ABN: 28 106 353 253

And Controlled Entities

CONSOLIDATED HALF YEAR REPORT

For the Half Year Ended
31 December 2017

DIRECTORS

Asimwe Kabunga	Non-Executive Chairman
Stephen Hunt	Non-Executive Director
Alwyn Vorster	Non-Executive Director
Matthew Bull	Non-Executive Director

CHIEF EXECUTIVE OFFICER
Trevor Matthews

SECRETARY
Susan Hunter

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AUDITORS
HLB Mann Judd
Level 4
130 Stirling Street
Perth WA 6000

ASX CODES
VRC and VRCO

Your Directors submit the financial report of Volt Resources Limited (the Company) and its Controlled Entities (Consolidated Entity) for the half year ended 31 December 2017.

DIRECTORS

The names of Directors who held office during or since the end of the half year:

Asimwe Kabunga	Non-Executive Director (Until 4 August 2017)
	Non-Executive Chairman (From 4 August 2017)
Stephen Hunt	Non-Executive Chairman (Until 4 August 2017)
	Non-Executive Director (From 4 August 2017)
Alwyn Vorster	Non-Executive Director
Matthew Bull	Non-Executive Director

Trevor Matthews is the Chief Executive Officer.

RESULTS

The loss after tax for the half year ended 31 December 2017 was $2,203,504 (2016: $1,599,931).

REVIEW OF OPERATIONS

Overview

<u>Background</u>

During the first quarter of FY2018, the Company changed the name of its flagship project in Southern Tanzania to the "Bunyu Graphite Project" formerly Namangale Project and advised it had renamed its operating subsidiary in Tanzania which holds the project to "Volt Graphite Tanzania Limited" from Nachi Resources Limited.

In December 2016, the Company completed a Pre-Feasibility Study (PFS) on the Bunyu Graphite Project which indicated an Internal rate of return (IRR) of 87% and an after tax NPV_{10} of US$890 million. The PFS assumed a capital development cost of US$173 million and includes the Bunyu 1 (North) and Bunyu 2 & 3 (South) deposits. The PFS was based on mining ore with a low strip ratio over the life-of-mine of 1.4:1 and the treatment of 3.8 million tonnes of ore per annum at an average Total Graphitic Carbon (TGC) grade of 4.7% to produce an average 170,000 tonnes of graphite product per annum over a 22-year mine life.

In May 2017 the Company announced a revised strategic plan to split the Bunyu Graphite project into two stages. Stage 1 is a start-up development project to meet the forecast demand under the Co-operation and Offtake Agreements either in place or currently being negotiated with five international Chinese and North American based parties, and to also de-risk the future development in relation to a larger Stage 2 expansion, over the remaining resources.

The Stage 1 project assumes the treatment of 0.4 million tonnes of ore per annum from the Bunyu 1 deposit at an average TGC of 5.1% to produce a nominal 20,000 tonnes of graphite per annum over an initial 7 years. Initial Capital expenditure (Capex) for Stage 1 is forecast at approximately US$29 million.

Current reporting period

A Feasibility Study (FS) is currently being progressed to firm up the parameters for the Stage 1 development and allow for a final investment decision to proceed with the development of Stage 1, in conjunction with the sourcing of funding for the Stage 1 initial Capex and working capital.

Key operational and financing highlights during the reporting period include:

