



VOLT

RESOURCES

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2017

HIGHLIGHTS

- Volt appoints experienced, well-qualified investment banking firm Exotix Capital to raise up to US\$30 million via Tanzanian Bond Issue as funding for Stage 1 development
- Offtake agreements progressing well, including:
 - Positive initial feedback received from potential Chinese offtake customer
 - North American offtake partner Nano Graphene Inc. ramps up graphene production and confirms premium quality of Bunyu graphite product
- Capital raising initiative launched via a Share Purchase Plan.
 - Plan to be underwritten by Patersons Securities Limited and further sub-underwriting from two Volt Directors
- Project name changed to Bunyu (previously Namangale)

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 30 September 2017.

Highlights for the quarter included the progression of key offtake agreements with positive results received from independent test work programs, advancement of Bunyu project development approvals and commencement of a Share Purchase Plan underwritten by Patersons Securities Limited and Directors of the Company.

COOPERATION AND OFFTAKE AGREEMENTS

During the quarter, Volt continued to advance discussions with China National Building Materials General Machinery (“CNBMGM”) and Guangxing Electrical Materials (“GEM”) (see ASX announcement “Volt Operational Update” dated 26 September 2017).

Product samples were sent to both CNBMGM and GEM to enable independent testing on the Bunyu Graphite product. Additional samples were also arranged for China-based AOYU Graphite. Assuming the product test work is successful, then offtake agreements totalling 15,000 – 20,000 tonnes per annum could be confirmed during Q4 2017.

Subsequent to the reporting period, positive initial product feedback was received from CNBMGM (see ASX announcement “Bunyu Graphite Test Work and Offtake Partner Update” dated 5 October 2017). Final results from the CNBMGM test work program are expected to be received in the coming weeks, and Volt will provide updates on additional offtake opportunities and test work programs conducted by other offtake partners in due course.

LEGISLATION CHANGES, KEY APPROVALS AND MINING LICENCE APPLICATION

The report for the ESIA (Environmental and Social Impact Assessment) and the RAP (Resettlement Action Plan), as noted in the previous quarterly report, was finalised. Volt is currently working in collaboration with the relevant government authorities, to ensure that the submission is compliant and expedites the grant of the mining license. Submission to the NEMC (National Environmental Management Council) is yet to be completed but is planned early in Q4 2017.

Three Bills passed through the Tanzanian Parliament containing changes to the legal framework governing the natural resources sector in Tanzania. Based on an initial review and external legal advice, the Board and Management believe the legislative changes – as passed by the Tanzanian parliament – would not cause or prevent Volt from progressing with its current business strategy and plans for the development of the Bunyu project (refer ASX announcement 7 July 2017).

With the post quarter appointment of Ms. Angellah Kairuki as the Mining Minister, Volt is looking forward to working with the Tanzanian Mines department in acquiring relevant approvals and developing the Stage 1 Bunyu Graphite Project.

BUNYU GRAPHITE PROJECT DEVELOPMENT

With the recent legislative changes in Tanzania, clarity on sample export was not available during the quarter. Therefore, the 1,000 tonne bulk ore sample program with AOYU has not been progressed. Nevertheless, negotiations were able to be continued via the use of graphite product and ore samples from our existing inventory to enable AOYU to progress their assessment of the Bunyu graphite product.

EXPLORATION

The planned Bunyu Stage 1 Feasibility Study drilling program advised in the previous quarter was pegged out to facilitate land owner access agreements. Feedback received was exceptionally encouraging with land owners appreciative of the consultation and positive about the development of the area. Post completion of the Share Purchase Plan announced on 5 September 2017, drilling is expected to commence in November and be completed during Q4 2017. However, given the timing and the onset of the wet season, drilling will be concentrated on diamond core collection to facilitate sample availability for further metallurgical test work to refine process flow sheets, and to address pit geotechnical aspects of the proposed Stage 1 development.

