



VOLT

RESOURCES

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2017

HIGHLIGHTS

- **NanoGraphene Inc, a USA based graphene producer, signs binding off-take agreement for a minimum 5,000 tonnes of graphite concentrate over five years**
- **Volt transitioning to small scale producer in 1Q 2018**
- **Chinese MOU partners and prospective western customers provide positive feedback on high quality of Namangale graphite concentrate**
- **German lab confirms Namangale concentrate suitable for expandable graphite**
- **Key environmental approvals and mining license application progressed**
- **Mr Trevor Matthews commenced his role as CEO on 1 January.**

INTRODUCTION

Volt Resources Limited (**ASX: VRC**), (“**Volt**” or, the “**Company**”) is pleased to provide shareholders with an update on activities for the three month period ended 31 March 2017. The highlight of the quarter was the signing of a binding off-take agreement with New York-based Nano Graphene Inc (NGI), with delivery of flake graphite concentrate commencing from early 2018.

Key events and progress follow:

BINDING OFF-TAKE AGREEMENT

On 3 March 2017, Volt announced that it had secured a binding off-take agreement with New York City-based NGI, which will commence producing graphene in the US later this year. This deal transitions Volt to small scale producer from early 2018 and marks the commencement of cashflow. Securing a western off-take agreement prior to the completion of the DFS is a major coup for Volt’s marketing team and validation of the quality of the graphite concentrate produced at Namangale.

The key contract terms comprise:

- **Binding off-take agreement for a minimum 5,000 tonnes over five years, with flexibility to increase the sales volume as NGI’s global footprint expands;**
- **Flake graphite concentrate grade of 98% TGC with no specified flake size;**
- **Option to renew the agreement for a further 5 years;**

- Fixed price for the initial 5 year term of the agreement which is at a premium to Volt Resources basket price of US\$1,684 in the PFS; and
- Targeting graphite concentrate delivery to commence Q1 2018.

NGI has a rigorous product qualification process and chose Volt Resources' graphite concentrate ahead of other concentrates tested due to:

- Volt Resources ability to supply a premium TGC grade graphite concentrate;
- The conductivity is exceptionally high;
- There were no deleterious elements within the concentrate;
- Graphite exfoliated easily, which facilitates lowering the cost of producing graphene; and
- Volt is prepared and has capacity to scale up with NGI's global roll-out plans.

Once NGI commences graphene production it will be sold to NGI's US and European clients across a range of sectors comprising lithium-ion batteries and composites, as well as in numerous hi-tech applications. Importantly, NGI uses no toxic chemicals or acids in processing Volt's graphite concentrate into graphene.

PRODUCT AND MARKETING UPDATES

Updates provided in January 2017 can be summarised as follows:

- **Namangale concentrate suitable for commercial grade expandable graphite**

Testing on Namangale concentrate by a German metallurgical laboratory, which is a global specialist in graphite testing and analysis, confirmed in a report that Namangale's concentrate is highly suitable for producing commercial grade expandable graphite for use in flame retardant foam, graphite foil and other applications. More significantly, the report stated "expansion tests of expandable graphite made of flake graphite concentrate from Namangale were very successful compared with product from other origins."

This was highly encouraging news for Volt, as proposed regulatory changes in China and Europe for the mandatory use of non-toxic substances in flame retardant building materials could result in substantial future demand for expandable graphite. This is now a priority market the marketing team are focusing on, particularly in China.

Having independent test work confirm the suitability of Volt's graphite product in the flame retardant building materials market is a key differentiating feature from rivals. The German laboratory test work continues to demonstrate the outstanding properties of Volt's concentrate having previously confirmed battery grade results of 99.99% TGC (refer to announcement on the 17 November 2016).

Furthermore, given the size of the Namangale resource, the Board believes it is of great benefit that Volt's graphite concentrate product is suitable for a variety of commercial applications, including spherical graphite for the lithium-ion battery sector. This is one of the key reasons Volt's global marketing team are meeting with prospective customers from a range of end-user industries to facilitate product market diversification.

- **Volt's graphite products validated by western and Chinese end user groups**

Volt's three MOU partners in China were sent flake graphite product samples from the Namangale deposit in September 2016 for independent testing and evaluation. The Board reported that initial testing by all three groups was extremely successful and all planned to undertake additional test work on Namangale concentrate product at 99.95% TGC. This was a

positive development in the process towards securing a binding off-take agreement from these groups in 2017.

