



**VOLT**  
RESOURCES

ABN: 28 106 353 253

**And Controlled Entities**

**CONSOLIDATED ANNUAL REPORT**

**For the Year Ended  
30 June 2019**

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**DIRECTORS**

|                      |                        |
|----------------------|------------------------|
| Asimwe Kabunga       | Non-Executive Chairman |
| Stephen Hunt         | Non-Executive Director |
| Giacomo (Jack) Fazio | Non-Executive Director |

**CHIEF EXECUTIVE OFFICER**

Trevor Matthews

**SECRETARY**

Susan Hunter

**SECURITIES EXCHANGE**

ASX : VRC

**REGISTERED OFFICE**

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108 St Georges Terrace  
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Telephone: +61 8 9486 7788

**BUSINESS OFFICES**

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Perth WA 6000

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**AUDITORS**

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130 Stirling Street  
Perth WA 6000

Your Directors submit the financial report of Volt Resources Limited (the Company) and its Controlled Entities (Consolidated Entity) for the year ended 30 June 2019.

## **DIRECTORS AND CEO**

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

|                |                                                |
|----------------|------------------------------------------------|
| Asimwe Kabunga | Non-Executive Chairman                         |
| Stephen Hunt   | Non-Executive Director                         |
| Alwyn Vorster  | Non-Executive Director (resigned 1 July 2019)  |
| Giacomo Fazio  | Non-Executive Director (appointed 1 July 2019) |

Trevor Matthews is the Chief Executive Officer.

## **PRINCIPAL ACTIVITIES**

The principal activity of the Consolidated Entity during the financial year was graphite exploration and evaluation activities in Tanzania.

## **RESULTS**

The loss after tax for the year ended 30 June 2019 was \$3,483,275 (2018: \$3,079,019).

## **REVIEW OF OPERATIONS**

### **Overview**

Key operational highlights during the 2019 financial year included:

- Feasibility Study (FS) for the Stage 1 Bunyu Graphite Project completed – results announced on 31 July 2018.
- Positive FS based on annual throughput rate of 400,000 tonnes of ore to produce on average 23,700 tonnes per annum of graphite products over a 7 year project period:
  - Pre-tax NPV at 10% discount rate of US\$18.6 million, after tax US\$14.7 million;
  - Pre-tax IRR of 21%
  - Payback period of 4.4 years
  - Start-up Capital cost estimate of US\$31.8 million
  - FOB operating costs averaging US\$664 per tonne
  - Average annual EBITDA of US\$13.1 million over 7 years, US\$96.3 million in total.
- Importantly, Volt has now received all key approvals for the Stage 1 and Stage 2 developments of the Bunyu Graphite Project as outlined below:
  - The Environmental Impact Assessment (EIA) Certificate was granted to the Company's 100%-owned subsidiary Volt Graphite Tanzania ("VGT") by the National Environment Management Council of Tanzania in August 2018.

- Volt formally received two Mining Licences (MLs) ML 591/2018 and ML 592/2018 on 22 October 2018, covering Bunyu's respective Stage 1 and Stage 2 developments from the Mining Commission of the Ministry of Minerals of Tanzania.
- Additional offtake agreements continued to advance with a binding offtake agreement signed with Qingdao Tianshengda Graphite Co. Ltd. ("Tianshengda") in August 2018 for 9,000 tonnes per annum of Bunyu Graphite product.
- A co-operation agreement was signed with HAIDA Graphite ("HAIDA") in late August 2018 to conduct testing on VGT's graphite product samples for the future supply and purchase of Bunyu graphite.
- A process to select an engineering firm for the role of Project Management Contractor (PMC) commenced in late Q4 2018. A recognised engineering services firm has been selected and contract negotiations with the selected firm are advancing.



**Figure 1: Bunyu 1 view looking north to North Pit location on the rising ground in the foreground**



**Figure 2: In March 2019, the Company hosted a delegation from Japan and China who visited the Bunyu Project to ascertain the potential for graphite product supply.**



### **Bunyu Stage 1 Development Funding Progress**

As previously reported, Volt has partnered with Exotix Capital (“Exotix”) to undertake a US\$40 million Tanzanian Note Issue. Funds raised will be deployed towards the Stage 1 development of the Bunyu Graphite Project. Key developments during the 2019 financial year include:

- 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, 2018. A further updated Prospectus was lodged with the CMSA on 28 September following feedback and requests for additional information.
- VGT received approval from the Dar es Salaam Stock Exchange PLC on 13 December 2018 to list its Notes on the DSE, however correspondence received from the CMSA on 25 January 2019 set unrealistic commercial terms for the Note Issue to proceed.
- While discussions with the CMSA and DSE continue positively, Volt worked simultaneously to progress alternative funding options including a Note Issue and Listing on the Stock Exchange of Mauritius (“SEM”) which used principally the same Tanzanian Note Prospectus, and advancing discussions with multiple North American institutional investors.
- Subsequent to the reporting period, Volt’s proposed Bond Issue and listing on the SEM was lodged for approval.

### **2019 Financial Year - Community Engagement Overview**



**Figure 3: The Lindi District Council’s Economic, Work & Environmental Committee visited the Bunyu 1 site in September 2018 and were impressed with the planned developments. VGT initiated and sponsored the development of a formal Village Land Use Plan (VLUP). The report was approved by the District Council on 31 July 2018 and subsequently registered with the Land Use Commissioner.**



Figure 4: CEO Trevor Matthews and VGT management attended a mining exhibition in the parliament grounds of Tanzania's capital, Dodoma, on May 26 and 27 2019. Trevor welcomes the Speaker of the Tanzanian National Assembly Hon. Job Ndugai to the Volt booth.



Figure 5: The exhibition provided an opportunity to present the Company's Bunyu project and explain graphite mining and processing, product markets and project development activities to the Speaker of the House and members of parliament.

(L to R): Volt CEO Trevor Matthews, Community Relations Manager Peter Dodi, Corporate Affairs Manager Godwin Nyelo and guest.

### **Corporate Overview**

- In January 2019, the Company secured a short-term (6-month) funding facility of A\$1.3 million, providing added funded flexibility whilst the Company advances its development funding activities.
- Volt lodged its income tax return and supporting R&D Tax incentive claim for the 2018 financial year, whereby the Company received 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 December quarter.
- Volt completed investor meetings in North America and an investor roadshow in East Africa, with strong interest received from a number of investment funds and banks.
- In June 2019, the Company secured US\$1 million in working capital funding from Mr Lars Bader via:
  - the placement of 20,845,714 shares at 2.1c per share raising US\$300,000; and
  - an 18-month loan facility for US\$700,000 and 25,536,000 options with an exercise price of \$0.04 per share with an 18-month maturity.
- Subsequent to the reporting period, Volt closed an oversubscribed Share Purchase Plan (SPP) raising a total of \$1,299,000;
  - In addition, a further \$350,000 was raised via a top-up placement of new shares to sophisticated and professional investors at the same issue price as the SPP (Placement), taking the total amount raised to \$1,649,000;
  - Funds raised under the SPP and Placement have been used to repay the outstanding loan notes due to Riverfort Global Capital and Yorkville Advisors due 14 September 2019 (refer ASX announcement Monday, 15 July 2019) and for general working capital and corporate purposes.

