



VOLT RESOURCES

QUARTERLY ACTIVITIES REPORT TO 30 JUNE 2018

HIGHLIGHTS

- Volt completes Stage 1 Feasibility Study post-quarter end for the flagship Bunyu Graphite Project in Tanzania.
 - Stage 1 based on a mining and processing plant annual throughput rate of 400,000 tonnes of ore to produce on average 23,700tpa of graphite products positioning Volt as a meaningful participant in the global flake graphite market;
 - Stage 1 financial analysis showed favourable NPV and IRR over a payback period of 4.4 years;
 - Pre-tax NPV (10%) of US\$18.6M;
 - Pre-tax IRR of 21.0%;
 - EBITDA of US\$93.6M over 7 year Stage 1 project period – average annual EBITDA of \$US13.1M;
 - Stage 1 FS indicates average FOB operating cost of US\$664 per tonne and start-up capital cost estimate of US\$31.8M;
 - Key objective of Stage 1 development is to establish infrastructure and market position in support of the development of the significantly larger Stage 2 expansion project.
- Draft prospectus for the US\$40 million Tanzanian Note Issue under review with the Tanzanian Capital Markets and Securities Authority (CMSA) and the Dar es Salaam Stock Exchange (DSE)
- \$2,000,000 placement completed, funds to be deployed towards repaying the Convertible Loan Facility and working capital requirements at Bunyu Project
- Additional offtake agreements continue to be advanced following positive meetings with potential Chinese partners
- Resettlement Action Plan (RAP) compensation process completed
- Environmental and Social Impact Statement (ESIS) for Bunyu Graphite Project under review – key step towards Stage 1 development and production

Volt Resources Limited (**ASX: VRC**) ("**Volt**" or, the "**Company**") is pleased to provide shareholders with its quarterly activities report for the period ended 30 June 2018.

Management Commentary

Volt Resources CEO Trevor Matthews commented:

"The June quarter represented an important period of consolidation for the Company, with the Stage 1 Feasibility Study now complete, which represents an important step forward in Volt's strategy to become one of leading global producers of natural coarse flake graphite.

"From a funding perspective, we are continuing to make good progress in regards to our US\$40 million Tanzanian Note issue, which will provide the capital to fund the Stage 1 development of Bunyu.

"With a number of key approvals and funding developments on the horizon, we expect the September quarter to be another highly productive period for the business as we move towards first production from Bunyu."

June Quarter Activities Review

Stage 1 Feasibility Study

Post quarter end, the Company completed the Feasibility Study ("FS") into the Stage 1 development of the flagship Bunyu Graphite Project located in Tanzania (Refer ASX announcement dated 30 July 2018, released 31 July 2018).

The Stage 1 development is focussed on the development of a nominal 20,000 to 24,000tpa graphite mine and processing facility in Tanzania with exports of graphite products planned into the USA, China and other markets.

The development incorporates a significant amount of infrastructure, utilities and mine development work that benefits the Stage 2 expansion including the site access road, plant laydown area, tailings storage facility, waste dumps, stockpile areas, open pit development, mining operations, accommodation village and water supply.

The proposed Stage 2 development is an expansion of Stage 1 production based on the market demand for Bunyu's graphite products and leveraging the large scale graphite mineral resource and Bunyu's close proximity to critical infrastructure. The Stage 2 expansion is targeted to meet expected significant increases in demand for coarse flake graphite in the expandable graphite market and fine flake size products for battery anode material and other existing and evolving industrial uses for micro carbon products.

During the Stage 1 FS the Company, working with its Tanzanian subsidiary, Volt Graphite Tanzania Ltd (VGT) also conducted the following activities:

- Completed and lodged the Environmental and Social Impact Study (ESIS). The ESIS has been reviewed by the NEMC and Technical Advisory Committee which has involved a site visit and technical review meetings and is now in the final stage for the Minister

for Environment approval. It is important to note the environmental approval incorporates the area to be developed under Stage 1 and the Stage 2 expansion.

- Lodged two Mining Licence (“ML”) applications covering the 18km² footprint for Stage 1 and the Stage 2 expansion. The recent appointment of the Mining Commission has resulted in a large number of licence applications being approved. Once the environmental approval is obtained, the Company expects the mining licences to be approved soon thereafter.
- Completed the Resettlement Action Plan and received all approvals for the compensation arrangements with approximately 1,000 people either farming or living within the mining licences area.

Offtake Agreements Advanced

Volt’s management team visited China in April to advance discussions on binding offtake agreements for the Bunyu Graphite Project.

