	6	1,221,675	229,879

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of Walkabout Resources Ltd and its subsidiaries. For the purposes of preparing the consolidated financial statements, the Group is a for-profit entity.

The financial statements have been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars.

The Company is a listed public company, incorporated in Australia and operating in Australia, Botswana, Tanzania, Malawi and Namibia. The entity's principal activities are mineral exploration.

(b) Adoption of new and revised standards

Standards and interpretations adopted with no effect on the financial statements

In the year ended 30 June 2016, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to Walkabout Resources Ltd's operations and effective for the current annual reporting period. It has been determined by the Directors' that there is no impact, material or otherwise of the new and revised standards and interpretation on the Group's business and, therefore, no change is necessary to Group accounting policies.

Standards and interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reported results or financial position.

Standards and Interpretations in issue not yet adopted

The Directors also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on Walkabout Resources Ltd's business and, therefore, no change necessary to Group accounting policies.

(c) Statement of Compliance

The financial report was authorised for issue on 28 September 2016.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Walkabout Resources Ltd ('the Company or parent entity') as at 30 June 2016 and the results of all subsidiaries for the year then ended. Walkabout Resources Ltd and its subsidiaries are referred to in this financial report as the Group or the consolidated entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control exists where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing when the Group controls another entity.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(d) **Basis of Consolidation - continued**

Business combinations have been accounted for using the acquisition method of accounting.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the statement of comprehensive income and within equity in the consolidated statement of financial position. Losses are attributed to the non-controlling interests even if that results in a deficit balance.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity attributable to owners of Walkabout Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(e) **Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration Impairment:

The recoverability of the carrying amount of deferred exploration expenditure carried forward has been reviewed by the directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". In determining value in use, future cash flows are based on:

- Estimates of ore reserves and mineral resources for which there is a high degree of confidence of economic extraction;
- Estimated production and sales levels;
- Estimate future commodity prices;
- Future costs of production
- Future capital expenditure; and /or
- Future exchange rates.

Variations to expected future cash flows, and timing thereof, could result in significant changes to the impairment test results, which in turn could impact future financial results.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black and Scholes model, using the assumptions detailed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(f) **Going Concern**

The Group is involved in the exploration and evaluation of mineral tenements. Further expenditure will be required upon these tenements to ascertain whether they contain economically recoverable reserves.

For the year ended 30 June 2016, the Group recorded a net loss of \$2,106,322 (2015: \$3,095,116) and a net cash inflow of \$991,796 (2015: outflow \$190,677). At 30 June 2016, the Group had cash available of \$1,221,675 and exploration commitments of \$1,966,223. Some of the exploration commitments may be deferred beyond twelve months. In order to fully implement its exploration strategy, the Group will require additional funds.

Notwithstanding the above, the financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's and Group's assets and the discharge of their liabilities in the normal course of business. The Board considers that the Company is a going concern and recognises that additional funding will be required to ensure that the Company can continue to progress their exploration and evaluation assets in the near future. During the year, the Group successfully raised \$3,282,344, after costs. The Board is of the opinion that the calibre of the Lindi Jumbo Graphite Project will support future fund raising offers

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group's ability to effectively manage their expenditures and cash flows from operations and the opportunity to farm out participating interests in existing tenements, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore the Directors consider it appropriate to prepare the financial report on a going concern basis.

Should additional funding be unable to be obtained, the Directors are confident that the Company can remain a going concern by the further reduction of various operating expenditure or deferral of exploration. However, these circumstances indicate the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern and, therefore, realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the financial report.

(g) **Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Walkabout Resources Ltd.

(h) **Foreign Currency Translation**

Both the functional and presentation currency of Walkabout Resources Ltd and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

The functional currency of the foreign operations in Botswana, Tanzania, Malawi and Namibia is Pula, Schillings, Kwacha and Namibian Dollars respectively.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Walkabout Resources Ltd at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss

(i) **Revenue Recognition**

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(j) Leases

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(k) Income Tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(l) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST and VAT except:

- when the GST and VAT incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST and VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST and VAT included.

The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST and VAT component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST and VAT recoverable from, or payable to, the taxation authority.

