



ASX ANNOUNCEMENT

By e-lodgement

31 October 2018

QUARTERLY ACTIVITIES REPORT TO 30 SEPTEMBER 2018

HIGHLIGHTS

- **Feasibility Study completed for the initial Stage 1 start-up operations at flagship Bunyu Graphite Project in Tanzania – key outcomes include:**
 - **Stage 1 based on a mining and processing plant annual throughput rate of 400,000 tonnes to produce 20,000 to 24,000tpa of graphite products**
 - **Average FOB operating cost of US\$658 per tonne and start-up capital cost estimate of US\$31.6M**
 - **Pre-tax NPV₁₀ of US\$19.5M**
 - **Pre-tax IRR of 21.6%**
 - **EBITDA of US\$94.5M over 7-year project life**

- **Key approvals granted during the quarter for Stage 1 and 2 developments at Bunyu:**
 - **Environmental and Social Impact Statement approved**
 - **Mining Licences for Bunyu secured post-quarter end**

- **Binding offtake agreement signed with major Chinese graphite company Qingdao Tiangshengda Graphite for 9,000 tpa of Bunyu product over five years**

- **Amended prospectus for the US\$40 million Tanzanian Note Issue lodged with the Tanzanian Capital Markets and Securities Authority (CMSA) and the Dar es Salaam Stock Exchange (DSE) – note issue process advancing**

Volt Resources Limited (**ASX: VRC**) (“**Volt**” or, the “**Company**”) is pleased to provide shareholders with its quarterly activities report for the period ended 30 September 2018.

September Quarter Activities Review

Stage 1 Feasibility Study Completed

During the quarter, the Company completed the Feasibility Study (“FS”) into the Stage 1 development of the flagship Bunyu Graphite Project (“Bunyu”) located in Tanzania.

The Stage 1 development is focussed on the development of a 20,000 to 24,000tpa graphite mine and processing facility in Tanzania with exports of graphite products planned into the USA, China and other markets.

The development incorporates a significant amount of infrastructure, utilities and mine development work that will deliver significant benefits to the Stage 2 expansion including the site access road, plant laydown area, tailings storage facility, waste dumps, stockpile areas, open pit development and mining, accommodation village and water supply.

The proposed Stage 2 development is an expansion of Stage 1 production based on the market demand for Bunyu's graphite products and leveraging the large-scale graphite mineral resource and Bunyu's close proximity to critical infrastructure. Stage 2 is targeted to meet expected significant increases in demand for coarse flake graphite in the expandable graphite market and fine flake size products for battery anode material and other existing and evolving industrial uses for micro carbon products.

Key Bunyu Project Approvals Granted

The Company was also pleased to advise that during the quarter it received confirmation that two key project approvals had been granted for Bunyu. This ensures that all requisite environmental and regulatory approvals have now been accounted for in relation to the respective Stage 1 and 2 developments at Bunyu.

With the development of Bunyu now fully-approved, Volt is well placed to fast-track the start-up of production at the Stage 1 development.

Bunyu Environmental Approvals

In August, the Environmental Impact Assessment (EIA) Certificate for Bunyu was granted by the National Environment Management Council of Tanzania to the Company's 100%-owned subsidiary Volt Graphite Tanzania ("VGT").

The EIA certificate represented the final pre-requisite for the granting of Volt's Mining Licence (granted post-quarter end) and one of the final remaining major milestones in terms of Government permitting for Bunyu.

Volt's Environmental and Social Impact Study submission was prepared in accordance with the requirements of relevant Tanzanian legislation, including the Environmental Management Act 2004; the Environmental Impact Assessment and Audit Regulations 2005 as well as the Mineral Sector Environmental Impact Assessment Guidelines 2014.

Bunyu Mining Licence Applications Granted

Post-quarter end, Volt was granted two Mining Licences (MLs) ML 591/2018 and ML 592/2018 covering Bunyu's respective Stage 1 and Stage 2 developments from the Mining Commission of the Ministry of Minerals of Tanzania. The Company formally received the MLs on 22 October 2018.

The granting of the MLs represented a major step forward, as the Company focuses on advancing the Bunyu Project towards Stage 1 production.

Community Relations

Volt Graphite Tanzania (VGT) management systems continue to mature with local communities being updated on the ongoing and planned project development activities through monthly update reports, Relocation Working Group meetings and meetings with the ward and village leaders.

The Lindi District Council's Economic, Work & Environmental Committee visited the Bunyu 1 site in September and were impressed with the planned developments and continue to be supportive of the planned development. VGT initiated and sponsored the development of a formal Village Land Use Plan (VLUP) with the report generated last quarter and approved by the District Council on 31 July 2018.

Subsequently it was registered with the Land Use Commissioner after being signed off by the Lindi Regional Commissioner.



The Lindi District Council's Economic, Work & Environmental Committee Visit

Amongst VGT's local financial contributions as part of its social investment program, the Company continued to pay a monthly allowance to Nursery School teachers at Utimbula village, donated desks for Utimbula Nursery School and financially contributed to the repair of storm damage at Namangale Primary School.

