



VOLT

RESOURCES

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2018

HIGHLIGHTS

- Volt further strengthens financial position with \$1.0 million proceeds from the exercise of remaining listed options received during quarter with \$4.7 million received in total.
- Draft prospectus for the US\$40 million Tanzanian Note lodged with the Tanzanian Capital Markets and Securities Authority (CMSA) and the Dar es Salaam Stock Exchange (DSE).
- Mining Licence Applications lodged with the Ministry of Energy and Minerals of Tanzania - representing a key approval required for the Stage 1 development of Bunyu
- Environmental and Social Impact Statement for Bunyu Graphite Project lodged – key step towards Stage 1 development and production

Volt Resources Limited (**ASX: VRC**) (“**Volt**” or, the “**Company**”) is pleased to provide shareholders with an update on activities for the period ended 31 March 2018.

CEO Commentary

“Volt remains focused on completing the Stage 1 development of the Bunyu Graphite Project within the next 12 to 15 months, and a number of important operative foundations were completed over the course of the March quarter.

“The lodgement of documents such as the Environmental and Social Impact Statement, mining licence applications and the completion of the Resettlement Action Plan with associated valuation report lodged for approval with the Chief Valuer represent the progress of a number of critical components of the Company’s strategy.

“Furthermore, the regulatory review of the draft prospectus for the US\$40 million Tanzanian Note issue is now well underway.

“With these developments anticipated to be finalised in the June quarter, Volt is entering an exciting phase and remains on track to develop its world-class graphite business.”

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March Quarter Activities Review

Environmental and Social Impact Study Lodged

During the quarter, the Company lodged its Environmental and Social Impact Study (“ESIS”) with the National Environmental Management Council (ASX announcement dated 23 January 2018).

The lodgement of the ESIS follows the completion of a significant body of work including flora and fauna surveys, heritage surveys, and stakeholder identification, including public consultation and the development of environmental and social monitoring and management plans.

The National Environment Management Council (“NEMC”) conducting a site verification visit in February, which was followed by a technical advisory committee meeting in Dar es Salaam in early March. Further information for inclusion in the ESIS has been requested arising from these review processes. The Company is currently preparing the additional information.

The ESIS covers the area required for the Stage 1 and Stage 2 expansion projects at Bunyu. Following assessment by NEMC, the ESIS will be lodged with the Environment Minister for approval. Once approved, Volt will be issued with its Environmental Certificate for the Bunyu project.

Resettlement Action Plan

The Resettlement Action Plan (“RAP”) has now been completed and the associated Valuation Report of compensation payable to people affected by the Bunyu Project development was lodged and subsequently approved by the Government Chief Valuer. Further approvals were obtained from the district and regional level post quarter end.

Volt has been working closely with relevant government authorities to ensure this process is compliant with Tanzanian legislation and that all people affected by the project development will be appropriately compensated. The drafting of the implementation plan for the RAP is in progress.

Mining Licence Application Lodged for Bunyu Graphite Project

In February, the Company lodged its Mining Licence Applications (“MLA’s”) with the Ministry of Minerals of Tanzania (the “Ministry”) covering the Company’s flagship Bunyu Graphite Project (see ASX Announcement 8 February).

The MLAs cover both the Stage 1 development, where an estimated 400,000tpa of ore will be processed producing a nominal 20,000tpa of graphite products, and the Stage 2 expansion at Bunyu which is targeted for completion by late 2020.

Stage 1 Feasibility Study

The Stage 1 Feasibility Study (“FS”) is now due to be completed in the June quarter. The FS completion timing has been adjusted due to resource sample export delays in Tanzania early in the March quarter. This in turn has moved the delivery of the Stage 1 Resource and Reserve estimations, mine production schedule and associated calculations for product revenue and mining and processing costs to Q2 2018.

The amended timing for completion of the FS will have minimal to no impact on the overall development schedule as this aligns the FS completion with the Note issuance and funding timing and likely receipt of development approvals (Environmental Certificate and ML approvals).

Investor Site Visit

The Bunyu Graphite Project was visited by a number of potential Note investors in February.