In the US and Europe, discussions were held with more than 20 groups engaged in various aspects of the electric vehicle supply chain including renowned automakers. Samples of flake graphite product from the Namangale deposit were sent for product evaluation to a number of parties.

Feedback from a leading U.S. private battery company highlighted the Namangale graphite conductivity was an order of magnitude higher than their baseline measure. As a result of these initial positive tests, this prospective customer is conducting further sample testing.

KEY APPROVALS AND MINING LEASE APPLICATION PROGRESSED

During February 2017, CEO Trevor Matthews visited the Namangale project in Tanzania and participated in successful stakeholder meetings that are essential to progressing the Environmental Social Impact Assessment (ESIA) process. Securing environmental approval is essential to the grant of the Namangale mining licences (ML's) and a pre-requisite for the commencement of site construction works.

Following the completion of the Pre-Feasibility Study (which highlighted a pre-tax US\$1.3B NPV as announced on 15 December 2016), securing environmental approvals, the grant of ML's and progressing the Definitive Feasibility Study are now key focus areas. The process for securing the ML's is progressing, with several government departments involved with the approval process. Volt's local team and experienced consultants have been working across the various elements and are targeting for the ML's to be granted by Q3 2017.

As it was Mr Matthews first site visit, local management organised a number of meetings with other important stakeholders, showed him the state of key infrastructure/logistics and conducted direct community engagement. An important meeting was with Mtwara Port Authority (MPA) management who confirmed there is adequate port capacity available for exports and land with covered facilities for Volt to lease inside the port area.

In addition, the senior management team met with an experienced logistics service provider to discuss the packaging and transport of graphite concentrate product from the processing plant to port for storage prior to export. Further, they travelled along the planned product transport route of approximately 140 kilometres from Mtwara to the mining and processing site at Namangale.

CORPORATE

In mid-March, newly appointed CEO Trevor Matthews visited fund managers in Sydney and Melbourne using the investor presentation published on 15 March 2017. This was a continuation of the commitment to visit institutional investors in the major financial centres, which commenced with London and New York in early February 2017.

On 16 March 2017, Edison Research published a detailed research report which is available on the website – <http://voltresources.com>

During the quarter, CEO Trevor Matthews visited financial institutions and financial advisers in various locations including the Middle East to discuss finance options to fast track the Namangale project into production. These discussions were positive and further exchange of information and discussion of project funding is continuing.

Subsequent to the period, Mr Asimwe Kabunga, was appointed as a Non-Executive Director. Through his company, Kabunga Holdings, Mr Kabunga is Volt Resources' largest shareholder with a circa 15% interest.

For and on behalf of Volt Resources Limited

Trevor Matthews
Chief Executive Officer

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Appendix 1 – Volt Resources Limited – Tenement Information as Required by Listing Rule 5.3.3

Country	Location	Project	Tenement	Change in Holding (%)	Current Interest (%)
Tanzania	Mtwara & Lindi Regions	Tanzania Graphite	PL 10643	none	100%
			PL 10644	none	100%
			PL 10667	none	100%
			PL 10668	none	100%
			PL 10718	none	100%
			PL 10717	none	100%
			PL 10788	none	100%

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Volt Resources Limited

ABN

28 106 353 253

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,253)	(5,536)
(b) development	-	-
(c) production	-	-
(d) staff costs	(383)	(574)
(e) administration and corporate costs	(294)	(1,070)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	7	50
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,923)	(7,130)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(16)	(31)
(b) tenements (see item 10)	-	-
(c) investments	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(d) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(16)	(31)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	798
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	110	351
3.4	Transaction costs related to issues of shares, convertible notes or options	-	(283)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (payments for term deposits)	-	(58)
3.10	Net cash from / (used in) financing activities	110	808
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,087	7,618
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,923)	(7,130)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(16)	(31)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	110	808
4.5	Effect of movement in exchange rates on cash held	(5)	(12)
4.6	Cash and cash equivalents at end of period	1,253	1,253

+ See chapter 19 for defined terms

1 September 2016

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,253	3,087
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,253	3,087

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

270

-

Directors' salaries, fees and superannuation

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

N/A

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,100
9.2 Development	-
9.3 Production	-
9.4 Staff costs	264
9.5 Administration and corporate costs	500
9.6 Other	-
9.7 Total estimated cash outflows	1,864

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL10642	Relinquished	100%	0%
	PL 10665		100%	0%
	PL 10666		100%	0%
	PL 10716		100%	0%
	PL 10719		100%	0%
	Tanzania		100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company Secretary

Date: 28 April 2017

Print name:

Stephen Brockhurst**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.