- In July 2017 the Tanzanian Parliament passed three bills containing changes to the legal framework governing the natural resources sector. The Company confirmed, in an announcement to the Australian Securities Exchange, that the board and management believed the changes would not cause or prevent Volt from progressing with its current business strategy and plans for the development of the Bunyu Graphite Project. This changing environment did however discourage the raising of funds in the short term and delayed the initial progress of the Stage 1 FS.
- In response to the above, the Company met and held initial discussions with Ms Angellah Kairuki, the then recently appointed Tanzanian Minister for Minerals. Ms Kairuki expressed her support for the near-term development of the Bunyu Graphite Project and for the Company's Mining Licence Applications (MLA's) and outlined important information in relation to the MLA's and the application of the recent legislation changes.
- During the first quarter the Company issued Convertible loan notes with a 12-month maturity, convertible at $0.05 per share and in early October obtained a loan secured against its FY2017 R&D tax claim raising funds of $0.90 million and $0.44 million respectively.
- In October and early November, the Company raised $2.3 million from an oversubscribed Share Purchase Plan and $0.9 million from a top-up placement, both issued at $0.021 (2.1 cents) per share.
- Listed share options expiring on 31 December 2017, exercisable at $0.02 (2 cents) per share and fully underwritten, were converted into shares raising a net $4.7 million after underwriting costs, of which a net $0.5 million was received in cash after period end, in early January 2018.
- The December quarter funding will allow Volt the financial flexibility to aggressively progress the FS for the Stage 1 Bunyu Graphite Project in the following months.
- Infill reverse circulation and diamond core drilling of the Bunyu 1 deposit was completed during late November and December 2017, the assay results of which will be utilised to facilitate a Resource update and Reserve estimations to support the FS, as well as mine scheduling including pit wall angles and soil stability for mine and infrastructure design.
- Key engagements for the FS, with lead consultants Battery Limits and Orelogy Mine Consulting, who completed the earlier PFS, were instigated late in the period which also included relevant sub-consultants. The scope documents were in the process of being finalised over period end.
- The Environmental and Social Impact Assessment (ESIA) study progressed significantly during the half year resulting in the lodgement of the Environment and Social Impact

Statement with the National Environmental Management Council (NEMC), post period end on 23 January 2018.

- The Resettlement Action Plan (RAP) was the subject of community meetings during and post period end. Volt is working in collaboration with the relevant government authorities to ensure the RAP report is compliant and expedites the granting of the mining licenses.
- Mining Licence applications were lodged post period end for two areas covering the Bunyu 1 Resource. These applications will be updated with the Environmental Certificate to be granted on completion of the ESIS review process and the RAP report as soon as available.
- Expansion results for the Bunyu 1 (or North) graphite product were positive, thereby confirming product for the expandable market could be sourced from any part of the total Bunyu mineral resource, to meet customer demand for expandable graphite.
- Testwork confirmed the premium graphite product at Bunyu 1 which will be the main source for Stage 1 plus the Stage 2 expansion development. Results included C content of 99.6% and O content of 0.08% with no impurities found, therefore a high quality defect-free material.
- Co-operation and Offtake Agreements with all five international parties continued to be progressed during the period. Product samples were provided, testwork completed and positive feedback received. Key steps towards binding offtake agreements will include larger product trials and firming up of dates for initial production from Stage 1, after a final investment decision is confirmed. North American offtake partner Nano Graphene Inc. have confirmed the premium quality of the Bunyu Graphite Product for graphene production and both parties have verbally agreed to amend the supply commitments under the binding agreement, once the timing of first production is fully understood.
- Volt have engaged highly experienced Exotix Capital to undertake a Tanzanian Bond issue to raise the required funding for the development of Stage 1 of the Bunyu Graphite Project. Volt is to proceed with a formal bond prospectus process and listing of the bonds on the Dar es Salaam Stock Exchange in Tanzania. The decision followed positive investor meetings with targeted investor groups including Tanzanian and Ugandan Pension Funds during November and early December 2017. Volt and Exotix have sized the debt transaction at US$40 million which will allow net project development and working capital funding of ~US$31 million after taking into account funding for a Debt Service Reserve Account (DRSA) and costs of issue. Legal due diligence and the investigating accountant's report for the prospectus have commenced with the bond raising anticipated to be completed in Quarter 4 of FY2018.

CORPORATE

Ms Susan Hunter was appointed Company Secretary effective 1 August 2017.

The AGM was held on 24 October 2017 and all resolutions passed on a show of hands.

CORPORATE (Continued)

Revisions to the performance rights milestones for Directors and CEO, in accordance with the plan approved by shareholders on 22 October 2015, were noted in the 30 June 2017 quarterly report released to the ASX on 1 August 2017. The revisions were made to reflect the amendments to the Company's business strategy, in particular to split the Bunyu Graphite Project into a Stage 1 and a Stage 2 expansion. As these amendments relate to directors they are required to, and are yet, to be put to a shareholder vote for approval.

EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the Consolidated Entity in future financial periods other than the following:

- The company issued 24,122,458 fully paid shares upon the exercising of the remaining 24,122,458 listed options at an exercise price of 2 cents ($0.02) as per the underwriting arrangement announced on 8 December 2017. The proceeds received were $482,450 before underwriting costs.
- On 23 January 2018 the Company announced the lodgement of its Environmental and Social Impact Study for the Bunyu Graphite Project covering the areas of both the Stage 1 and the Stage 2 expansion projects. This is a key step forward in the approvals process towards production at the Bunyu Graphite Project.
- On 8 February 2018 the Company announced it had lodged the Mining Licence Applications for the Bunyu Graphite Project covering Stages 1 and 2. This is the key final approval for the proposed Stage 1 development of the flagship Bunyu Project.
- The Company continues to progress the planned US$40 million Tanzanian Bond issue raising on the Dar es Salaam Stock Exchange with advisors Exotix Capital, which included a site visit to the Bunyu Graphite Project by a number of potential bond investors in late February 2018.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the half year ended 31 December 2017 has been received and is included on the following page.

Signed in accordance with a resolution of directors.

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Asimwe Kabunga
Non-Executive Chairman
9 March 2018

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Volt Resources Limited for the half-year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia
9 March 2018

L Di Giallonardo
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Revenue	**5,451**	42,530
Corporate compliance fees	**(228,402)**	(194,382)
Corporate management costs	**(1,128,286)**	(547,340)
Foreign exchange (gain)/loss	**(25,318)**	15,482
Marketing and investor relations costs	**(217,517)**	(133,458)
Occupancy expenses	**(100,013)**	(33,718)
Share based payments	**(60,000)**	(834,000)
Other expenses	**(449,419)**	(67,897)
Loss before income tax benefit	**(2,203,504)**	(1,752,783)
Income tax benefit	**-**	152,852
Net loss for the period	**(2,203,504)**	(1,599,931)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(184,801)**	(11,174)
Total comprehensive loss for the period	**(2,388,305)**	(1,611,105)
Loss attributable to:		
Owners of the parent	**(2,200,757)**	(1,599,931)
Non-controlling interests	**(2,747)**	-
	(2,203,504)	(1,599,931)

	Consolidated 31 December 2017 $	Consolidated 31 December 2016 $
Total comprehensive loss attributable to:		
Owners of the parent	**(2,385,558)**	(1,608,901)
Non-controlling interests	**(2,747)**	(2,204)
	(2,388,305)	(1,611,105)
Basic and diluted loss per share (cents)	**(0.21)**	(0.17)

The accompanying notes form part of these financial statements.

	Note	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
ASSETS			
Current Assets			
Cash and cash equivalents		**4,128,067**	102,208
Trade and other receivables	2	**969,174**	148,401
Prepayments		**46,298**	52,315
Total Current Assets		**5,143,539**	302,924
Non-Current Assets			
Trade and other receivables		**2,400**	2,400
Other financial assets		**30,000**	30,000
Plant and equipment		**105,143**	123,854
Deferred exploration expenditure	3	**17,698,140**	16,581,589
Total Non-Current Assets		**17,835,683**	16,737,843
Total Assets		**22,979,222**	17,040,767
LIABILITIES			
Current Liabilities			
Trade and other payables		**485,859**	667,062
Borrowings	4	**1,083,827**	-
Provisions		**52,824**	21,682
Total Current Liabilities		**1,622,510**	688,744
Total Liabilities		**1,622,510**	688,744
Net Assets		**21,356,712**	16,352,023
EQUITY			
Issued capital	5	**60,675,878**	53,342,884
Reserves		**4,048,849**	4,173,650
Accumulated losses		**(43,146,959)**	(40,946,202)
Parent entity interest		**21,577,768**	16,570,332
Non-controlling interests		**(221,056)**	(218,309)
Total Equity		**21,356,712**	16,352,023

The accompanying notes form part of these financial statements.

Consolidated Entity	Issued Capital $	Reserves $	Accumulated Losses $	Parent Entity Interest $	Non-Controlling Interest $	Total $
Balance at 1 July 2017	**53,342,884**	**4,173,650**	**(40,946,202)**	**16,570,332**	**(218,309)**	**16,352,023**
Loss for the period	-	-	(2,200,757)	(2,200,757)	(2,747)	(2,203,504)
Other comprehensive income	-	(184,801)	-	(184,801)	-	(184,801)
Total comprehensive income for the period	-	(184,801)	(2,200,757)	(2,385,558)	(2,747)	(2,388,305)
Shares issued during the period	7,510,080	-	-	7,510,080	-	7,510,080
Security issue expenses	(177,086)	-	-	(177,086)	-	(177,086)
Share based payments	-	60,000	-	60,000	-	60,000
Balance at 31 December 2017	**60,675,878**	**4,048,849**	**(43,146,959)**	**21,577,768**	**(221,056)**	**21,356,712**
Balance at 1 July 2016	**51,722,526**	**3,830,516**	**(37,846,371)**	**17,706,671**	**(216,105)**	**17,490,566**
Loss for the period	-	-	(1,599,931)	(1,599,931)	-	(1,599,931)
Other comprehensive income	-	(8,970)	-	(8,970)	(2,204)	(11,174)
Total comprehensive income for the period	-	(8,970)	(1,599,931)	(1,608,901)	(2,204)	(1,611,105)
Shares issued during the period	1,500,828	-	-	1,500,828	-	1,500,828
Security issue expenses	(17,349)	-	-	(17,349)	-	(17,349)
Share based payments	-	744,000	-	744,000	-	744,000
Balance at 31 December 2016	**53,206,005**	**4,565,546**	**(39,446,302)**	**18,325,249**	**(218,309)**	**18,106,940**