### **Board and Management Changes**

- On 9 July 2018, Matthew Bull resigned as Non-Executive Director of the Company.
- Post-period end on 1 July 2019, the Company appointed Mr Giacomo (Jack) Fazio as Non-Executive Director, following the resignation of Mr Alwyn Vorster.



## DIRECTOR AND COMPANY SECRETARY INFORMATION

### Directors

**Mr Asimwe Kabunga – Non-Executive Chairman from 4 August 2017, appointed 5 April 2017.**

Qualifications – BSc Mathematics and Physics

Other current directorships of Listed Public Companies – Lindian Resources Limited (Chairman);

Former directorships of Listed Public Companies in last three years - Strandline Resources Limited;

Interests in Shares and Options over Shares in the Company:

161,392,017 fully paid ordinary shares;

Mr Kabunga is a Tanzanian born Australian entrepreneur who has over 20 years technical and commercial experience in Tanzania, the United States and Australia. Mr Kabunga has extensive experience in the mining industry, logistics, land access, tenure negotiation and acquisition, as well as a developer of technology businesses. Mr Kabunga has been instrumental in establishing the Tanzania Community of Western Australia Inc, and served as its first President. Mr Kabunga was also a founding member of Rafiki Surgical Missions and Safina Foundation, both NGOs dedicated to helping children in Tanzania.

**Mr Stephen Hunt – Non-Executive Director, appointed 15 December 2015.**

Qualifications – Bachelor of Business (Maj. Marketing), AICD member

Other current directorship of Listed Public Companies – American Pacific Borate and Lithium Limited

Former directorships of Listed Public Companies in last three years – Nil

Interests in Shares and Options over Shares in the Company:

13,937,026 fully paid ordinary shares;

Mr Hunt has more than 25 years of experience in the marketing of steel and mineral products worldwide. His career includes 15 years at BHP Billiton Ltd, where he spent 5 years in the London office marketing minerals to European and Middle Eastern customers. Stephen has built on his extensive network and developed his own minerals trading company, which has a strong Chinese focus. He brings along with him 15 years of cumulative board experience with ASX limited companies and was a founding director of Magnis Resources Limited.

**Mr Alwyn Vorster – Non-Executive Director, appointed 22 March 2016 and resigned 1 July 2019.**

Qualifications – BSc Geology; MBA, MSc Mineral Economics

Other current directorship of Listed Public Companies: Managing Director of BCI Minerals Limited

Former directorships of Listed Public Companies in last three years: Iron Ore Holdings Limited – Managing Director (2010-2014)

Interests in Shares and Options over Shares in the Company:

6,229,437 fully paid ordinary shares;

Mr Vorster is a mining professional with more than 25 years of experience working with numerous large and smaller mining companies in technical and commercial roles covering the total supply chain from geology, mining, rail and port, shipping, marketing and sales. He has held various CEO

roles during his career, including with BCI Minerals Limited, API Management and with Iron Ore Holdings Limited.

**Mr Giacomo (Jack) Fazio – Non-Executive Director, appointed 1 July 2019.**

Qualifications – Diploma in Geometry, Associate Diploma in Civil Engineering, Graduate Certificate in Project Management

Other current directorships of Listed Public Companies – Nil

Former directorships of Listed Public Companies in last three years - Nil

Interests in Shares and Options over Shares in the Company:

Nil fully paid ordinary shares;

Mr Fazio is a highly experienced project, construction and contract/commercial management professional having held senior project management roles with Primero Group Limited, Laing O'Rourke and Forge Group Ltd. His experience ranges from feasibility studies through to engineering, procurement, construction, and commissioning of diverse mining resources, infrastructure, oil & gas and energy projects.

**Company Secretary**

**Ms Susan Hunter – Company Secretary, appointed 1 August 2017.**

Ms Hunter has over 25 years' experience in the corporate finance industry and has extensive experience in Company Secretarial and Non-Executive Director roles on ASX, AIM and TSX listed companies. She is founder and Managing Director of consulting firm Hunter Corporate Pty Ltd, which specialises in the provision of corporate governance and company secretarial advice to ASX, AIM and TSX listed companies. She has previously held senior management roles at Ernst & Young, PricewaterhouseCoopers and Bankwest, both in Perth and Sydney. Ms Hunter holds a Bachelor of Commerce degree majoring in accounting and finance, is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia, a Fellow of the Institute of Chartered Secretaries and Administrators and a Graduate Member of the Australian Institute of Company Directors.

## MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors (and committees of directors) held during the year ended 30 June 2019, and the number of meetings attended by each Director.

| Director         | Directors' Meetings |          | Audit & Risk Committee Meetings <sup>#</sup> |          |
|------------------|---------------------|----------|----------------------------------------------|----------|
|                  | Eligible to Attend  | Attended | Eligible to Attend                           | Attended |
| Asimwe Kabunga   | 8                   | 8        | *                                            | *        |
| Stephen Hunt     | 8                   | 8        | 2                                            | 2        |
| Alwyn Vorster    | 8                   | 7        | 2                                            | 2        |
| External Advisor |                     |          |                                              |          |
| Glyn O'Brien     |                     |          | 2                                            | 2        |

\* Mr Kabunga attended the Audit & Risk Committee meetings as a guest.

<sup>#</sup> As from the 22 August 2019 the Audit & Risk Committee function has reverted to the full board of directors, rather than a sub-committee.

## SHARE OPTIONS

At the date of this report the following options have been granted over unissued capital as part of the funding package of US\$1.0 million dated 23 June 2019.

| Number     | Exercise Price | Expiry Date      | Status   |
|------------|----------------|------------------|----------|
| 25,536,000 | \$0.04         | 23 December 2020 | Unlisted |

## PERFORMANCE RIGHTS

During the 2019 financial year 35,000,000 performance rights have been issued and 34,500,000 performance rights have been cancelled or lapsed. A balance of 20,000,000 performance rights remain outstanding at balance date and at the date of this report.

## REMUNERATION REPORT

The "Remuneration Report" which forms part of the Director's Report, outlines the remuneration arrangements in place for the Key Management Personnel of Volt Resources Limited for the year ended 30 June 2019 and is included from page 13.

## EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the 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:

- On 1 July 2019 the Company announced the appointment of Mr Giacomo Fazio as a Non-Executive Director, and the resignation of Mr Alwyn Vorster as a Non-Executive Director of the Company;
- On 15 July 2019, the Company has extended the maturity date for the loan facility with Riverfort Global Capital and Yorkville Advisors by two months, from 14 July 2019 to 14 September 2019. The terms of the extension require an amount payable at execution of US\$375,000, comprising a loan repayment amount of US\$335,106 which reduces the total amount payable at maturity to US\$664,894 from US\$1.0 million and an extension fee of US\$39,894. There are nil interest charges for the loan extension period. In addition, unlisted options to the value of \$189,969 and with a 36 month maturity will be issued to the lenders;
- The Company announced on 22 July 2019 that they will be undertaking a Share Purchase Plan which will be underwritten by Patersons Securities Limited to \$1.1 million. The new shares will be issued at a 20% discount to the volume weighted average price traded on the ASX during the 5 days immediately prior to the issue date. Funds raised will be used to repay the outstanding loan notes due to Riverfort Global Capital and Yorkville Advisors due 14 September 2019 and for general working capital and corporate purposes. In addition, the Company has reached agreement with Riverfort and Yorkville whereby the issue of unlisted options to the value of \$189,970 under the Debt Facility Restructure will be cancelled in exchange for the payment of US\$31,193;
- On 21 August 2019 the Company announced that it raised \$1.65 million; from the Share Purchase Plan \$1,299,000 and a top-up placement of \$350,000 of which \$100,000 is subject to shareholder approval at the next general meeting of shareholders;
- On 23 August 2019 based on an issue price of \$0.012 per share, 108,250,081 shares were issued under the Share Purchase Plan and a further 20,833,335 shares in relation to \$250,000 of the top-up placement;
- On 10 September 2019 the Company announced that it had lodged a Prospectus for approval and listing of its Mauritian Note Issue with the Stock Exchange of Mauritius. In addition the Company confirmed it had fully repaid the amounts outstanding under the loan notes (US\$664,894) due to Riverfort Global Capital and Yorkville advisors out of the proceeds from the Share Purchase Plan and Top-up placement.