Offtake Agreements Signed

During the quarter, VGT signed a binding sales agreement with Qingdao Tianshengda Graphite Co. Ltd. ("Tianshengda") for 9,000 tonnes per annum of Bunyu Graphite Product over five years.

Importantly, this represents the second binding offtake agreement signed by VGT, following the agreement signed in March 2017 with US based graphene company Nano Graphene Inc (NGI) for a minimum 5,000 tpa of flake graphite product over 5 years.

An integrated graphite processor and distributor across China and internationally, Tianshengda has a substantial annual capacity to further process graphite by producing value added products including expandable graphite, flake graphite and powder, as well as supplying graphite to the lithium ion battery market. There is an option for a further five-year term by mutual agreement as part of the sales agreement.

Furthermore, during the quarter VGT signed a cooperation agreement with one of China's largest graphite companies, HAIDA Graphite ("HAIDA").

Under the agreement, VGT and HAIDA exchange relevant information and conduct testing on VGT's graphite product samples in order to build a working relationship between the two parties for the future supply and purchase of Bunyu Graphite Product.

Further discussions are continuing with additional parties in respect to additional offtake opportunities and the Company looks forward to updating shareholders on these discussions in due course.

Corporate Activity

US\$40 million Tanzanian Prospectus Update

As previously advised, Volt has partnered with Exotix Capital 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).

During the quarter, the Company continued to advance the US\$40 million Note Issue, for which an updated Prospectus was lodged with the Tanzanian Capital Markets and Securities Authority ("CMSA") and the Dar Es Salaam Stock Exchange ("DSE") on 17 August. A further updated Prospectus was lodged with the CMSA on 28 September following feedback and requests for additional information. Correspondence with the CMSA has been ongoing and positive, and the Company expects this process to be finalised this quarter enabling VGT to proceed with the issue of the Note prospectus and commence the raising of development funding for the Stage 1 Bunyu project.

Resignation – Non-Executive Director

On 9 July 2018, Matthew Bull resigned as Non-Executive Director of the Company.

Cash Position and Mid-Term Funding

The Company finished the 30 September 2018 quarter with \$420k in cash. Expenditure during the quarter included the repayment of convertible loans and accrued interest, payments to complete the Stage 1 Feasibility Study, Tanzanian related expenditure to complete the environmental approvals, advisor fees for the note prospectus and community relations activities.

The Company has progressed an assessment of its Research and Development claim for the 2017/18 fiscal year and is pleased to advise it will progress a loan with Radium Capital of approximately \$510k to be received this quarter. This is an advance against the future proceeds to be received from the R and D claim once the Company completes and lodges its 2018 tax return.

In addition, the Company is currently reviewing proposals for bridge funding through to Q2 2019 while it completes the Tanzanian note issue in the short term.

Management Commentary

Volt Resources CEO Trevor Matthews commented:

"I am very pleased to report that a number of key milestones, both on a corporate and operational front, were delivered during the September quarter, collectively positioning Volt closer towards becoming a leading near-term producer of natural flake graphite from Bunyu.

"A noteworthy highlight was the completion of the Stage 1 Feasibility Study which outlined a set of robust parameters for the Stage 1 start-up operations, albeit on a significantly smaller scale in relation to our proposed Stage 2 expansion project which represents the big picture and future upside for Volt and its shareholders.

“Our funding initiatives, led by our Tanzanian note issue, are progressing well and following the satisfaction of a number of regulatory requirements we are confident of progressing with the note issue during this current quarter. Once finalised, Volt will narrow our focus towards commencing Stage 1 construction and production at Bunyu.

“I would also like to thank the relevant Tanzanian authorities for their continued support during the quarter in assisting Volt towards securing the approvals needed to advance Bunyu’s development. We maintain a very positive and transparent dialogue with our Tanzanian stakeholders and look forward to further solidifying this relationship.”

-ENDS-

For and on behalf of Volt Resources Limited

Trevor Matthews
Chief Executive Officer

For further information please contact:

Trevor Matthews Chief Executive Officer Tel: +61 8 9486 7788	Released through Sam Burns Six Degrees Investor Relations M: +61 400 164 067
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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.

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")

30 September 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(620)	(620)
(b) development	-	-
(c) production	-	-
(d) staff costs	(467)	(467)
(e) administration and corporate costs	(431)	(431)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	6
1.5 Interest and other costs of finance paid	(10)	(10)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(1,522)	(1,522)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(250)	(250)
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	(250)	(250)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,192	2,192
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,522)	(1,522)
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)	(250)	(250)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	420	420

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	420	2,192
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	420	2,192

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
49
-

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

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	140	140
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 9 July 2018 to 8 October 2018 on the same terms, being a 10% coupon payable quarterly in arrears in cash or Volt shares (at lenders election). The lenders could have converted the facility into Volt shares at any time prior to maturity at a conversion price of \$0.05 per Volt share. The loans were fully repaid in cash on 8 October 2018.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	67
9.2 Development	-
9.3 Production	-
9.4 Staff costs	365
9.5 Administration and corporate costs	604
9.6 Other – Convertible loans repaid	140
Loan received secured against R&D tax credits due	(510)
9.7 Total estimated cash outflows	666

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A	N/A	N/A	N/A
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

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 October 2018

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.