



**ASX ANNOUNCEMENT**

By e-lodgement

21 May 2020

## **Binding Term Sheet to Acquire Advanced Gold Project**

**Highlights include:**

- **Binding Term Sheet signed for the conditional acquisition of an 85% interest in the advanced Luiri Hills Gold Project in Zambia.**
- **The Luiri Hills Gold Project is an advanced project with Metallurgical and Mineral Resource studies and significant other work undertaken by credible international consultants with over US\$20 million expended on the project to date**
- **Minimal work expected to be required to update existing studies and to progress with required development approvals to a 'Decision to Mine'**
- **Opportunity to build on Volt's long-standing relationship with Chinese Engineering and Construction group, Yantai Xinhai, who previously proposed a funded BOOT gold plant development plan for the Project development**
- **Potential to realise funds from stockpiled gold bearing ore**
- **Acquisition remains subject to completion of due diligence**

**Volt Resources Limited (ASX: VRC) ("Volt" or the "Company")** is pleased to advise that it has entered into a binding Term Sheet ("**Term Sheet**") to conditionally acquire an 85% interest in the Luiri Hill Gold Project ("**Luiri Project**") located in south-central Zambia, 120km west-northwest of the Zambian capital of Lusaka.

The proposed acquisition of the Luiri Project continues Volt's progression in establishing a new gold business whilst progressing the development of its Bunyu Graphite Project in Tanzania. Together with the proposed acquisition of the Guinea gold project announced on 14 May 2020 (the "**Guinea Gold Project**"), the acquisition of the Luiri Project will provide Volt with a combination of highly prospective grass roots exploration in Guinea together with an 85% interest in an advanced gold project in Zambia that has near term development potential.

The creation of a new gold business provides Volt shareholders with the opportunity to participate in the potential value accretion from gold exploration and development activities, particularly through leveraging the Company's existing extensive networks in Africa.

**Volt Resources Chairman, Asimwe Kabunga, commented:** "As a shareholder I am excited about the opportunity for Volt to develop its world class graphite business in Tanzania combined with the potential to become a gold producer in Zambia in the near future.

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“The board is working with the management team to realise our goal to transform Volt into a diversified mineral producer.

Our Zambian partners in the Luri Hill Gold Project have the local knowledge and important relationships which can be utilised to add considerable value if the acquisition proceeds.”

**Volt Resources Managing Director, Trevor Matthews, added:** “ The Luri Hill Gold Project is at an advanced stage supported by a number of studies.

“The opportunity to realise some cashflow from the sale of the existing on-site stockpiles to provide early funding is unique.

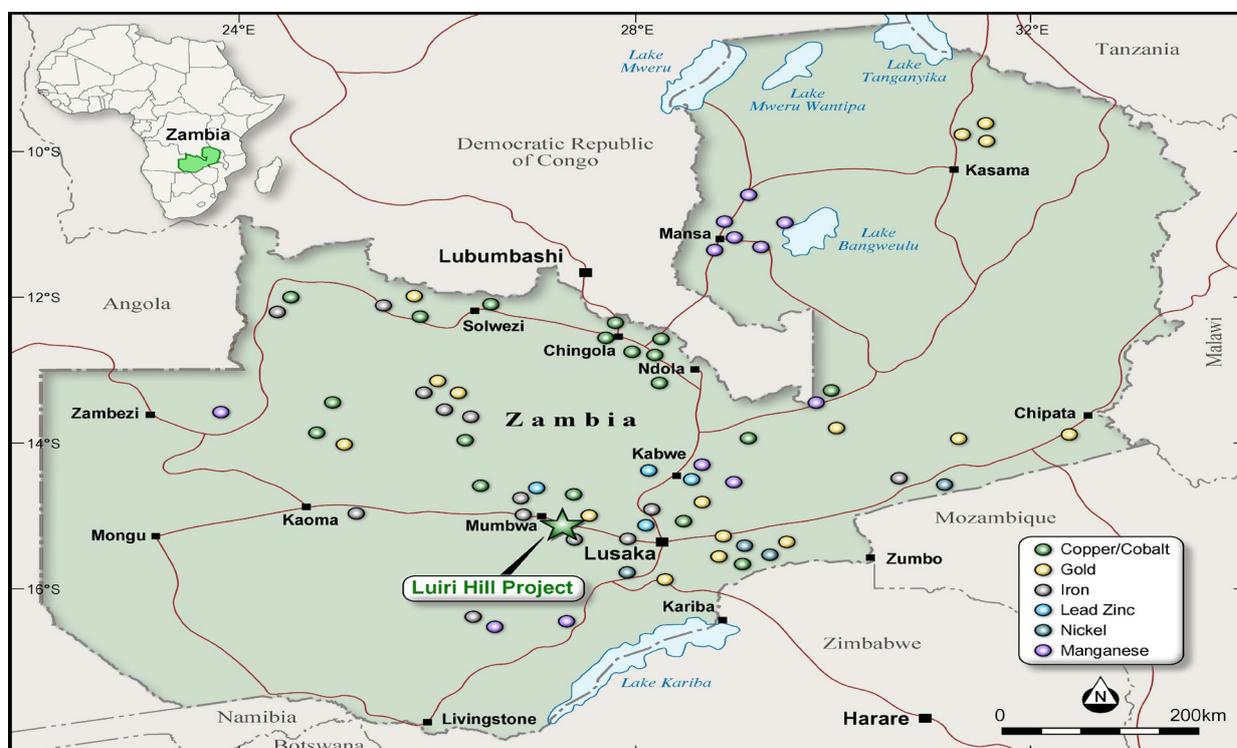
Given the substantial increase in the gold price in the past year combined with the project’s potential supports the ability to debt fund the project development to minimise future equity requirements and can create real long-term value for shareholders.”