The accompanying notes form part of these financial statements.

	Consolidated 31 December 2017 $ Inflows/ (Outflows)	Consolidated 31 December 2016 $ Inflows/ (Outflows)
Cash flows from operating activities		
Payments to suppliers and employees	**(2,013,265)**	(966,938)
Interest paid	**(57,917)**	-
Interest received	**5,451**	42,717
Net cash used in operating activities	**(2,065,731)**	(924,221)
Cash flows from investing activities		
Payments for term deposits	**-**	(57,735)
Payments for plant and equipment	**(3,139)**	(14,596)
Payments for exploration and evaluation expenditure	**(1,453,591)**	(4,283,102)
Net cash used in investing activities	**(1,456,730)**	(4,355,433)
Cash flows from financing activities		
Proceeds from issue of shares	**6,731,105**	1,038,457
Payment of share issue costs	**(177,086)**	(283,349)
Proceeds from borrowings	**1,244,301**	-
Repayment of borrowings	**(250,000)**	-
Net cash provided by financing activities	**7,548,320**	755,608
Net increase/(decrease) in cash held	**4,025,859**	(4,524,046)
Cash and cash equivalents at beginning of the financial period	**102,208**	7,617,762
Effects of exchange rates on cash and cash equivalents	**-**	(7,166)
Cash and cash equivalents at period end	**4,128,067**	3,086,550

The accompanying notes form part of these financial statements.

1. *Basis of Preparation of Half Year Financial Report*

a) Reporting entity

Volt Resources Limited (the "Company") is a Company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2017 comprise the Company and its controlled entities (together referred to as the "Consolidated Entity").

b) Statement of compliance

These consolidated interim financial statements constitute a general purpose financial report and have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB134 ensures compliance with IAS134: Interim Financial Reports. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Consolidated Entity as at and for the year ended 30 June 2017.

These consolidated interim financial statements were approved by the Board of Directors on 9 March 2018.

The interim financial statements have been prepared in accordance with the accounting policies and methods of computation adopted in the Consolidated Entity's last annual financial statements for the year ended 30 June 2017 and the corresponding half year. The accounting policies have been applied consistently throughout the Consolidated Entity for the purposes of preparation of these interim financial statements.

The interim financial statements have been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

<u>Adoption of new and revised standards:</u>

Standards and Interpretations applicable to 31 December 2017

In the half-year ended 31 December 2017, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Consolidated Entity and effective for the half-year reporting periods beginning on or after 1 July 2017. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Consolidated Entity and therefore no material change is necessary to the Consolidated Entity's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted that are relevant to the Consolidated Entity and effective for the half-year reporting periods beginning on or after 1 January 2018. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations in issue not yet adopted on the Consolidated Entity and therefore no material change is necessary to the Consolidated Entity's accounting policies.

1. *Basis of Preparation of Half Year Financial Report (Continued)*

Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year financial report, the significant judgments made by management in applying the Consolidated Entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2017.

c) Going Concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

d) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. When the Consolidated Entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

	Consolidated 31 December 2017 $	**Consolidated 30 June 2017 $**
2. Trade & Other Receivables		
Funds held by Share Registry on behalf of the Company (a)	**806,731**	-
Other receivables	**105,098**	91,056
Rental bonds	**57,345**	57,345
	969,174	148,401

(a) Bpay receipts on option conversions transferred to the Company early January 2018.