Meetings were held with CNBM General Technology (formerly known as CNBMGM), GEM, Tianshengda and two new groups, Haida and Baixing, to progress offtake agreements or commence exchange of project information and product samples for longer term supply arrangements.

The feedback received following the meetings indicated strong demand for coarse flake material above 100 mesh (150 micron) in size for use in the expandable graphite market, which strongly supports Volt’s strategy to become a primary expandable graphite supplier.

The parties are now progressing with exchanging draft binding offtake agreements in relation to Stage1 offtake. Further updates on these discussions will be provided to shareholders in due course.



Figures 1 & 2 (L-R): Trevor Matthews and Mr Yu (Tianshengda) and Mark Hoffmann, Mr Gao (GEM) and Trevor Matthews

Resettlement Action Plan Completed

As previously advised (see “Bunyu Update” ASX Announcement dated 17 April 2018), the Resettlement Action Plan (RAP) compensation process has now been completed and the associated Valuation Report of compensation payable to people affected by the Bunyu Project development has been approved by the Government Chief Valuer and has been approved at the district and regional level.

Volt continues to work closely with relevant government authorities to ensure the process is compliant with Tanzanian legislation and to appropriately compensate all people affected by the project development.

The drafting of the implementation plan for the RAP is ongoing.

Bunyu Graphite Project Key Approvals

Earlier this year, the Company lodged its Environmental and Social Impact Study (“ESIA”) with the National Environmental Management Council (ASX announcement dated 23 January 2018), and its Mining Licence Applications (“MLA’s”) with the Ministry of Energy and Minerals of Tanzania, which will incorporate the footprint for Stages 1 and 2 of the Bunyu Project.

Volt received positive initial feedback regarding both the the ESIA and the MLAs during the quarter, and as advised (see “CEO Update” ASX Announcement from 7 June), the Company expects final approvals to be granted in the September quarter.

US\$40 million Tanzanian Note Issue Draft Prospectus

The draft prospectus for the US\$40 million Note Issue that has been lodged with the Tanzanian Capital Markets and Securities Authority (“CMSA”) and the Dar es Salaam Stock Exchange (“DSE”) is currently under review with comments received from both the DSE and CMSA being incorporated into the draft prospectus.

An updated prospectus which incorporates the Stage 1 Feasibility Study results, is in the process of being re-lodged with both regulators. Once the prospectus content has been agreed with the regulators, the Company will soon thereafter proceed with the issue of the prospectus to sophisticated investors in the East African financial markets to raise the Bunyu project development funds.

Corporate Activity Overview

During the quarter, Volt received binding commitments for a share placement to raise \$2 million (before costs). Patersons Securities (“Patersons”) acted as the Lead Manager to the Placement, with the majority of the shares being subscribed for by institutional investors.

Under the Placement, Volt issued 86,956,523 new fully paid ordinary shares to sophisticated and professional investors at A\$0.023 per share.

Funds received will be deployed towards repaying the Convertible Loan Facility (see ASX Announcement dated 7 July 2017), and towards working capital requirements incurred as Volt progresses its project approvals and financing programs in Tanzania.

Resignation of Non-Executive Director

Post-quarter end, Matthew Bull tendered his resignation as Non-Executive Director of the Company, effective 9 July 2018.

For and on behalf of Volt Resources Limited

Trevor Matthews
Chief Executive Officer

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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. 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.

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 June 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,372)	(4,042)
(b) development	-	-
(c) production	-	-
(d) staff costs	(412)	(1,778)
(e) administration and corporate costs	(584)	(2,307)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	20
1.5 Interest and other costs of finance paid	(56)	(123)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	549	549
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,870)	(7,681)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(17)
(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 (12 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	-	(17)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	1,880	9,402
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	-	1,029
3.6	Repayment of borrowings	(644)	(644)
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	1,236	9,787
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,825	102
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,870)	(7,681)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(17)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,236	9,787
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,191	2,191

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	2,191	2,825
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)	2,191	2,825

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

63

-

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	390	390
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 (to 9 July 2018) 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).

\$250,000 was repaid in cash on 9 July 2018 and \$140,000 has been mutually extended for ~3 months to 5 October 2018 on the same terms.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	495
9.2 Development	0
9.3 Production	0
9.4 Staff costs	380
9.5 Administration and corporate costs	255
9.6 Other (Convertible loan facility repayments)	250
9.7 Total estimated cash outflows	1,380

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 July 2018

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.