### **The Luri Hill Gold Project**

The Luri Project is an advanced gold project with considerable drilling and studies already undertaken. The Matala and Dunrobin deposits, which collectively form the Luri Project, have the potential to be developed into a medium scale gold mine in the short term.

The Luri Project was previously majority owned by Luri Gold Limited, a company that was previously listed on ASX (ASX code “LGM”) until 2014, when it was sold by Luri Gold Limited to a South African company.

The Project is comprised of one large-scale exploration licence and a mineral processing licence with a total area of 31.38km<sup>2</sup> within the Matala Dome mineralized structure. Access to the Project area is by a bitumen sealed road from Lusaka. The area has significant potential for gold occurrences both related to the Matala Dome mineralized structure and the surrounding Katangan rocks where there is potential for iron oxide copper-gold (“IOCG”) style mineralization.



### **Luri Hill Gold Project location**

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## **Significant Work Undertaken to Date**

Over US\$20 million has been invested in the Luri Hill Gold Project to date with extensive RC and diamond drilling programmes, mineral resource reports, metallurgical testwork programmes and studies, feasibility studies undertaken by consultants Coffey (2013) and PenMin (2016) and various other activities.

In 2016 Yantai Xinhai Machinery, a Chinese based firm, entered a partnership agreement with the previous owner to arrange vendor financing through a loan for the design, build operate (DBO) contract for the Matala deposit.

Yantai Xinhai Machinery has a longstanding relationship with Volt Resources Limited as the preferred processing plant constructor for the Bunyu Stage 1 Graphite Project. Due to previous experience and work done by Yantai Xinhai Machinery on the Matala project, Volt has commenced engagement with Yantai Xinhai Machinery to explore the role they can play in development of the Luri Hill Gold Project.

Whilst Coffey Partners Pty Ltd previously reported a JORC (2004) Mineral Resources (Measured, Indicated and Inferred) in relation to the Matala and Dunrobin deposits, the Company is seeking access to further information regarding the extent of the historical work conducted in order to comply with ASX continuous disclosure requirements regarding the reported estimates of Mineral Resources given that they were prepared under a pre-2012 edition of the JORC Code, and will release that information when it becomes available.

In any event, with most of the mineral resource near surface and therefore suitable for open cut mining, Volt considers there is an opportunity with the current and forecast gold price to reduce the cut-off grade and increase the ounces available for extraction from what has previously been used for the purposes of estimating that mineral resource.

In addition to the Dunrobin and Matala project area, a further twenty-four gold prospects have been identified within the area of license as being targets for further exploration work.



**Dunrobin mineralised core**



## **Stockpiles**

The project also reportedly has significant existing stockpiles of gold bearing ore, which Volt considers may be material in terms of providing a funding mechanism for the completion/updating of studies to progress to a mining licence, advance any remaining environmental and other approvals and transition to a development decision. As with the existing Mineral Resource estimates, the Company is seeking access to site to physically inspect these stockpiles as part of its due diligence investigations and will provide further information when it becomes available.



**Volumetric calculations being undertaken at one of the stockpiles**

## **Zambian Vendor Continuing Role to Assist the Project Development**

The project vendors are to retain a 15% interest in the project ownership and have committed to assist Volt with government and local community engagement using their deep relationship with the local communities including the community leadership, as well as their invaluable connection within the Zambian Government to ensure the partnership is able to successfully develop the Luri Hill Gold Project.

## **Transaction Details**

The Company has entered into a binding term sheet to acquire an 85% interest in the Project.

The project licences are held by two entities incorporated in Zambia. Cupriferous Resources Ltd holds a Large Scale Exploration Licence and with Bukimo Mining Limited, the two companies jointly hold a Mineral Processing Licence. It is proposed both entities will be acquired by an Australian parent entity which is to be incorporated by Volt prior to settlement, which in turn will be owned 85% by Volt and 15% by the project vendors.

The consideration for the acquisition of at 85% interest in the Luri Project comprises:

- the issue of A\$3.75 million ordinary fully paid shares on settlement of the acquisition, with the number of shares to be issued calculated based on the 5 trading day volume weighted average price of Volt securities on ASX in the period immediately prior to settlement; and
- payment of A\$250,000 in cash within 30 days of settlement occurring.

Completion of the acquisition is subject to the satisfactory completion of Volt's due diligence enquiries, the execution of a share sale agreement in a form acceptable to Volt, as well as the approval of Volt shareholders to the issue of the consideration shares to be sought at an upcoming meeting of Volt shareholders expected to be held in late June 2020.

There are no change to Volt's board or management structure arising out of the proposed acquisition, although the project vendors will be entitled to representation on the Board of the Australian holding company, as well as the relevant Zambian subsidiary entities, as a consequence of their ongoing 15% interest in the Luri Project.

Settlement of any acquisition is expected to occur within 5 business days of shareholder approval to the issue of the proposed consideration shares for the acquisition of an 85% interest in the Luri Project being obtained.

The Company will update shareholders of any material developments as it progresses with its due diligence enquiries in relation to the Luri Project.

**-ENDS-**

### ***Authorised by:***

***Trevor Matthews  
Managing Director  
Volt Resources Limited***

### **For further information please contact:**

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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 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 products<sup>1</sup>. 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.

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<sup>1</sup> 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.