**LIKELY DEVELOPMENTS**

The Consolidated Entity intends to continue its exploration activities on its existing tenements, assess the viability of existing tenements and to acquire further suitable tenements for exploration and/or development as opportunities arise.

The Consolidated Entity is progressing options, including a planned Note issue on the Dar es Salaam Stock Exchange, to raise development funding, initially for the Stage 1 Bunyu Graphite Project to allow directors to make a Final Investment Decision (FID) based on the Stage 1 Feasibility Study completed in July 2018.

Subsequent to development funding and resulting positive FID for Stage 1, the Company would then be in a position to commence resettlement of affected landowners, upgrade of access roads and water supply, preparation of the plant site and commencement of construction works.

**ENVIRONMENTAL REGULATION**

The Consolidated Entity has a policy of exceeding or at least complying with its environmental obligations. During the financial year, the Consolidated Entity did not materially breach any particular or significant regulation in respect to environmental management in any of the jurisdictions in which it operates.

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

There have been no significant changes in the state of affairs of the group to the date of this report.

**DIVIDENDS**

No dividends have been declared, provided for or paid in respect of the financial year ended 30 June 2019 (2018: None).

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has agreed to indemnify all the Directors and Officers of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as Directors or Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the Directors and Officers of the Company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**PROCEEDINGS ON BEHALF OF COMPANY**

No person has applied for leave of court to bring proceedings on behalf of the Consolidated Entity or intervene in any proceeding to which the Consolidated Entity is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Consolidated Entity was not a party to any such proceedings during the year.

### **CORPORATE GOVERNANCE**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Consolidated Entity support, and adhere to, good corporate governance practices. Refer to the Company's Corporate Governance Statement at [www.voltresources.com](http://www.voltresources.com).

### **NON-AUDIT SERVICES**

No fees for non-audit services were paid or payable to the external auditor of the Parent Entity during the year ended 30 June 2019 (2018: nil).

### **AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration for the year ended 30 June 2019, which forms a part of the directors' report has been received and is included within this annual report at page 22.

## REMUNERATION REPORT: AUDITED

This remuneration report outlines the key management personnel remuneration arrangements of the Consolidated Entity in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the specified executives. For the purposes of this report, the term 'executive' encompasses the chief executive, senior executives and secretaries of the Parent and the Consolidated Entity.

### Remuneration Committee

The Company is not of a sufficient size to justify the establishment of a remuneration committee and so the Board of Directors of the Company fulfils this obligation and is responsible for determining and reviewing remuneration arrangements for the directors and executives. The Board of Directors assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team.

### Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. To this end, the charter adopted by the remuneration committee aims to align rewards with achievement of strategic objectives. The remuneration framework applied provides for a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate.

### Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

### Non-Executive Directors

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at General Meeting and was capped at \$360,000 in November 2018. The Company's policy is to remunerate non-executive directors at market rates (for comparable companies) for time, commitment and responsibilities. Fees for non-executive directors are not linked to the performance of the Company, however to align directors' interests with shareholders' interests, directors are encouraged to hold shares in the Company, and subject to approval by shareholders, are permitted to participate in the Employee Share Option Plan.

### Retirement Benefits and Allowances

No retirement benefits or allowances are paid or payable to directors of the Company (other than statutory or mandatory superannuation contributions, where applicable).

### Performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect of the current and previous four financial years:

|                                                 | 2019    | 2018    | 2017    | 2016    | 2015 <sup>#</sup> |
|-------------------------------------------------|---------|---------|---------|---------|-------------------|
| EPS loss (cents)                                | (0.24)  | (0.27)  | (0.32)  | (0.57)  | (0.27)            |
| Net profit / loss (\$'000)                      | (3,483) | (3,079) | (3,102) | (3,807) | (662)             |
| Exploration and Evaluation expenditure (\$'000) | 603     | 4,863   | 6,167   | 3,114   | 24                |
| Share price (\$)                                | 0.020   | 0.021   | 0.029   | 0.105   | 0.012             |

<sup>#</sup> The Group had previously focused on coal in Mozambique rather than graphite in Tanzania.

### Executives

#### Base Pay

Executives are offered a competitive level of base pay which comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior executives is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior executives' contracts.

#### Short Term Incentives

Payment of short term incentives is dependent on the achievement of key performance milestones as determined by the Board of Directors. For the years ended 30 June 2018 and 2019, these milestones required performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. No bonuses have been paid or are payable in respect of the year to 30 June 2019. There have been no forfeitures of bonuses by key management personnel during the current or prior periods and no cash bonuses remained unvested at year-end.

#### Long Term Incentives - Share-Based Compensation

Both performance rights and share options have been issued to Directors and executives as part of their remuneration. Share-based compensation instruments are not issued based on performance criteria, however, they are issued with vesting conditions and exercise prices set specifically to increase goal congruence between Directors, executives and shareholders. Performance rights and options granted carry no dividend or voting rights. The Company currently has no policy in place to limit an individual's risk exposure in relation to the issue of company securities as remuneration.

### Service Agreements

In late November 2016, the Company entered into an agreement with Mr Trevor Matthews, in his capacity as Chief-Executive Officer to commence from 1 January 2017 with a base package inclusive of statutory superannuation and before incentives of \$300,000 per annum, plus a company provided car parking bay at its corporate office or payment in lieu.

Under an established Performance Rights Plan approved by shareholders, Mr Matthews was issued 35,000,000 Performance Rights during the current year in the following tranches subject to vesting conditions:

- Tranche A – 15,000,000 Performance Rights vest on the Company raising a minimum of US\$30 million for the development of the Bunyu Stage 1 Project by 31 March 2019.

- Tranche B – 10,000,000 Performance Rights vest on the receipt of first sales revenue from product produced from the Binyu Stage 1 Project evidenced by the receipt of cash proceeds in a Volt Group Company's bank account by 30 June 2020.
- Tranche C – 10,000,000 Performance Rights vest on the achieving a 20 business day VWAP equal to or exceeding 15 cents per share for the Company within 3 years of grant date.

The condition for Tranche A was not achieved by 31 March 2019 resulting in the 15,000,000 performance rights lapsing.

### Use of Remuneration Consultants

The Board is satisfied that the recommendations of remuneration consultants (if utilised) were made free from undue influence from any member of Key Management Personnel. No remuneration consultants were utilised during the 2019 financial year.