(m) Impairment of assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(n) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(o) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - continued

(n) Trade and other receivables - continued

The amount of the impairment loss is recognised in the Statement of Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(p) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through statement of comprehensive income, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Group could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Group's continuing involvement is the amount of the transferred asset that the Group may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Group's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(r) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(q) Impairment of financial assets – continued

(iii) Available-for-sale investments

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(s) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets at the following rates:

Plant and equipment – 20%
Computer equipment – 30%
Motor Vehicles – 33.3%
Furniture and Fittings – 22.2%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

Impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income in the cost of sales line item.

(ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(t) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(t) Provisions - continued

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as separate assets but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(v) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date, they are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expect future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(w) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value is determined by using a Black-Scholes model, further details of which are given in Note 19.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Walkabout Resources Ltd (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see Note 5).

(x) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – continued

(y) Earnings per share

Basic earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(aa) Parent entity financial information

The financial information for the parent entity, Walkabout Resources Ltd, disclosed in note 16 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Walkabout Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE AND EXPENSES

	Consolidated	
	2016 \$	2015 \$
Interest received	3,849	4,253
Total Revenue	3,849	4,253
Expenses		
Foreign exchange losses	93	2,212
Depreciation	12,509	26,241
Exploration costs written off	1,409,455	2,517,083

NOTE 3: INCOME TAX EXPENSE

a. The components of income tax expense comprise:

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Accounting profit before tax from continuing operations	(2,106,322)	(3,095,116)
Income tax expense / (benefit) calculated at 30%	(631,897)	(928,535)
Non-deductible expenses	410,586	73,381
Difference in tax rate of subsidiaries operating in other jurisdictions	712	(23,442)
Unused tax losses not recognised as deferred tax Assets	637,058	218,334
Share issue costs directly in equity	(29,802)	-
Other deferred tax assets and tax liabilities not recognised	(386,657)	660,262
Income tax expense reported in the consolidated statement of comprehensive income	-	-

b. Unrecognised deferred tax balances

The following deferred tax assets and (liabilities) have not been brought to account:

Deferred tax assets / (liabilities) comprise:

• Losses available for offset against future taxable income – revenue	4,835,805	4,198,747
• Losses available for offset against future taxable income – capital	22,497	22,497
• Depreciation timing differences	5,875	7,345
• Share issue expenses	28,877	23,079
• Accrued expenses and liabilities	23,421	67,425
• Exploration expenditure capitalised	(1,355,320)	(452,406)
	3,561,155	3,866,687

c. Income tax benefit not recognised direct in equity

• Share issue costs	(29,802)	-
	(29,802)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE: 4: AUDITORS REMUNERATION

	Consolidated	
	2016 \$	2015 \$
Remuneration of the auditor for:		
Auditing or reviewing the financial report – HLB Mann Judd	37,750	40,000
Taxation compliance services – HLB Mann Judd	14,250	5,950
	<u>52,000</u>	<u>45,950</u>

Remuneration of the auditor for:

Auditing or reviewing the financial report – HLB Mann Judd
Taxation compliance services – HLB Mann Judd

NOTE 5: EARNINGS PER SHARE

Reconciliation of earnings to profit or loss

Loss used to calculate basic and dilutive EPS

	(2,106,322)	(3,095,116)
	No.	No.

Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	1,432,067,517	818,679,037
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Loss per share

(0.14) cents (0.38) cents

During the year ended 30 June 2016 there were no potentially dilutive equity instruments on issue (2015: nil).

NOTE 6: CASH AND CASH EQUIVALENTS

Cash at bank and in hand

	1,221,675	229,879
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Cash at bank earns interest at floating rates based on daily bank deposit rates

NOTE: 7: TRADE AND OTHER RECEIVABLES

CURRENT

Other debtors

	79,698	18,036
--	--------	--------

NON-CURRENT

Security bonds

	5,000	5,000
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NOTE 8: PLANT AND EQUIPMENT

	Consolidated	
	2016 \$	2015 \$
PLANT AND EQUIPMENT		
At cost	104,189	104,189
Accumulated depreciation	(89,120)	(76,611)
TOTAL PLANT AND EQUIPMENT	<u>15,069</u>	<u>27,578</u>

PLANT AND EQUIPMENT

At cost

Accumulated depreciation

TOTAL PLANT AND EQUIPMENT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 8: PLANT AND EQUIPMENT – continued

a. Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year.