	Consolidated Half Year Ended 31 December 2017 $	Consolidated Year Ended 30 June 2017 $
3. *Deferred exploration expenditure*		
Balance at beginning of period/year	**16,581,589**	10,750,378
Expenditure during the period/year	**1,257,694**	6,166,554
Acquisition of Tanzanian graphite project	**-**	11,339
Foreign currency translation	**(141,143)**	(346,682)
Balance at end of period/year	**17,698,140**	16,581,589

Capitalised exploration and evaluation expenditure represents the accumulated cost of acquisition and subsequent cost of exploration and evaluation of the properties. Ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or alternatively, sale, of the respective areas of interest.

4. Borrowings	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Convertible loans (a)	**631,225**	-
Loan (b)	**452,602**	-
	1,083,827	-

	Consolidated Half Year Ended 31 December 2017 $	Consolidated Year Ended 30 June 2017 $
Balance at beginning of period/year	**-**	-
Proceeds from convertible loans	**650,000**	-
Interest accrued on convertible loans	**29,404**	-
Interest paid in cash on convertible loans	**(10,423)**	-
Interest paid in shares on convertible loans	**(2,756)**	-
Convertible loan extinguish through conversion into shares	**(10,000)**	-
Convertible loan extinguished to exercise share options (c)	**(25,000)**	-
Proceeds from loan	**439,301**	-
Interest accrued on loan	**13,301**	-
Balance at end of period/year	**1,083,827**	-

4. Borrowings (Continued)

(a) These funds have been raised from various lenders through a convertible loan facility for 12 months, with an interest rate of 10% per annum which accrues daily. The interest is payable quarterly in arrears in cash or Company shares. The lender can convert the facility into Company shares at any time prior to maturity at a conversion price of $0.05 per share.
(b) The Company entered into a secured loan agreement on 20 October 2017 for $440,000 with an annual interest rate of 15% per annum and final maturity date of 28 February 2018. This is secured against the Company's present and future right, title and interest in its eligible research and development expenditure to which it will become entitled as a tax refund under the applicable tax legislation.
(c) A convertible loan of $25,000 due to a related party of the Chairman, Mr Asimwe Kabunga, was utilised as consideration to exercise a portion of the share options held by the Chairman, execrcisable at 2 cent ($0.02) expiring on 31 December 2017.

	Consolidated Half Year Ended 31 December 2017 $	Consolidated Year Ended 30 June 2017 $
5. *Issued capital*		
Issued and paid up capital:		
Ordinary shares fully paid	**60,675,878**	53,342,884
	60,675,878	53,342,884

5. *Issued capital (continued)*

	Consolidated Half Year Ended 31 December 2017		Consolidated Year Ended 30 June 2017	
	Number	$	Number	$
Movement in ordinary shares on issue:				
Balance at beginning of period/year	976,784,189	53,342,884	906,180,471	51,722,526
Share purchase plan	**111,379,981**	**2,338,975**	-	-
Share placement	**43,547,625**	**914,500**	-	-
Shares issued in lieu of interest	**55,110**	**2,756**	-	-
Convertible loan converted into shares	**200,000**	**10,000**	-	-
Options exercised	**-**	**-**	5,250,000	488,750
Performance rights converted at $Nil per right	**-**	**-**	4,500,000	-
Options exercised at $0.02 per share	**212,192,473**	**4,243,849**	60,853,718	1,148,958
Security issue expenses	**-**	**(177,086)**	-	(17,350)
Balance at end of period/year	**1,344,159,378**	**60,675,878**	**976,784,189**	**53,342,884**

5. *Issued capital (continued)*

Share options:

Grant Date	Details	Expiry Date	Exercise Price	Balance at 30-Jun-17	Granted During Period	Exercised During Period	Expired During Period	Balance at 31-Dec-17
Various	Listed options	31-Dec-17	$0.02	236,314,931	-	(212,192,473)	-	24,122,458
01-Apr-16	Unlisted options	31-Dec-17	$0.02	4,500,000	-	-	(4,500,000)	-
25-May-16	Unlisted options	30-Apr-19	$0.06	4,200,000	-	-	-	4,200,000
25-May-16	Unlisted options	30-Apr-19	$0.08	4,200,000	-	-	-	4,200,000
25-May-16	Unlisted options	30-Apr-19	$0.10	4,200,000	-	-	-	4,200,000
25-May-16	Unlisted options	30-Apr-19	$0.12	4,200,000	-	-	-	4,200,000
				257,614,931	-	(212,192,473)	(4,500,000)	40,922,458

Performance rights:

Issue Date	Details	Balance at 30-Jun-17	Granted During Period	Expired During Period	Converted During Period	Balance at 31-Dec-17
Various	Unlisted performance rights	13,500,000	17,000,000	(9,000,000)	-	21,500,000
		13,500,000	17,000,000	(9,000,000)	-	21,500,000

The Company announced on 1 August 2017 the granting of 34,000,000 performance rights to directors and the CEO, under the Performance Rights Plan approved by shareholders at the 2015 AGM. These performance rights are subject to the achievement of certain milestones.