### Remuneration of Directors and Key Management Personnel

| Key Management Personnel   | Short Term Benefits  |                              |            | Post-Employment Benefits | Share Based Payments | Total            | Performance Related |
|----------------------------|----------------------|------------------------------|------------|--------------------------|----------------------|------------------|---------------------|
|                            | Cash Salary and Fees | Leave and other entitlements | Consulting | Superannuation           | Performance Rights   |                  |                     |
| 30 June 2019               | \$                   | \$                           | \$         | \$                       | \$                   | \$               | %                   |
| Asimwe Kabunga             | 133,071              | -                            | -          | -                        | -                    | 133,071          | -%                  |
| Stephen Hunt               | 52,560               | -                            | -          | -                        | -                    | 52,560           | -%                  |
| Alwyn * Vorster            | 52,560               | -                            | -          | -                        | -                    | 52,560           | -%                  |
| Matthew Bull **            | 1,000                | -                            | -          | 95                       | -                    | 1,095            | -%                  |
| <b>Directors Subtotal</b>  | <b>239,191</b>       | <b>-</b>                     | <b>-</b>   | <b>95</b>                | <b>-</b>             | <b>239,286</b>   | <b>-%</b>           |
| Trevor Matthews            | 270,000              | 2,923 <sup>#</sup>           | -          | 30,000                   | 591,582 <sup>^</sup> | 894,505          | 66.1%               |
| Mark Hoffmann              | 209,331              | 953                          | -          | 19,886                   | -                    | 230,170          | -%                  |
| <b>Management Subtotal</b> | <b>479,331</b>       | <b>3,876</b>                 | <b>-</b>   | <b>49,886</b>            | <b>591,582</b>       | <b>1,124,675</b> | <b>52.6%</b>        |
| <b>KMP TOTAL</b>           | <b>718,522</b>       | <b>3,876</b>                 | <b>-</b>   | <b>49,981</b>            | <b>591,582</b>       | <b>1,363,961</b> | <b>43.4%</b>        |



| Key Management Personnel  | Short Term Benefits  |                              |                | Post-Employment Benefits | Share Based Payments | Total            | Performance Related |
|---------------------------|----------------------|------------------------------|----------------|--------------------------|----------------------|------------------|---------------------|
|                           | Cash Salary and Fees | Leave and other entitlements | Consulting     | Superannuation           | Performance Rights   |                  |                     |
| 30 June 2018              | \$                   | \$                           | \$             | \$                       | \$                   | \$               | %                   |
| Asimwe Kabunga            | 122,472              | -                            | 26,909         | 7,835                    | -                    | 157,216          | -%                  |
| Stephen Hunt              | 51,083               | -                            | 30,000         | 4,853                    | -                    | 85,936           | -%                  |
| Alwyn Vorster             | 48,000               | -                            | -              | 4,560                    | -                    | 52,560           | -%                  |
| Matthew Bull              | 48,000               | -                            | -              | 4,560                    | -                    | 52,560           | -%                  |
| <b>Directors Subtotal</b> | <b>269,555</b>       | <b>-</b>                     | <b>56,909</b>  | <b>21,808</b>            | <b>-</b>             | <b>348,272</b>   | <b>-%</b>           |
| Trevor Matthews           | 270,000              | 30,667 <sup>#</sup>          | -              | 30,000                   | 108,261              | 438,928          | 24.7%               |
| Mark Hoffmann             | 85,688               | 3,176                        | 140,000        | 8,141                    | -                    | 237,005          | -%                  |
| Jason *** Livingstone     | 139,431              | (6,139)                      | -              | 11,836                   | -                    | 144,948          | -%                  |
| <b>KMP TOTAL</b>          | <b>764,674</b>       | <b>27,524</b>                | <b>196,909</b> | <b>71,785</b>            | <b>108,261</b>       | <b>1,169,153</b> | <b>9.3%</b>         |

\* Resigned on 1 July 2019

\*\* Resigned on 9 July 2018

\*\*\* Resigned on 7 March 2018

<sup>#</sup> Includes provision of car parking at \$6,522 (2018: \$6,521).

<sup>^</sup> Of the \$591,582 in performance rights expensed for the year, \$496,740 in rights were either cancelled or lapsed prior to 30 June 2019 for \$nil value, leaving a balance of \$94,842 current at year's end.

## Share Based Compensation

### Options

There were no options granted, exercised or lapsed during the financial year, in relation to key management personnel's remuneration.

### Performance Rights

35,000,000 performance rights have been issued to Trevor Matthews during the 2019 financial year with milestones as set out above. Based upon a valuation of the performance rights at the grant date an amount of \$409,842 has been included in remuneration of the recipient based on the value attributable to the milestones over the determined vesting period during the 2019 financial year. 15,000,000 Tranche A performance rights representing \$315,000 of the above amount lapsed on 31 March 2019 for \$nil value, as the hurdle conditions were not achieved.

A total of 15,000,000 performance rights previously held by the CEO, were cancelled by mutual agreement for nil consideration during September 2018. This cancellation has been accounted for by the acceleration of vesting and the remaining vesting expense relating to these cancelled performance rights of \$181,740 has been included in the share based payments expense in the current period.

The fair value of the performance rights granted during the financial year is estimated as at the date of grant using the black scholes model (except Tranche C) and trinomial option model (Tranche C) taking into account the following inputs:

| Details                 | Black Scholes Option Model                                 |                                                            | Trinomial Option Model                                      |
|-------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
|                         | Tranche A<br>Performance Rights<br>expiring<br>31-Mar-2019 | Tranche B<br>Performance<br>Rights expiring<br>30-Jun-2020 | Tranche C3<br>Performance<br>Rights expiring<br>22-Oct-2021 |
| Share price barrier     | n/a                                                        | n/a                                                        | \$0.15                                                      |
| Expected volatility     | 80%                                                        | 80%                                                        | 70%                                                         |
| Risk free interest rate | 2.02%                                                      | 2.025%                                                     | 2.09%                                                       |
| Expected life           | 0.44 years                                                 | 1.69 years                                                 | 3 years                                                     |
| Exercise price          | nil                                                        | nil                                                        | nil                                                         |
| Grant date share price  | \$0.021                                                    | \$0.021                                                    | \$0.021                                                     |
| Fair value per right    | \$0.021                                                    | \$0.021                                                    | \$0.004                                                     |

## Directors and Key Management Personnel Equity Holdings

### Shares

| Key Management Personnel | Balance at Beginning of Year | Issued as Remuneration | Exercise of Options / Conversion of Perf. Rights | Net Other Change*  | Balance at End of Year |
|--------------------------|------------------------------|------------------------|--------------------------------------------------|--------------------|------------------------|
| <b>2019</b>              |                              |                        |                                                  |                    |                        |
| Asimwe Kabunga           | 160,142,017                  | -                      | -                                                | -                  | 160,142,017            |
| Stephen Hunt             | 12,687,026                   | -                      | -                                                | -                  | 12,687,026             |
| Matthew Bull**           | 4,088,885                    | -                      | -                                                | (4,088,885)        | -                      |
| Alwyn Vorster            | 6,229,437                    | -                      | -                                                | -                  | 6,229,437              |
| Trevor Matthews          | 72,920                       | -                      | -                                                | 53,015             | 125,935                |
| Mark Hoffmann            | 300,000                      | -                      | -                                                | -                  | 300,000                |
| <b>TOTAL</b>             | <b>183,520,285</b>           | <b>-</b>               | <b>-</b>                                         | <b>(4,035,870)</b> | <b>179,484,415</b>     |
| <b>2018</b>              |                              |                        |                                                  |                    |                        |
| Asimwe Kabunga           | 145,645,118                  | -                      | 13,202,613                                       | 1,294,286          | 160,142,017            |
| Stephen Hunt             | 9,258,454                    | -                      | 2,000,000                                        | 1,428,572          | 12,687,026             |
| Matthew Bull             | 4,088,885                    | -                      | -                                                | -                  | 4,088,885              |
| Alwyn Vorster            | 3,515,151                    | -                      | 2,000,000                                        | 714,286            | 6,229,437              |
| Trevor Matthews          | -                            | -                      | -                                                | 72,920             | 72,920                 |
| Mark Hoffmann            | -                            | -                      | 300,000                                          | -                  | 300,000                |
| Jason Livingstone        | -                            | -                      | -                                                | -                  | -                      |
| <b>TOTAL</b>             | <b>162,507,608</b>           | <b>-</b>               | <b>17,502,613</b>                                | <b>3,510,064</b>   | <b>183,520,285</b>     |

\*On-market purchases / (sales) and share placements/purchase plans.