	Consolidated	
	2016 \$	2015 \$
Balance at 30 June 2015	27,578	53,819
Disposals	-	-
Depreciation expense	(12,509)	(26,241)
Balance at 30 June 2016	15,069	27,578

NOTE 9: DEFERRED EXPLORATION EXPENDITURE

NON-CURRENT

Costs carried forward in respect of:

Exploration and evaluation phase – at cost

	Consolidated	
	2016 \$	2015 \$
Balance at beginning of year	10,120,095	11,963,148
Purchase of tenements	45,049	39,304
Expenditure incurred	1,229,269	378,495
Foreign currency translation effect	(258,485)	256,231
Expenditure written off (i)	(1,409,455)	(2,517,083)
Carrying amount at end of year	9,726,473	10,120,095

- (i) During the financial year, exploration and evaluation expenditure totalling \$1,409,455 (2015: \$2,517,083) was written off as a result of tenement relinquishments and the Directors' assessment of the value of some of the Groups' projects.

Ultimate recovery of exploration and evaluation expenditure carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively, by sale of the respective areas.

NOTE 10: TRADE AND OTHER PAYABLES

CURRENT

	Consolidated	
	2016 \$	2015 \$
Trade payables	150,713	152,841
Sundry payables and accrued expenses	50,919	283,101
	201,632	435,942

Trade payables are non-interest bearing and are normally settled on 30 day terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 11: SHARE CAPITAL

Consolidated	
2016	2015
\$	\$

a) Ordinary Shares

(i) Issued and paid-up capital 1,981,229,810
(2015: 1,049,386,462) fully paid ordinary shares

50,810,046 47,527,702

(ii) Movements in share capital

	2016		2015	
	No. of Shares	\$	No. of Shares	\$
Opening balance	1,049,386,462	47,527,702	798,978,489	47,052,059
Issued for cash - placements	325,900,000	1,508,000	119,845,000	119,845
Issued for cash – entitlement issue	328,848,666	986,546	130,562,973	391,689
Issued for cash – share purchase plan	265,407,144	849,302	-	-
Issued in lieu of cash	11,687,538	73,725		
	1,981,229,810	50,945,275	1,049,386,462	47,563,593
Less costs of issues	-	(135,229)	-	(35,891)
Closing balance	1,981,229,810	50,810,046	1,049,386,462	47,527,702

(iii) Holders of ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held and the amount paid up.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each holder in person or by proxy has one vote on a show of hands.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

b) Options over Ordinary Shares

The Company has no options over ordinary shares on issue at 30 June 2016 (2015: nil).

c) Capital Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2015.

The capital structure of the Group consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings.

Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 12: RESERVES

	Consolidated	
	2016 \$	2015 \$
Opening Balance 1 July	54,428	(228,037)
Translation of foreign operations	(312,304)	(282,465)
Closing Balance 30 June	(257,876)	54,428

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on translation of foreign subsidiary accounts.

Opening Balance 1 July	54,428	(228,037)
Translation of foreign operations	(312,304)	282,465
Closing Balance 30 June	(257,876)	54,428

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: SEGMENT REPORTING

Walkabout Resources Ltd operates predominantly in one industry and four geographical segments being the mining and exploration industry in Australia, Botswana and Tanzania, with Namibia as an emerging segment.

Segment Information

Identification of reportable segments

The Company has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in assessing performance and determining the allocation of resources.

The Company is managed primarily on the basis of its graphite project in Tanzania, its coal exploration in Botswana, other developing prospects in Tanzania and Namibia and its corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

Types of reportable segments

Graphite

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Tanzania are reported in this segment.

Coal

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Botswana and Tanzania are reported in this segment.

Lithium

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Tanzania and Namibia are reported in this segment.

Copper

Segment assets, including acquisition cost of exploration licences and all expenses related to the tenements in Tanzania are reported in this segment.

Corporate

Corporate, including treasury, corporate and regulatory expenses arising from operating an ASX listed entity. Segment assets, including cash and cash equivalents, and investments in financial assets are reported in this segment.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Company.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- net gains on disposal of available-for-sale investments;
- income tax expense;
- deferred tax assets and liabilities;
- intangible assets; and
- discontinuing operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 13: SEGMENT REPORTING – Continued

