



VOLT
RESOURCES

ASX ANNOUNCEMENT

By e-lodgement

31 January 2019

QUARTERLY ACTIVITIES REPORT TO 31 DECEMBER 2018

Highlights:

- **Mining Licences covering Stage 1 and 2 developments at Bunyu granted – all key approvals and licences now in place in preparation for commencement of Stage 1 development work program**
- **Tanzanian roadshow and North American investor meetings completed during the quarter**
- **A\$1.3 million secured via short-term funding facility to provide additional funding flexibility whilst Stage 1 development funding is completed**

Tanzanian-focused flake graphite development company Volt Resources Limited (**ASX: VRC**) ("**Volt**" or, the "**Company**") is pleased to provide its quarterly activities report for the period ended 31 December 2018.

Receipt of Bunyu Mining Licences

In October, Volt received two Mining Licences ("ML's") ML 591/2018 and ML 592/2018 from the Mining Commission of the Ministry of Minerals of Tanzania, that cover the respective Stage 1 and Stage 2 development footprints at Bunyu. Importantly, Volt has now received all key approvals for the Stage 1 and Stage 2 developments of the Bunyu Graphite Project.

The ML's cover a combined area of 17.71km² and provide Volt with the exclusive right to develop the graphite resources within the ML area. The ML's are effective for a period of 10 years and there is a right of further 10-year renewals under section 53 of the Mining Act.

Stage 1 Development Funding

As previously advised, Volt has engaged Exotix Capital as funding advisor to undertake a Tanzanian Note Issue to raise the required funding for the Stage 1 development at Bunyu (see ASX Announcement dated 25 October 2017). The Note Offer is by Volt's wholly-owned subsidiary Volt Graphite Tanzania plc ("VGT") through the issue of a Prospectus to potential investors in East Africa. The Notes are to be listed on the Dar es Salaam Stock Exchange (DSE) which required the approval of the DSE.

On 13 December 2018, VGT received approval from the Dar es Salaam Stock Exchange PLC to list its Notes on the Dar es Salaam Stock Exchange ("DSE"). In addition, the issue of the Note Prospectus to investors requires the approval of Tanzania's corporate regulator the Capital Markets and Securities Authority (CMSA). Post the quarter end, VGT received correspondence from the CMSA on Friday 25 January 2019

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which set unrealistic commercial terms for the Note Issue to proceed. Volt will continue to discuss the Note Issue with the CMSA in the short term, to ensure an appropriate commercial balance is reached.

In parallel, Volt will continue to advance alternative funding options including, but not limited to a Note Issue and Listing on the Stock Exchange of Mauritius ("SEM") that is using principally the same Tanzanian Note Prospectus, and US based institutional funds participation in the Stage 1 development funding.

Funds raised will be deployed towards the Stage 1 development of the Bunyu Graphite Project. A Definitive Feasibility Study ("DFS") on the large-scale Stage 2 Expansion at Bunyu will also be undertaken concurrently with the Stage 1 development.

Roadshow and Investor Meeting Activity

During the quarter, Volt completed investor meetings in North America and an investor roadshow in East Africa. The Company is pleased to advise that strong interest was received from a number of investment funds and banks. Volt and Exotix Capital are continuing to actively progress a number of discussions in relation to the Stage 1 development funding requirements through 2019-2020.

A\$1.3 Million Funding Facility Secured

Post-quarter end, the Company secured a short-term (6-month) funding facility of A\$1.3 million, providing added funded flexibility over the coming months while the Company completes its development funding activities. The funding facility will not be dilutionary to existing shareholders as no equity will be issued during the 6-month loan period.

Research and Development Claim

During the quarter Volt lodged its income tax return and supporting R&D Tax incentive claim for the 2018 financial year, whereby the Company receives a 43.5% cash rebate on eligible R&D expenditure.