\*\*Balance on date of resignation, 9 July 2018.

Options

| Key Management Personnel | Balance at Beginning of Year | Granted as Remuneration | Exercise/lapsing of Options | Net Other Change* | Balance at End of Year | Vested at Year End |                    |
|--------------------------|------------------------------|-------------------------|-----------------------------|-------------------|------------------------|--------------------|--------------------|
|                          |                              |                         |                             |                   |                        | Exercisable        | Vested During Year |
| <b>2019</b>              | -                            | -                       | -                           | -                 | -                      | -                  | -                  |
| <b>TOTAL</b>             | -                            | -                       | -                           | -                 | <b>Nil</b>             | -                  | -                  |
| <b>2018</b>              |                              |                         |                             |                   |                        |                    |                    |
| Asimwe Kabunga           | 11,397,613                   | -                       | (13,202,613)                | 1,805,000         | -                      | -                  | -                  |
| Stephen Hunt             | 2,000,000                    | -                       | (2,000,000)                 | -                 | -                      | -                  | -                  |
| Matthew Bull**           | 5,461,412                    | -                       | (5,461,412)                 | -                 | -                      | -                  | -                  |
| Alwyn Vorster            | 2,000,000                    | -                       | (2,000,000)                 | -                 | -                      | -                  | -                  |
| Trevor Matthews          | -                            | -                       | -                           | -                 | -                      | -                  | -                  |
| Mark Hoffmann            | 300,000                      | -                       | (300,000)                   | -                 | -                      | -                  | -                  |
| Jason Livingstone        | -                            | -                       | -                           | -                 | -                      | -                  | -                  |
| <b>TOTAL</b>             | <b>21,159,025</b>            | -                       | <b>(22,964,025)</b>         | <b>1,805,000</b>  | <b>Nil</b>             | -                  | -                  |

\*On-market purchases / (sales).

\*\* These options lapsed unexercised. All other options were exercised.

All share options issued to key management personnel were made in accordance with the provisions of the employee share option plan. During the financial year, no options were exercised by key management personnel (2018: 17,502,613). No employee share option were granted as remuneration during the 2019 and 2018 financial years. Performance rights have been the preferred method of remuneration in recent years.

## Performance Rights

| Key Management Personnel | Balance at Beginning of Year | Granted as Remuneration | Vested and converted into ordinary shares | Lapsed as hurdle not achieved / cancelled | Balance at End of Year |
|--------------------------|------------------------------|-------------------------|-------------------------------------------|-------------------------------------------|------------------------|
| <b>2019</b>              |                              |                         |                                           |                                           |                        |
| Asimwe Kabunga           | -                            | -                       | -                                         | -                                         | -                      |
| Stephen Hunt             | 2,500,000                    | -                       | -                                         | (2,500,000)                               | -                      |
| Matthew Bull             | -                            | -                       | -                                         | -                                         | -                      |
| Alwyn Vorster            | 2,000,000                    | -                       | -                                         | (2,000,000)                               | -                      |
| Trevor Matthews          | 15,000,000                   | 35,000,000              | -                                         | (30,000,000)                              | 20,000,000             |
| Mark Hoffmann            | -                            | -                       | -                                         | -                                         | -                      |
| <b>TOTAL</b>             | <b>19,500,000</b>            | <b>35,000,000</b>       | <b>-</b>                                  | <b>(34,500,000)</b>                       | <b>20,000,000</b>      |
| <b>2018</b>              |                              |                         |                                           |                                           |                        |
| Asimwe Kabunga           | -                            | -                       | -                                         | -                                         | -                      |
| Stephen Hunt             | 5,000,000                    | -                       | -                                         | (2,500,000)                               | 2,500,000              |
| Matthew Bull             | -                            | -                       | -                                         | -                                         | -                      |
| Alwyn Vorster            | 4,000,000                    | -                       | -                                         | (2,000,000)                               | 2,000,000              |
| Trevor Matthews          | -                            | 17,000,000              | -                                         | (2,000,000)                               | 15,000,000             |
| Mark Hoffmann            | -                            | -                       | -                                         | -                                         | -                      |
| Jason Livingstone        | -                            | -                       | -                                         | -                                         | -                      |
| <b>TOTAL</b>             | <b>9,000,000</b>             | <b>17,000,000</b>       | <b>-</b>                                  | <b>(6,500,000)</b>                        | <b>19,500,000</b>      |

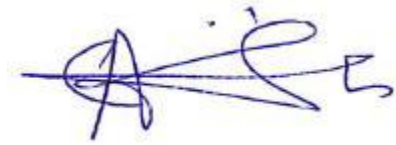
**Other Transactions with Key Management Personnel of the Consolidated Entity**

Entities associated with Mr Stephen Hunt and Mr Asimwe Kabunga both provided unsecured short term loans of \$50,000 each. The loans have a 10% interest rate per annum payable at maturity and a maturity date of 15 July 2019 or earlier at the Company's discretion. These loans were repaid in full on 1 July 2019.

During the 2019 financial year, there were no other transactions with Key Management Personnel.

**End of Remuneration Report**

Signed in accordance with a resolution of directors.

A handwritten signature in blue ink, appearing to be 'A. Kabunga', written over a horizontal line.

Asimwe Kabunga  
Non-Executive Chairman  
24 September 2019



## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Volt Resources Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia  
24 September 2019