The granting of any securities to directors including the rights above will require specific resolutions put to shareholders at a general meeting which is yet to take place. Accordingly the Company only has a present obligation for 17,000,000 performance rights granted to the CEO. The vesting condition milestones, fair value and share based payments expense are detailed in the table below:

5. *Issued capital (continued)*

Milestone	Expiry Date	Number of Options	Tranche	Fair Value (per right)	Total Fair Value	Estimated % to vest	Share based payment expense
Commence Stage 1 construction of the Bunyu project	Within 3 years of grant	10,000,000	A	$0.029	$290,000	100%	$60,000
Completion of the FS for Stage 1 of the Bunyu project	31 March 2018	2,000,000	B	$0.029	$58,000	0%	-
Achieving a VRC 30-day VWAP of 20 cents per share	Within 3 years of grant	5,000,000	C	-	-	-	-
Total		17,000,000					$60,000

Tranche A and Tranche B performance rights do not contain market based vesting conditions and have been valued using a Black Scholes option pricing model as the appropriate valuation model. Tranche C rights do contain market based vesting conditions and have been valued using a hybrid up and in single barrier model, which incorporates a trinomial option valuation. The 30-day VWAP volatility utilising historic share price and volume data from Bloomberg was used in assuming future implied volatility for Tranche C, resulting in a nil expectation of achieving the hurdle milestone during the period.

6. *Commitments and contingencies*

	Consolidated 31 December 2017 $	Consolidated 30 June 2017 $
Exploration expenditure commitments		
In order to maintain and preserve the rights of tenure to granted exploration tenements, the Consolidated Entity is required to meet certain minimum levels of exploration expenditure. As at the reporting date, these future minimum exploration expenditure commitments as as follows:		
Within one year	**712,700**	723,836
One to five years	**7,127,001**	7,238,356
	7,839,701	7,962,192
Feasibilty Study commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	**485,296**	-

There are no contingent liabilities as at the date of this report.

7. *Financial reporting by segments*

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The function of the chief operating decision maker is performed by the Board collectively. Information reported to the Board for the purposes of resource allocation and assessment of performance is focused broadly on the Group's diversified activities across different sectors.

The Group's reportable segments under AASB 8 are predominantly within the one geographical and industry segment being Mineral Exploration – Tanzania.

8. *Events subsequent to period end*

There are no matters or circumstances that have arisen since the end of the half year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial periods other than the following:

- The company issued 24,122,458 fully paid shares upon the exercising of the remaining 24,122,458 listed options at an exercise price of 2 cents ($0.02) as per the underwriting arrangement announced on 8 December 2017. The proceeds received were $482,450 before underwriting costs.
- On 23 January 2018 the Company announced the lodgement of its Environmental and Social Impact Study for the Bunyu Graphite Project covering the areas of both the Stage 1 and the Stage 2 expansion projects. This is a key step forward in the approvals process towards production at the Bunyu Graphite Project.
- On 8 February 2018 the Company announced it had lodged the Mining Licence Applications for the Bunyu Graphite Project covering Stages 1 and 2. This is the key final approval for the proposed Stage 1 development of the flagship Bunyu Project.
- The Company continues to progress the planned US$40 million Tanzanian Bond issue raising on the Dar es Salaam Stock Exchange with advisors Exotix Capital, which included a site visit to the Bunyu Graphite Project by a number of potential bond investors in late February 2018.

9. *Financial instruments*

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

The Directors consider that the carrying values of the financial assets and financial liabilities recognised in the condensed consolidated statement of financial position approximate their fair values.

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 19 are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standard AASB 134: Interim Financial Reporting; and
    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors.

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Asimwe Kabunga
Non-Executive Chairman

9 March 2018

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Volt Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Volt Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2017, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Volt Resources Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

L Di Giallonardo
Partner

Perth, Western Australia
9 March 2018