This resulted in an R&D cash refund from the Australian taxation office of \$641,173 in late December 2018, following which the Company repaid the \$512,000 R&D loan received from the R&D Loan funder Radium Capital earlier in the quarter.

Project Development

In preparation for the planned development of Stage 1, four high quality responses were received from well credentialed and experienced engineering consultancies for the role of Project Management Consultant (PMC). The four proposals were evaluated and post quarter end, a short list of proponents was interviewed to enable an appointment of the preferred engineering consultant in the new year. The selected PMC will manage the implementation of the Stage 1 development of the Bunyu Project in conjunction with Volt Graphite Tanzania.

Management Commentary

Volt Resources CEO Trevor Matthews commented:

"Our immediate priority remains on successfully completing our Stage 1 development funding process to enable the commencement of the Stage 1 development program. The interim bridge funding facility secured in January has provided added flexibility whilst the funding process is finalised.

"We look forward to providing further updates on the development funding process and the commencement of development work throughout this quarter."

-ENDS-

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For and on behalf of Volt Resources Limited

Trevor Matthews
Chief Executive Officer

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About Volt Resources Limited

Volt Resources Limited (“Volt”) is a graphite exploration and development company listed on the Australian Stock Exchange under the ASX code VRC. Volt is currently focused on the exploration and development of its wholly-owned Bunyu Graphite Project in Tanzania. The Bunyu Graphite 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.

In July 2018, Volt reported the completion of the Feasibility Study (“FS”) into the Stage 1 development of the Bunyu Graphite Project. The Stage 1 development is based on a mining and processing plant annual throughput rate of 400,000 tonnes of ore to produce on average 23,700tpa of graphite products¹. A key objective of the Stage 1 development is to establish infrastructure and market position in support of the development of the significantly larger Stage 2 expansion project at Bunyu.

¹ Refer to Volt’s ASX announcement titled “Positive Stage 1 Feasibility Study Bunyu Graphite Project” dated 31 July 2018. 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.

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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 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(198)	(818)
(b) development	-	-
(c) production	-	-
(d) staff costs	(332)	(799)
(e) administration and corporate costs	(312)	(743)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	6
1.5 Interest and other costs of finance paid	(11)	(21)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	641	641
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(212)	(1,734)
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 (6 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	-	-
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 (GST refunds credited from prior quarters)	40	40
3.5	Proceeds from borrowings	512	512
3.6	Repayment of borrowings	(652)	(902)
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	(100)	(350)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	420	2,192
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(212)	(1,734)
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)	(100)	(350)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	108	108

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	9	420
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Cash held in trust)	99	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	108	420

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
73
-

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 – Convertible loans	-	-
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 in relation two sophisticated investors was mutually extended from 5 July 2018 to 8 October 2018. The loans of \$140,000 were fully repaid in cash on 8 October 2018.

A loan of \$512,000 was drawn during the quarter, secured against the company's R&D Tax incentive claim for FY2018. This was repaid in full prior to quarter's end, on receipt of the refund from the Australian Taxation Office.

A short-term debt facility was in the process of being negotiated for net A\$1.27 million at quarter's end and the funds were received on 15 January 2019.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	45
9.2 Development	-
9.3 Production	-
9.4 Staff costs	367
9.5 Administration and corporate costs (including Note funding costs)	489
9.6 Other – (Short term debt funding, net)	(1,269)
9.7 Total estimated cash outflows (net inflows)	(368)

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest (Graphite exploration and mining)	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL10718/2015	Prospecting Licence (Area replaced by the 2MLs and 2PL applications below)	100%	Nil
10.2 Interests in mining tenements and petroleum tenements acquired or increased	ML591/2018	Mining Licence granted	Nil	100%
	ML592/2018	Mining Licence granted	Nil	100%
	PL13207/2018	Prospecting Application lodged for 100%	Nil	Application lodged
	PL13208/2018	Prospecting Application lodged for 100%	Nil	Application lodged

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 January 2019

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.