**B McVeigh**  
Partner

**hlb.com.au**

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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2019**



|                                                                       | Note     | Consolidated<br>Year Ended<br>30 June 2019<br>\$ | Consolidated<br>Year Ended<br>30 June 2018<br>\$ |
|-----------------------------------------------------------------------|----------|--------------------------------------------------|--------------------------------------------------|
| <b>Revenue</b>                                                        | <b>2</b> | <b>4,071</b>                                     | 22,220                                           |
| Corporate compliance fees                                             |          | (591,066)                                        | (477,413)                                        |
| Corporate management costs                                            |          | (1,840,920)                                      | (1,655,069)                                      |
| Foreign exchange gain (loss)                                          |          | 38,222                                           | (56,111)                                         |
| Marketing and investor relations costs                                |          | (202,064)                                        | (246,059)                                        |
| Occupancy expenses                                                    |          | (156,427)                                        | (161,037)                                        |
| Share based payments                                                  | 2, 15    | (591,582)                                        | (108,261)                                        |
| Interest expenses                                                     |          | (177,096)                                        | (140,142)                                        |
| Other expenses                                                        | 2        | (607,586)                                        | (805,774)                                        |
| <b>Loss before income tax benefit</b>                                 |          | <b>(4,124,448)</b>                               | (3,627,646)                                      |
| Income tax benefit                                                    | 3        | 641,173                                          | 548,627                                          |
| <b>Net loss for the year from continuing operations</b>               |          | <b>(3,483,275)</b>                               | (3,079,019)                                      |
| <b>Net loss for the year</b>                                          |          | <b>(3,483,275)</b>                               | (3,079,019)                                      |
| <b>Other comprehensive income</b>                                     |          |                                                  |                                                  |
| <b>Items that may be reclassified subsequently to profit or loss:</b> |          |                                                  |                                                  |
| Exchange differences on translation of foreign operations             |          | (61,075)                                         | 489,194                                          |
| <b>Total comprehensive loss for the year</b>                          |          | <b>(3,544,350)</b>                               | (2,589,825)                                      |
| Loss attributable to:                                                 |          |                                                  |                                                  |
| Owners of the parent                                                  |          | (3,493,873)                                      | (3,076,272)                                      |
| Non-controlling interests                                             |          | 10,598                                           | (2,747)                                          |
|                                                                       |          | <b>(3,483,275)</b>                               | (3,079,019)                                      |
| Total comprehensive loss attributable to:                             |          |                                                  |                                                  |
| Owners of the parent                                                  |          | (3,554,948)                                      | (2,587,078)                                      |
| Non-controlling interests                                             |          | 10,598                                           | (2,747)                                          |
|                                                                       |          | <b>(3,544,350)</b>                               | (2,589,825)                                      |
| Basic and diluted loss per share from continuing operations (cents)   | 4        | (0.24)                                           | (0.27)                                           |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2019**



|                                                 | <b>Note</b> | <b>Consolidated<br/>30 June<br/>2019<br/>\$</b> | <b>Consolidated<br/>30 June<br/>2018<br/>\$</b> |
|-------------------------------------------------|-------------|-------------------------------------------------|-------------------------------------------------|
| <b>ASSETS</b>                                   |             |                                                 |                                                 |
| <b>Current Assets</b>                           |             |                                                 |                                                 |
| Cash and cash equivalents                       | 5           | <b>1,171,421</b>                                | 2,192,277                                       |
| Trade and other receivables                     | 6           | <b>41,748</b>                                   | 214,820                                         |
| Prepayments                                     |             | <b>40,413</b>                                   | 47,330                                          |
| <b>Total Current Assets</b>                     |             | <b>1,253,582</b>                                | 2,454,427                                       |
| <b>Non-Current Assets</b>                       |             |                                                 |                                                 |
| Trade and other receivables                     | 6           | <b>3,900</b>                                    | 2,400                                           |
| Other financial assets                          | 7           | <b>30,000</b>                                   | 30,000                                          |
| Plant and equipment                             | 8           | <b>45,676</b>                                   | 100,480                                         |
| Deferred exploration and evaluation expenditure | 9           | <b>22,394,753</b>                               | 21,786,559                                      |
| <b>Total Non-Current Assets</b>                 |             | <b>22,474,329</b>                               | 21,919,439                                      |
| <b>Total Assets</b>                             |             | <b>23,727,911</b>                               | 24,373,866                                      |
| <b>LIABILITIES</b>                              |             |                                                 |                                                 |
| <b>Current Liabilities</b>                      |             |                                                 |                                                 |
| Trade and other payables                        | 10          | <b>347,354</b>                                  | 614,647                                         |
| Provisions                                      | 11          | <b>62,260</b>                                   | 58,867                                          |
| Borrowings                                      | 12          | <b>1,523,709</b>                                | 399,844                                         |
| <b>Total Current Liabilities</b>                |             | <b>1,933,323</b>                                | 1,073,358                                       |
| <b>Non-Current Liabilities</b>                  |             |                                                 |                                                 |
| Borrowings                                      | 12          | <b>1,004,648</b>                                | -                                               |
| <b>Total Non-Current Liabilities</b>            |             | <b>1,004,648</b>                                | -                                               |
| <b>Total Liabilities</b>                        |             | <b>2,937,971</b>                                | 1,073,358                                       |
| <b>Net Assets</b>                               |             | <b>20,789,940</b>                               | 23,300,508                                      |
| <b>EQUITY</b>                                   |             |                                                 |                                                 |
| Issued capital                                  | 13          | <b>64,415,434</b>                               | 63,973,234                                      |
| Reserves                                        | 14          | <b>20,102</b>                                   | 163,204                                         |
| Accumulated losses                              |             | <b>(43,435,138)</b>                             | (40,614,874)                                    |
| Parent entity interest                          |             | <b>21,000,398</b>                               | 23,521,564                                      |
| Non-controlling interests                       |             | <b>(210,458)</b>                                | (221,056)                                       |
| <b>Total Equity</b>                             |             | <b>20,789,940</b>                               | 23,300,508                                      |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2019**

| Consolidated Entity                   | Issued Capital    | Reserves         | Accumulated Losses  | Parent Entity Interest | Non-Controlling Interest | Total             |
|---------------------------------------|-------------------|------------------|---------------------|------------------------|--------------------------|-------------------|
|                                       | \$                | \$               | \$                  | \$                     | \$                       | \$                |
| <b>Balance at 1 July 2018</b>         | <b>63,973,234</b> | <b>163,204</b>   | <b>(40,614,874)</b> | <b>23,521,564</b>      | <b>(221,056)</b>         | <b>23,300,508</b> |
| Loss for the year                     | -                 | -                | (3,554,948)         | (3,554,948)            | 10,598                   | (3,544,350)       |
| Other comprehensive income            | -                 | (61,075)         | 61,075              | -                      | -                        | -                 |
| Total comprehensive loss for the year | -                 | (61,075)         | (3,493,873)         | (3,554,948)            | 10,958                   | (3,544,350)       |
| Shares issued during the year         | 434,747           | -                | -                   | 434,747                | -                        | 434,747           |
| Issue expenses                        | 7,453             | -                | -                   | 7,453                  | -                        | 7,453             |
| Equity exercised/expired              | -                 | (673,609)        | 673,609             | -                      | -                        | -                 |
| Share based payments                  | -                 | 591,582          | -                   | 591,582                | -                        | 591,582           |
| <b>Balance at 30 June 2019</b>        | <b>64,415,434</b> | <b>20,102</b>    | <b>(43,435,138)</b> | <b>21,000,398</b>      | <b>(210,458)</b>         | <b>20,789,940</b> |
| <b>Balance at 1 July 2017</b>         | <b>53,342,884</b> | <b>4,173,650</b> | <b>(40,946,202)</b> | <b>16,570,332</b>      | <b>(218,309)</b>         | <b>16,352,023</b> |
| Loss for the year                     | -                 | -                | (3,076,272)         | (3,076,272)            | (2,747)                  | (3,079,019)       |
| Other comprehensive income            | -                 | 489,194          | -                   | 489,194                | -                        | 489,194           |
| Total comprehensive loss for the year | -                 | 489,194          | (3,076,272)         | (2,587,078)            | (2,747)                  | (2,589,825)       |
| Shares issued during the year         | 9,999,597         | -                | -                   | 9,999,597              | -                        | 9,999,597         |
| Issue expenses                        | (585,547)         | -                | -                   | (585,547)              | -                        | (585,547)         |
| Equity exercised/expired              | 1,216,300         | (4,623,900)      | 3,407,600           | -                      | -                        | -                 |
| Share based payments                  | -                 | 124,260          | -                   | 124,260                | -                        | 124,260           |
| <b>Balance at 30 June 2018</b>        | <b>63,973,234</b> | <b>163,204</b>   | <b>(40,614,874)</b> | <b>23,521,564</b>      | <b>(221,056)</b>         | <b>23,300,508</b> |