The investor visit covered the planned mine and mineral processing site and the Mtwara port facilities. Attendees included representatives from Exotix and Orbit Securities Limited and local community leaders from Utimbula and Namangale.

The discussion of the Bunyu Project covered infrastructure access, community programs and graphite markets, and was presented by Volt management including CEO Trevor Matthews.



Figure 1: Visitors with Volt staff and management at the proposed Stage 1 pit location

Edison Research Note

Leading London-based investment research and advisory firm Edison released a research report on the Company in March.

To read the report, visit <http://www.edisoninvestmentresearch.com/research/report/volt-resources-8063/full>.

Corporate Activity Overview

During the quarter, Volt successfully completed the raising of gross proceeds \$4.7 million through the exercise of 235,648,431 listed options at \$0.02 (ASX announcement dated 9 January 2018). A majority of these funds were received in the December 2018 quarter with the remaining \$1.0 million in proceeds received this quarter.

The listed options exercise process was strongly supported, with approximately 90% of Volt optionholders exercising their options. The shortfall of approximately 24 million options was jointly underwritten and taken up by Empire Capital Partners Pty Ltd ("Empire") and Cove Capital Pty Ltd ("Cove").

Importantly, the additional funding from the SPP, placement and option exercise provided Volt with the required financial flexibility to aggressively progress the planned Stage1 development of the Company's flagship Bunyu Graphite Project in Tanzania.

Volt has previously advised it has engaged Exotix Capital to undertake a US\$40 million Tanzanian Note issue to raise the required funding for the development of Stage 1 of the Bunyu project.

The draft prospectus was lodged with the Tanzanian Capital Markets and Securities Authority (CMSA) and the Dar es Salaam Stock Exchange (DSE) on March 27.

For and on behalf of Volt Resources Limited

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About Volt Resources Limited

Volt Resources Limited is a graphite exploration company listed on the Australian Stock Exchange under the ASX code: VRC. Volt Resources is focused on the exploration and development of its existing wholly-owned Bunyu Graphite Project in Tanzania. As of December 2016, the Bunyu Project is the largest JORC Mineral Resource deposit in Tanzania with 461Mt @ 4.9% TGC (comprising 20Mt Measured Mineral Resources @ 5.3% TGC, 155Mt Indicated Mineral Resources @ 5% TGC and 286Mt Inferred Mineral Resources @ 4.9% TGC), with 22.6Mt of contained graphite¹. The Bunyu Project is ideally located near to critical infrastructure with sealed roads running through the project area and ready access to the deep-water port of Mtwara 140km away.

¹ Refer to Volt's ASX announcement titled "Pre-feasibility Study Completed" dated 15 December 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

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 2018

| 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 | (1,299) | (2,670) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (454) | (1,366) |
| (e) administration and corporate costs | (599) | (1,723) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 10 | 15 |
| 1.5 Interest and other costs of finance paid | (55) | (67) |
| 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 | (2,397) | (5,811) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (14) | (17) |
| (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 (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 | (14) | (17) |
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 1,024 | 7,522 |
| 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 | 84 | 1,029 |
| 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 | 1,108 | 8,551 |
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 4,128 | 102 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (2,397) | (5,811) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (14) | (17) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 1,108 | 8,551 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 2,825 | 2,825 |

| 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 | 2,825 | 4,128 |
| 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) | 2,825 | 4,128 |

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**

27

-

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

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 | 615 |
| 8.2 Credit standby arrangements | - | - |
| 8.3 Other (please specify) | 439 | 439 |
| 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).

The other loan was from Radium Capital which is equal to approximately 80% of the R&D Claim.

The Company is obtaining regulatory approval to issue a Tanzanian listed Note to raise gross proceeds of the equivalent of US\$40 million. This is expected to be completed in the June 2018 quarter.

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 1,560 |
| 9.2 Development | 0 |
| 9.3 Production | 0 |
| 9.4 Staff costs | 324 |
| 9.5 Administration and corporate costs | 258 |
| 9.6 Other – repay loan portion | 225 |
| 9.7 Total estimated cash outflows | 2,367 |

| 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: 30 April 2018

Print name: Company Secretary, 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.