Please note that in Section 9 of the Appendix 5B, the exploration and evaluation expenditure assumes the entire drilling programme is completed during the quarter.

UPDATE ON EXPANDABLE GRAPHITE MARKET

Under Volt's strategy to supply graphite product to the expandable market, Volt announced to the market on 10 August 2017, positive expansion results for the Bunyu One (Namangale North) graphite product. As stated, "*This outcome is very positive for Volt, as it means the mine plan can be optimised to source ore from any part of the project mineral resource to meet customer demand for expandable graphite.*" Volt will be using the positive results, in collaboration with its agreement partners, in finalising offtake agreements in parallel with the completion of the Stage 1 Feasibility Study and arranging of project development funding.

CORPORATE ACTIVITY OVERVIEW

On 5 September 2017, Volt announced a Share Purchase Plan (SPP) to existing eligible shareholders. The SPP is underwritten by Patersons Securities Limited to \$1,500,000 with further sub-underwriting by Volt Chairman, Asimwe Kabunga and Non Executive Director, Matt Bull to \$300,000 each. The funds raised will be deployed towards the following key objectives:

- Complete the feasibility study for the Stage 1 development;
- Continue further funding negotiations, obtain project development approvals, advance offtake and cooperation agreements into binding agreements, enter into engineering and construction agreements and other material contracts for the Stage 1 development;
- Support in-country costs associated with the Project; and
- Fund general corporate and other expenses.

Post quarter end, the Company engaged Exotix Capital ("Exotix") to undertake a Tanzanian Bond issue to raise up to US\$30 million in structured debt to fund the Stage 1 development of the Company's flagship Bunyu Graphite Project in Tanzania. If successful, the proposed bond issue financing will ensure that project development funding will be undertaken with minimal equity dilution.

Exotix will act as structuring, financial and placement advisor and will leverage its significant East African networks to complete the proposed Issue, with a key focus on the Tanzanian, Kenyan and Ugandan capital markets respectively.

During the quarter the Company changed the name of its operating subsidiary in Tanzania to Volt Graphite Tanzania Limited ("VGT") from Nachi Resources Limited. The decision was made to ensure a clear relationship between VGT and its parent company Volt and to eliminate any confusion with other companies operating in Tanzania. In addition, Volt's flagship project is now referred to as the Bunyu Graphite Project and no longer the Namangale Graphite Project.

For and on behalf of Volt Resources Limited

Trevor Matthews
Chief Executive Officer

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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")

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(79)	(79)
(b) development	-	-
(c) production	-	-
(d) staff costs	(266)	(266)
(e) administration and corporate costs	(355)	(355)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	3	3
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	(697)	(697)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

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Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	30	30
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	835	835
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	865	865
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	102	102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(697)	(697)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	865	865
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	270	270

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	270	102
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)	270	102

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

102

-

Directors' salaries, fees and superannuation
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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

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N/A

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	1,000	835
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.		

The convertible loan facility from sophisticated investors is for 12 months with a 10% coupon payable quarterly in arrears in cash or Volt shares (at lenders election). The lenders can convert the facility into Volt shares at any time prior to maturity at a conversion price of \$0.05 per Volt share. Volt can prepay amounts owing under the facility at any time, provided always that Volt will be liable to pay balance of any interest which would otherwise have become payable if the facility was repaid on maturity. If the facility is repaid early by Volt, lenders will have a subscription right to acquire Volt shares at the conversion price at any time prior to the agreed maturity date (up to the maximum number of Volt shares which the lender would have been able to acquire if the lender converted amounts owing under the facility).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	669
9.2 Development	855
9.3 Production	0
9.4 Staff costs	377
9.5 Administration and corporate costs	531
9.6 Other	0
9.7 Total estimated cash outflows	2,432

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	N/A	N/A	N/A	N/A
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:



Date: 31 October 2017

Company Secretary

Print name: Susan Hunter

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.