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2019**



|                                                              | Note | Consolidated<br>Year Ended<br>30 June 2019<br>\$<br>Inflows/<br>(Outflows) | Consolidated<br>Year Ended<br>30 June 2018<br>\$<br>Inflows/<br>(Outflows) |
|--------------------------------------------------------------|------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| <b>Cash flows from operating activities</b>                  |      |                                                                            |                                                                            |
| Payments to suppliers and employees                          |      | (3,831,464)                                                                | (3,459,723)                                                                |
| Research and development tax credit received                 |      | 641,173                                                                    | 548,627                                                                    |
| Interest paid                                                |      | (19,210)                                                                   | (120,475)                                                                  |
| Interest received                                            |      | 5,320                                                                      | 20,477                                                                     |
| Net cash used in operating activities                        | 5    | (3,204,181)                                                                | (3,011,094)                                                                |
| <b>Cash flows from investing activities</b>                  |      |                                                                            |                                                                            |
| Payments for plant and equipment                             |      | -                                                                          | (20,278)                                                                   |
| Payments for exploration and evaluation expenditure          |      | -                                                                          | (4,678,786)                                                                |
| Proceeds from disposal of plant and equipment                |      | 609                                                                        | -                                                                          |
| Refund of rental bond                                        |      | 59,088                                                                     | -                                                                          |
| Net cash provided by / (used in) investing activities        |      | 59,697                                                                     | (4,699,064)                                                                |
| <b>Cash flows from financing activities</b>                  |      |                                                                            |                                                                            |
| Proceeds from issue of shares                                |      | 429,825                                                                    | 9,802,688                                                                  |
| Proceeds from borrowings                                     |      | 2,435,218                                                                  | 1,304,301                                                                  |
| Repayment of borrowings                                      |      | (491,625)                                                                  | (914,301)                                                                  |
| Payment of share issue costs                                 |      | 39,812                                                                     | (392,461)                                                                  |
| Costs of loan financing                                      |      | (289,602)                                                                  | -                                                                          |
| Net cash provided by financing activities                    |      | 2,123,628                                                                  | 9,800,227                                                                  |
| Net (decrease) / increase in cash held                       |      | (1,020,856)                                                                | 2,090,069                                                                  |
| Cash and cash equivalents at beginning of the financial year |      | 2,192,277                                                                  | 102,208                                                                    |
| Effects of exchange rates on cash and cash equivalents       |      | -                                                                          | -                                                                          |
| Cash and cash equivalents at year end                        | 5    | 1,171,421                                                                  | 2,192,277                                                                  |

The accompanying notes form part of these financial statements.

**1. Statement of significant accounting policies**

**a) Basis of preparation**

These financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and comply with other requirements of the law. The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Consolidated Entity consisting of Volt Resources Limited and its subsidiaries. The financial statements have also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets. The Company is a listed public company, incorporated in Australia. The entity's principal activities are graphite exploration activities in Tanzania.

**b) Going Concern**

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

At 30 June 2019 the Consolidated Entity had cash of \$1,171,421 and net assets of \$20,789,940, primarily represented by deferred exploration expenditure of \$22,394,753 on its Graphite prospecting tenements in Tanzania. During the year, net cash outflows from operating activities totalled \$3,204,181 primarily in relation to corporate compliance, management, marketing and investor relations costs of the listed parent entity.

The Directors are of the opinion that the Consolidated Entity is a going concern due to the following factors:

- (i) The Consolidated Entity is in the process of obtaining regulatory approval in Tanzania to issue a Prospectus or Information Memorandum to raise debt funding through the issue of listed Notes on the Dar es Salaam Stock Exchange for the equivalent of US\$30 to US\$40 million. Simultaneously the Consolidated Entity is progressing alternative funding options including a Note issue and listing on the Stock Exchange of Mauritius. Assuming a successful Note issue, all expenditures relating to the Bunyu Graphite project and Tanzanian activities will be met out of these funds in Tanzania. The corporate costs to be incurred in Australia are expected to approximate A\$2.5 million per annum;
- (ii) The Company has the ability to raise additional working capital in the shorter term from:
  - a capital raising;
  - issue of convertible loan notes; and
- (iii) The Company has the ability to sell assets, or an interest in assets.

Whilst the Directors are confident that the above initiatives will generate sufficient funds to enable the Consolidated Entity to continue as a going concern for at least the period of 12 months from the date of signing this financial report, should these initiatives be unsuccessful, there exists a material uncertainty that may cast significant doubt on the ability of the Consolidated Entity to continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**1. Statement of significant accounting policies (Continued)**

**c) Adoption of new and revised standards**

In the year ended 30 June 2019, 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 current annual reporting periods beginning on or after 1 July 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 on the Consolidated Entity and therefore no material change is necessary to the Consolidated Entity's accounting policies.

The new Standards effective and adopted are documented below:

*AASB 9 Financial Instruments*

The Consolidated Entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.



**1. Statement of significant accounting policies (Continued)**

*AASB 15 Revenue from Contracts with Customers*

The Consolidated Entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

*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 2019. 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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**d) Statement of compliance**

The financial report was authorised for issue on 24 September 2019. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**1. Statement of significant accounting policies (Continued)**

**e) Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee;
- and
- has the ability within its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Consolidated Entity's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members are eliminated in full on consolidation.

**f) Critical accounting judgements and key sources of estimation uncertainty**

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Share-based payment transactions:*

The Consolidated Entity measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using either the Black and Scholes or Trinomial Options formula taking into account the terms and conditions upon which the instruments were granted.

*Exploration and evaluation expenditure:*

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure.

**1. Statement of significant accounting policies (Continued)**

The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

|                                                                   | Consolidated<br>Year Ended<br>30 June 2019<br>\$ | Consolidated<br>Year Ended<br>30 June 2018<br>\$ |
|-------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>2. Revenue and expenses</b>                                    |                                                  |                                                  |
| <b>Revenue</b>                                                    |                                                  |                                                  |
| Interest income (i)                                               | 4,071                                            | 22,220                                           |
|                                                                   | <b>4,071</b>                                     | <b>22,220</b>                                    |
| <b>Expenses</b>                                                   |                                                  |                                                  |
| Share based payments:                                             |                                                  |                                                  |
| Performance rights                                                | 591,582                                          | 108,261                                          |
|                                                                   | <b>591,582</b>                                   | <b>108,261</b>                                   |
| Other Expenses:                                                   |                                                  |                                                  |
| Corporate advisors and brokers, including<br>business development | 113,939                                          | 282,326                                          |
| Depreciation                                                      | 50,728                                           | 63,682                                           |
| Travel and accomodation                                           | 118,470                                          | 256,438                                          |
| Other                                                             | 324,449                                          | 203,328                                          |
|                                                                   | <b>607,586</b>                                   | <b>805,774</b>                                   |