(i) Segment performance

	Continuing Operations						
	Corporate	Coal	Gold	Graphite	Copper	Lithium	Total
30 June 2016	\$	\$	\$	\$	\$	\$	\$
Segment revenue	3,849	-	-	-	-	-	3,849
Segment result	(679,097)	(1,378,049)	-	(5,972)	(35,265)	(7,939)	2,106,322
Included with segment results:							
• Depreciation	(12,509)	-	-	-	-	-	(12,509)
• Interest revenue	3,849	-	-	-	-	-	3,849
Segment assets	1,311,491	7,753,169	-	1,526,113	433,956	23,186	11,047,915
Segment liabilities	(228,781)	(3,676)	-	(13,447)	-	-	(245,904)
Cash flow Information							
• Net cash flow from operating activities	(765,806)	(11,568)	-	(5,972)	-	(230)	(783,576)
• Net cash flow from investing activities	-	(13,077)	-	(1,364,131)	-	(52,758)	(1,429,966)
• Net cash flow from financing activities	3,205,338	-	-	-	-	-	3,205,338
30 June 2015							
Segment revenue	4,253	-	-	-	-	-	4,253
Segment result	(548,314)	(2,027,528)	-	-	(519,274)	-	(3,095,116)
Included with segment results:							
• Depreciation	(26,241)	-	-	-	-	-	(26,241)
• Interest revenue	4,253	-	-	-	-	-	4,253
Segment assets	2,221,194	7,950,350	-	229,044	-	-	10,400,588
Segment liabilities	(339,360)	(8,544)	-	(393)	(113,998)	-	(462,295)
Cash flow Information							
• Net cash flow from operating activities	(107,865)	489,555	-	-	(519,274)	-	(137,584)
• Net cash flow from investing activities	-	(342,399)	30,742	(65,933)	-	-	(377,590)
• Net cash flow from financing activities	324,497	-	-	-	-	-	324,497

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: CASH FLOW INFORMATION

	Consolidated	
	2016 \$	2015 \$
Reconciliation of net cash flow from operating activities with loss after Income Tax		
Loss after income tax	(2,106,322)	(3,095,116)
Cash flows excluded from loss attributable to operating activities		
Non-cash flows in loss		
- Exploration written off	1,409,455	2,517,083
- Depreciation	12,509	26,241
- Foreign exchange gain/(loss)	-	2,212
- Loss on sale of plant and equipment	-	-
- Remuneration paid in shares	73,725	151,146
Increase / (decrease) in trade and other receivables	(11,671)	16,341
Decrease / (increase) in trade payables and accruals	(171,272)	244,509
Net cash used in operating activities	(783,576)	(137,584)

NOTE 15: EVENTS AFTER THE BALANCE DATE

On 7 September 2016 the Company issued 20,000,000 fully paid shares at the price of \$0.005 to consultants in lieu of fees in accordance with shareholder authorisation at a general meeting dated 7 June 2016.

The Board are not aware of any matters or circumstances that have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTE 16: PARENT ENTITY DISCLOSURES

Financial position

	2016 \$	2015 \$
Assets		
Current assets	1,233,302	233,957
Non-current assets	9,779,006	10,043,696
Total assets	11,012,308	10,277,653
Liabilities		
Current liabilities	210,297	339,360
Total liabilities	210,297	339,360
EQUITY		
Issued capital	50,810,046	47,527,702
Option reserve	-	-
Accumulated losses	(40,008,032)	(37,589,409)
TOTAL EQUITY	10,802,011	9,938,293
Financial performance		
Total comprehensive loss for the period	(2,418,623)	(2,812,651)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 17: RELATED PARTY TRANSACTIONS

	Consolidated	
	2016 \$	2015 \$
Amounts owing to related parties at year end:		
Other Related Parties		
Allan Mulligan	-	31,590
Thomas Murrell	8,812	24,329
Andrew Cunningham	20,238	-
Geoffrey Wallace	-	44,500

Transactions between related parties are on normal commercial terms which are no more favourable than those available to other parties unless otherwise stated.

- Fees paid are for the provision of geological services to the Company.

The fees payable to Directors and options issued to Directors are disclosed in the Remuneration Report included in this Financial Report. Key management personnel remuneration is disclosed in note 22. There are no other related party transactions that have occurred throughout the year.

Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2016	2015
Parent Entity:			
Walkabout Resources Ltd	Australia		
Subsidiaries of Walkabout Resources Ltd:			
Reveal Resources Pty Ltd	Australia	100%	100%
Walkabout Resources Australia Pty Ltd	Australia	100%	100%
Walkabout Resources (Pty) Ltd	Botswana	100%	100%
Wizard Investments(Pty) Ltd	Botswana	70%	70%
Triprop Energy (Pty) Ltd	Botswana	40% ¹	40% ¹
Walkabout Resources Pty Ltd	Malawi	100%	100%
Walkabout Resources Pty Ltd	Tanzania	100%	100%
Lindi Jumbo Ltd	Tanzania	100%	-
Lindi Mining Company Ltd	Tanzania	100%	-
Alro Investments Forty Nine (Pty) Ltd	Namibia	100%	-

* Percentage of voting power is in proportion to ownership

¹ The Group has consolidated Triprop Energy (Pty) Ltd as the Directors' consider the Group controls this company through the terms of the farm-in agreement.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are therefore not disclosed in this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS

a. Financial Risk Management

The consolidated entity's financial instruments consist of deposits with banks, accounts receivable and payable, loans to a controlled entity and a cash advance to a third party.

i. Treasury Risk Management

The Company's funds are held with an Australian "four pillar" bank with the majority residing in a high interest low transaction fee account.

The Company's overall risk management strategy seeks to assist the consolidated group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board on a regular basis. These include the formulation of credit risk policies and future cash flow requirements.

ii. Financial Risks

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk and credit risk.

iii. Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the purchase of goods and services in currencies other than the group's measurement currency.

b. Foreign Currency Risk Sensitivity

At 30 June 2016, there would have been an immaterial change in post-tax loss for the year as a result of a 7% change in the value of the Australian Dollar to the Botswana Pula and an 2% change in the value of the Australian Dollar to the Tanzanian Schilling. The effect on equity would be the same.

c. Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Company's and the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

Consolidated

	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	\$	\$	\$	\$	\$
2016					
Non-interest bearing	181,632	20,000	44,272	-	-
	181,632	20,000	44,272	-	-

Consolidated

	Less than 1 month	1 – 3 Months	3 months – 1 year	1 – 5 years	5+ years
	\$	\$	\$	\$	\$
2015					
Non-interest bearing	415,942	20,000	26,353	-	-
	415,942	20,000	26,353	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 18: FINANCIAL INSTRUMENTS - continued

d. Credit risk

The main exposure to credit risk as at 30 June 2016 relates to two separate advances made to the Company's wholly owned subsidiaries, Walkabout Resources Pty Ltd (\$8,455,075) and Reveal Resources Pty Ltd (\$448,105) respectively. These separate advances have been made for the purpose of funding the day to day operations of the subsidiaries and their exploration activities. The loans are unsecured. The risk associated with these advances is exploration risk. These advances will not be repaid if the exploration does not provide an economic deposit. This risk is mitigated by providing the best opportunity to make an economic discovery by utilising exploration professionals of the highest standard and by obtaining the necessary funding.

e. Interest Rate Risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities are detailed in the liquidity risk section of this note. At balance date, the Group is not exposed to interest rate risk.

f. Fair Value

The carrying amount of the Group's financial assets and liabilities approximate their carrying amount at balance date.

NOTE 19: SHARE BASED PAYMENTS

There were no options outstanding at 30 June 2016.

NOTE 20: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities as at the date of this report.

NOTE 21: CAPITAL AND LEASING COMMITMENTS

		Consolidated	
		2016	2015
		\$	\$
a.	Property Lease Commitments		
	Payable — minimum lease payments		
	- not later than 12 months	-	-
	- between 12 months and 5 years	-	-
		-	-
b.	Capital Expenditure Commitments		
	Minimum expenditure commitments for mining tenements:		
	- not later than 12 months	1,966,223	1,912,400
		1,966,223	1,912,400

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES

Details of Key Management Personnel

Directors

Allan Mulligan	Managing Director
Thomas Murrell	Non-Executive Director (appointed 1 May 2015)
Andrew Cunningham	Non-Executive Director (appointed 13 November 2015)
Geoffrey Wallace	Executive Director and Company Secretary (retired 13 November 2015)

Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: DIRECTORS AND EXECUTIVES DISCLOSURES - continued

The totals of remuneration paid to key management personnel of the Company and the Group during the year are as follows:

	Consolidated	
	2016	2015
	\$	\$
Short-term employment benefits	483,824	377,072
Post-employment benefits	32,999	32,322
Other long-term benefits	-	-
Share-based payments	-	-
Total KMP compensation	516,823	409,394

DIRECTORS' DECLARATION

1. In the opinion of the directors of Walkabout Resources Ltd (the 'Company'):
 - a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of their performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.



Allan Mulligan
Director

Dated this 28th day of September 2016

INDEPENDENT AUDITOR'S REPORT

To the members of Walkabout Resources Limited

Report on the Financial Report

We have audited the accompanying financial report of Walkabout Resources Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, the consolidated financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's and its controlled entities' internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Walkabout Resources Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of Matter

Without modification to our opinion above, we draw attention to Note 1(f) to the financial statements, which indicates that for the company to continue as a going concern, additional funding will be required. To the extent that additional funding is not able to be obtained, there exists a material uncertainty which may cast significant doubt over the company's ability to continue as a going concern and to realise its debts and extinguish its liabilities in the ordinary course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Walkabout Resources Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

HLB Mann Judd
Chartered Accountants

A handwritten signature in blue ink that reads 'D I Buckley'.

D I Buckley
Partner

Perth, Western Australia
28 September 2016

ADDITIONAL INFORMATION FOR ASX LISTED PUBLIC COMPANIES

The following additional information is provided as at 21 September 2016.

1. Shareholding			
a. Distribution of Shareholders		Number	
	Category (size of holding)	Number of Holders	Number of Shares
	1 – 1,000	62	29,837
	1,001 – 5,000	123	383,855
	5,001 – 10,000	127	1,117,854
	10,001 – 100,000	547	29,561,967
	100,001 – and over	1,291	1,970,136,297
		2,150	2,001,229,810
<p>b. The number of shareholdings held in less than marketable parcels is 895</p> <p>c. The names of the substantial shareholders listed in the holding company’s register as at 21 September 2016 are:</p>			
		Number	
	Shareholder	Ordinary	%
	Marcolongo Nominees Pty Ltd	101,972,679	5.09
d. Voting Rights			
The voting rights attached to each class of equity security are as follows:			
Ordinary shares			
	- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.		

ADDITIONAL INFORMATION FOR ASX LISTED PUBLIC COMPANIES

e. 20 Largest Shareholders — Ordinary Shares			
	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Marcolongo Nominees Pty Ltd <Marcolongo Family A/C>	86,072,679	4.30
	Mr Allan Mulligan	78,005,857	3.90
3.	Mr John Turner <Turner SF A/C>	60,165,000	3.01
4.	Brywall Pty Ltd <Wallace Property Trust>	48,798,188	2.44
5.	Mr Mark Tkocz	40,400,000	2.02
6.	Nown Pty Ltd	37,206,531	1.86
7.	Spiceme Cap PL	30,000,000	1.50
8.	Mr Geoffrey Wallace	25,000,000	1.25
9.	Bara International Ltd	20,000,000	1.00
10.	Indigo Buffalo Investment Pty Ltd <Red Warthog SF A./C>	20,000,000	1.00
11.	Fleubaix Pty Ltd <SF A/C>	20,000,000	1.00
12.	Mr Joze Covic	18,543,500	0.93
13.	Trust Co Aust Ltd <MOF a/c>	17,500,000	0.87
14.	Mr Adrian Banducci	16,750,000	0.84
15.	Burgess and Grant <Mulberry SF A/C>	16,000,000	0.80
16.	Marcolongo Nominees Pty Ltd <Marcolongo SF A/C>	15,900,000	0.79
17.	Ms Lisa Maree Banducci	13,686,500	0.68
18.	Bellarine Gold PL<Ribblesdale SF a/c>	13,000,000	0.65
19.	Mr Kenneth James McKenzie	12,952,500	0.65
20.	Mr Roger Goes	12,500,000	0.62
		602,480,755	30.11

2. The name of the Company Secretary is Kim France
3. The address of the registered office in Australia is Level 3, 681 Murray Street, West Perth, WA 6005, Australia
4. Registers of securities are held at Security Transfer Registrars Pty Ltd 770 Canning Highway Applecross WA 6153, Australia
5. **Securities Exchange Listing**
Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

ADDITIONAL INFORMATION FOR ASX LISTED PUBLIC COMPANIES

7. Tenement Schedule

Tenement Number	Tenement Name	Locality	Group Ownership
PL 35/2007	Takatokwane	Botswana	70%
PL 157/2009	Takatokwane	Botswana	40% Earning 65%
PL 160/2009	Takatokwane	Botswana	40% Earning 65%
PL 9239/2013	Kigoma	Tanzania	100%
PL 9906/2014	Lindi	Tanzania	Option 100%
PL 9992/2014	Lindi	Tanzania	Option 100%
PL 9993/2014	Lindi	Tanzania	Option 100%
PL 9994/2014	Lindi	Tanzania	Option 100%