



VOLT
RESOURCES

25 January 2019

ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Attention: Daniel Nicholson

Dear Mr Nicholson

Aware Query

We refer to your letter dated 23 January 2019.

In regards to paragraph D in your letter, we understand that the actual closing price of fully paid ordinary shares in the capital of Volt Resources Ltd (**'Volt'** or the **'Company'**) on ASX on 21 January 2018 was \$0.025, with an intraday high of \$0.027 (and not a closing price of \$0.028 as stated in paragraph D of your letter).

The Company provides the following responses to the queries in your letter:

1. Volt entered into a non-binding indicative term sheet with Riverfort Global Capital Ltd (**'Riverfort'**) on 12 November 2018 setting out the indicative key terms for the provision of a short-term loan facility by Riverfort to the Company. The indicative term sheet noted that the provision of any short-term loan facility remained conditional upon (amongst other things) completion of satisfactory due diligence, Riverfort credit committee approval and execution of legally binding facility and security documentation.

Riverfort subsequently introduced a second party to the proposed short-term financing arrangements, being Yorkville Advisors (**'Yorkville'**), with Riverfort and Yorkville each proposing to make available 50% of the proposed short-term funding.

Drafting of the formal facility and security documentation commenced in December 2018, with the final documentation being agreed and executed on 14 January 2019 (New York time) and Volt receiving \$1,339,286 in funding under the short-term loan facility on the morning of 15 January 2019 (Perth, Western Australian time).

2. Volt does not consider the execution of the short-term loan facility with Riverfort and Yorkville to be information that a reasonable person would expect to have a material effect on the price or value of Volt securities, or be information that would (or would be likely to) influence investors in deciding whether or not to acquire or dispose of Volt securities.

In this regard, Volt believes that the value of the Company is integrally related to Volt's progress in developing the Bunyu graphite project in Tanzania (the **'Bunyu Graphite Project'**), being the Company's sole undertaking.

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Volt has been progressing the development of the Bunyu Graphite Project for over three years. The project is located in Tanzania, which has been seen as a challenging jurisdiction due to changes that were made to the applicable mining legislation and regulations in mid-2017. When combined with recent macro-economic events (such as the recent international trade disputes that have impacted commodity prices and financial markets), Volt believes that there is significant shareholder and market interest in whether Volt will be successful in funding the development of Stage 1 of its Bunyu Graphite Project.

Volt announced to ASX on 14 December 2017 that it is seeking to raise US\$40 million (equivalent to approximately A\$55.9 million at a USD:AUD exchange rate of 0.715) by way of the issue of Tanzanian Bonds or Loan Notes ('Notes') to fund the development of Stage 1 of the Bunyu Graphite Project. The raising of these funds is a key milestone for Volt to be able to progress to development of Stage 1 of the Bunyu Graphite Project. Volt is currently waiting on the approval of the Tanzanian Capital Markets and Securities Authority ('CMSA'), with such approval enabling Volt to proceed to issue the Note prospectus. For these reasons, Volt believes that CMSA approval to the Note prospectus is a key milestone that is likely to have a material effect on the price and/or value of Volt securities.

Since as early as October 2018, Volt has on a number of occasions received informal feedback via its Tanzanian broker Orbit Securities that CMSA approval of the Note prospectus is imminent. On each of these occasions, such approval was not forthcoming with various reasons provided as to why the CMSA did not meet and/or the approval was not issued. Volt has continued, and continues, to engage with the CMSA and in the interim has been successful in receiving approval from the DSE for the listing of the Notes on the Dar Es Salaam Stock Exchange ('DSE'). As stated previously in this letter and in ASX announcements, Volt remains confident of receiving the CMSA approval in the near future and will make the appropriate market disclosure as soon as it becomes aware that this significant approval milestone has been received.

Recent questions and feedback received by Volt from its shareholders and other market participants have been solely focussed on the status of the Tanzanian Note prospectus approval and the timing for commencement of development of Stage 1 of the Bunyu Graphite Project. Volt has not received any recent enquiries from shareholders or other market participants regarding its cash position or the status of its short-term funding activities.

The loan amount of A\$1.3 million drawn on 15 January 2019 under the short-term loan facility amounts to approximately 5.6% of Volt's total equity as at 30 June 2018 of A\$23.3 million per the Company's audited financial statements. Typically Volt and its auditors assess materiality in regards to balance sheet items as being greater than 10%, with 5% or less being considered to be immaterial. Further, Volt notes that the A\$1.3 million advanced under the short-term loan facility represents just 3.9% of the Company's market capitalisation of A\$33.48 million (as at the close of trading on Wednesday 23 January 2019).

The provision of the short-term funding is seen by the Company as an interim funding measure pending receipt of CMSA approval. As outlined above, Volt expects that CMSA approval to the Note prospectus is likely to have a material effect on the price and/or value of Volt securities. As such, Volt believes it will be in a better position to implement longer term funding arrangements once CMSA approval has been obtained, with such longer term funding expected to facilitate repayment of funds advanced under the short-term loan facility on or before its maturity date.

For these reasons, Volt does not consider the execution of the short-term loan facility with Riverfort and Yorkville to be information that a reasonable person would expect to have a material effect on

the price or value of Volt securities or be information that would (or would be likely to) influence investors in deciding whether or not to acquire or dispose of Volt securities.

As such, it was not information considered by Volt to have any relevance to the Price and Volume Query Response.

3. No, for the reasons set out in paragraph 2 above.
4. See the response in paragraph 2 above.
5. Not applicable.
6. Volt confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
7. Volt's responses to the questions above have been authorised and approved in accordance with Volt's published continuous disclosure policy by an officer of Volt with delegated authority from the board to respond to ASX on disclosure matters.

If you require any further information please contact me.

For and on behalf of the Board



Susan Hunter
Company Secretary
Volt Resources Ltd

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23 January 2019

Ms Susan Hunter
Volt Resources Limited
Company Secretary

By email

Dear Ms Hunter

Volt Resources Limited (“VRC”): Aware Query

ASX Limited (“ASX”) refers to the following:

- A. VRC’s announcement entitled *“Short Term Funding and Appendix 3Y”* lodged on ASX’s Market Announcements Platform (“MAP”) at 9:02 AM AEDT and released at 9:06 AM AEDT on Tuesday, 22 January 2019, disclosing:
- (a) a short term loan in the amount of A\$1.3m (“Loan”); and
 - (b) an Appendix 3Y in respect of a change to Mr Asimwe Kabunga’s shareholding in VRC (“Appendix 3Y”). In particular, ASX refers to the date of change, being 15 January 2019, and the nature of change, being *‘shareholding is secured against the Volt Resources Ltd short-term loan facility’*, (“22 January Announcement”).
- B. VRC’s announcement entitled *“Short Term Funding Additional Information”* lodged on MAP at 2:57 PM AEDT and released 3:00 PM AEDT today, Wednesday 23 January 2019, which provides further disclosure in respect of the key terms of the Loan (together with the Loan, the “Loan Information”).
- (together with the 22 January Announcement, the “Announcements”).
- C. VRC’s Consolidated Annual Report for the Year Ended 30 June 2018 lodged on MAP on 14 September 2018 which discloses VRC’s total equity position as \$23,300,508.
- D. The change in price of VRC’s securities from a low of \$0.02 on 17 January 2019 to a high of \$0.028 at close of market on 21 January 2019 and the significant increase in the volume of securities traded between 17 January 2019 and 21 January 2019.
- E. ASX’s price and volume query and VRC’s response lodged on MAP at 2:08 PM AEDT and released at 2:11 PM AEDT on 21 January 2019, which in the response, among other things, states that:
- ‘Volt Resources Ltd (Volt) is not aware of any information concerning it that has not been announced to the market which, if known by some in the market, could explain the recent trading in Volt’s securities’*
- (“Price and Volume Query Response”).
- F. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities.
- G. The definition of “aware” in Chapter 19 of the Listing Rules, which states that:
- “an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity” and section 4.4*

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in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information.”

- H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- I. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

Having regard to the above, ASX asks VRC to respond separately to each of the following questions and requests for information:

1. When did VRC first become aware of the Loan Information disclosed in the Announcements?
2. If the answer to question 1 pre-dates 21 January 2019, being the date of the Price and Volume Query Response (“Relevant Date”), please explain why the Loan Information was not disclosed in the Price and Volume Query Response?
3. Does VRC consider the Loan Information disclosed in the Announcements to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
4. If the answer to question 3 is “no”, please advise the basis for that view. In answering this question, please specifically have regard to the value of the loan and the total equity position disclosed in the Annual Report for the Year Ended 30 June 2018.
5. If the answer to question 3 is “yes” and VRC first became aware of the Loan Information before the Relevant Date, did VRC make any announcement prior to the Relevant Date which disclosed the Loan Information? If so, please provide details. If not, please explain why the Loan Information was not released to the market at an earlier time, commenting specifically on the Price and Volume Query Response and when you believe VRC

was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps VRC took to ensure that the information was released promptly and without delay.

6. Please confirm that VRC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
7. Please confirm that VRC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of VRC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **6.30 AM AWST Tuesday, 29 January 2019**.

If we do not have your response by then, ASX will have no choice but to consider suspending trading in VRC's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, VRC's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market. Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to VRC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that VRC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Company's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in this letter and may require the Company to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

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We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 Trading Halts & Voluntary Suspensions.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in VRC's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours faithfully

Daniel Nicholson
Adviser, Listings Compliance (Perth)