**Accounting policy: revenue recognition**

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

## 2. Revenue and expenses (continued)

### (i) Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

|  | Consolidated<br>Year Ended 30<br>June 2019 | Consolidated<br>Year Ended<br>30 June 2018 |
|--|--------------------------------------------|--------------------------------------------|
|  | \$                                         | \$                                         |

### 3. Income tax

The prima facie income tax benefit on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

|                                                                   |             |             |
|-------------------------------------------------------------------|-------------|-------------|
| Accounting loss before income tax                                 | (4,124,448) | (3,627,646) |
| Income tax benefit calculated at 30% (2018: 30%)                  | 1,237,334   | 997,603     |
| Share based payments                                              | (177,475)   | (29,772)    |
| Non-deductible expenses                                           | (795,288)   | (637,229)   |
| Capital raising costs deductible                                  | 34,376      | 22,902      |
| Income tax losses not brought to account                          | (298,947)   | (353,504)   |
| Profit and loss proportion of research and development tax credit | 641,173     | 548,627     |
| Income tax benefit from continuing operations                     | 641,173     | 548,627     |

The tax rates used in the above reconciliation are the corporate tax rates of Australia 30% and Tanzania 30% (2018: Australia 30%, Tanzania 30%). The 27.5% tax rate on taxable profits for small businesses does not apply to Australian corporate entities under Australian tax law if greater than 80% passive income is expected. The Consolidated Entity has tax losses arising in Australia of \$19,251,419 (2018: \$18,134,930) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose. The availability of these losses is subject to the satisfaction of either the same business or continuity of ownership tests. Tax losses arising in Tanzania to 30 June 2018 totalled A\$1.2 million equivalent. The Tanzania tax losses for the year ended 30 June 2019 are yet to be determined. Deferred tax assets have not been recognised in respect of these items because it is not sufficiently probable that future taxable profit will be available against which the Consolidated Entity can utilise the benefits thereof.

### Accounting policy: income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

**3. Income tax (continued)**

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Tax consolidation legislation*

Volt Resources Limited and its 100% owned Australian resident subsidiary have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own. Volt Resources Limited recognises both its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated group. Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts payable or receivable from or payable to other entities in the Consolidated Entity. Any difference between the amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) controlled entities in the tax consolidated group.

### 3. *Income tax (continued)*

#### Accounting policy: other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

|                                                        | Consolidated<br>Year Ended<br>30 June 2019<br>\$                 | Consolidated<br>Year Ended<br>30 June 2018<br>\$                 |
|--------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| 4. <i>Loss per share</i>                               |                                                                  |                                                                  |
| Loss after tax from continuing operations              | (3,483,275)                                                      | (3,079,019)                                                      |
|                                                        | Consolidated<br>Year Ended<br>30 June 2019<br>No.                | Consolidated<br>Year Ended<br>30 June 2018<br>No.                |
| Weighted average number of ordinary shares             | 1,455,635,268                                                    | 1,123,682,862                                                    |
|                                                        | Consolidated<br>Year Ended<br>30 June 2019<br>Cents per<br>Share | Consolidated<br>Year Ended<br>30 June 2018<br>Cents per<br>Share |
| Basic / diluted loss per share – continuing operations | (0.24)                                                           | (0.27)                                                           |

As the Consolidated Entity is loss making in both 2019 and 2018, no potential ordinary shares are considered to be dilutive as they would act to decrease the loss per share. The options on issue (Note 13) represent potential ordinary shares but are not dilutive and accordingly have been excluded from the weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted loss per share.

**4. Loss per share (continued)**

**Accounting policy: earnings/loss per share**

Basic earnings/loss per share is calculated as net profit or loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit or loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**5. Cash and cash equivalents**

|                          | <b>Consolidated<br/>30 June 2019</b> | <b>Consolidated<br/>30 June 2018</b> |
|--------------------------|--------------------------------------|--------------------------------------|
|                          | <b>\$</b>                            | <b>\$</b>                            |
| Cash at bank and on hand | <b>1,171,421</b>                     | <b>2,192,277</b>                     |
|                          | <b>1,171,421</b>                     | <b>2,192,277</b>                     |

**Reconciliation of loss for the year to net cash outflows from operating activities:**

|                                                    | <b>Year ended<br/>30 June 2019</b> | <b>Year ended<br/>30 June 2018</b> |
|----------------------------------------------------|------------------------------------|------------------------------------|
|                                                    | <b>\$</b>                          | <b>\$</b>                          |
| Loss for the year                                  | <b>(3,483,275)</b>                 | <b>(3,079,019)</b>                 |
| Depreciation                                       | <b>50,728</b>                      | <b>63,682</b>                      |
| Foreign exchange (gain)/loss                       | <b>(38,222)</b>                    | <b>(56,111)</b>                    |
| Share based payments                               | <b>591,582</b>                     | <b>108,261</b>                     |
| (Increase)/decrease in trade and other receivables | <b>112,485</b>                     | <b>(66,419)</b>                    |
| (Increase)/decrease in prepayments                 | <b>6,917</b>                       | <b>4,985</b>                       |
| Increase/(decrease) in trade and other payables    | <b>(447,789)</b>                   | <b>(23,658)</b>                    |
| Increase/(decrease) in provisions                  | <b>3,393</b>                       | <b>37,185</b>                      |
| Net cash used in operating activities              | <b>(3,204,181)</b>                 | <b>(3,011,094)</b>                 |

**5. Cash and cash equivalents (continued)**

**Accounting policy: cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash at bank earns interest at floating rates based on daily bank deposit rates.

**6. Trade and other receivables**

|                    | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|--------------------|------------------------------------|------------------------------------|
| Current:           |                                    |                                    |
| GST receivable net | 15,562                             | 131,319                            |
| Sundry receivables | 26,186                             | 24,413                             |
| Rental bonds       | -                                  | 59,088                             |
|                    | <b>41,748</b>                      | 214,820                            |
| Non-Current:       |                                    |                                    |
| Rental bond        | 3,900                              | 2,400                              |
|                    | <b>3,900</b>                       | 2,400                              |

**Accounting policy: trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.



|                                  | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|----------------------------------|------------------------------------|------------------------------------|
| <b>7. Other financial assets</b> |                                    |                                    |
| Term deposit                     | 30,000                             | 30,000                             |
|                                  | <b>30,000</b>                      | <b>30,000</b>                      |

**Accounting policy: financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

**7. Other financial assets (continued)**

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**8. Plant and equipment**

|                              | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|------------------------------|------------------------------------|------------------------------------|
| Cost                         | 148,617                            | 168,120                            |
| Accumulated depreciation     | (102,940)                          | (67,640)                           |
| Written down value           | 45,676                             | 100,480                            |
| <b>Reconciliation:</b>       |                                    |                                    |
| Opening written down value   | 100,480                            | 123,854                            |
| Additions                    | -                                  | 20,279                             |
| Depreciation                 | (50,728)                           | (63,682)                           |
| Disposals                    | (4,075)                            | -                                  |
| Foreign currency translation | -                                  | 20,029                             |
| Closing written down value   | 45,677                             | 100,480                            |

**Accounting policy: property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment – over 3 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

**(i) Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated

future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value. An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in profit or loss for the year as a separate line item.

*(ii) Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**9. Deferred exploration and evaluation expenditure**

|                              | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|------------------------------|------------------------------------|------------------------------------|
| Balance at beginning of year | 21,786,559                         | 16,581,589                         |
| