ASX ANNOUNCEMENT

By e-lodgement

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INTERIM WORKING CAPITAL FUNDING COMPLETED

HIGHLIGHTS

- **Volt raises $1 million from institutional and sophisticated investors through a 12-month convertible loan facility**
- **Conversion price of $0.05 which is at a substantial premium to the prevailing share price**
- **Interim funding measure while development funding for Stage 1 project is secured**

INTRODUCTION

Volt Resources Limited (**ASX: VRC**), ("**Volt**" or the "**Company**") is delighted with the support received from institutional and sophisticated investors that has enabled the Company to raise $1m for working capital purposes through a 12-month convertible loan facility. The terms of the convertible loan funding demonstrates the confidence that these investors have in Volt's strategy to fast track mining operations to facilitate the transition to producer status and commence generating cash flow.

From Volt's perspective, it is important to reinforce that this funding solution is an interim measure only to provide sufficient working capital through to the end of 2017. Management will continue to allocate resources prudently and ensure costs are properly aligned with achieving our core objectives.

During the fourth quarter of 2017, the Board expects approximately $4.8m will be received from the exercise of Volt's listed $0.02 options which mature on 31 December 2017. Furthermore, negotiations with Middle East and Chinese counter parties to provide long-term working capital and project development funding for Stage 1 of the Namangale project are planned to conclude well before the end of calendar 2017 to support Stage 1 construction commencement in Q4 2017.

CONVERTIBLE LOAN FACILITY

After reviewing a number of different short term funding options for working capital purposes, the Board decided to proceed with a convertible loan facility raising $1m from sophisticated investors. The key terms of the Convertible Loan facility are as follows:

- Convertible loan facility for 12 months, with a 10% coupon payable quarterly in arrears in cash or Volt shares (Lenders election to receive interest in the form of Volt shares issued at the conversion price);
- 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 the 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); and
- Senior security over Volt's assets can be put in place at the lenders' election.

The key benefits from progressing with this convertible loan facility in its current form are:

- Funds are immediately available for working capital purposes;
- Dilution at less than 2% on a fully diluted basis; and
- Conversion pricing is attractive.

Chief Executive Officer, Trevor Matthews commented: "After considering various short term funding initiatives, the Board agreed the optimal solution was the convertible loan facility given the very attractive pricing available.

The funds raised from the facility will be enough for Volt's working capital purposes for the rest of the year. A key reason is that project development activities have been moderated following the decision to restructure the business plan to Stage 1 and 2 production. With $4.8 million expected to be received from option conversions by year end and funding to develop Stage 1 production expected to be finalised well before the end of 2017, Volt will be fully funded to execute the first phase of the revised strategy. "

Conclusion

The Board is delighted with the confidence shown by institutional and sophisticated investors for the $1m convertible loan facility. Ensuring that adequate working capital is available over the next six months is critically important, until the $4.8m proceeds from option conversions starts to materialise. More importantly, this frees up management's time to focus on securing longer term development funding so construction on Stage 1 production can commence in Q4 2017.

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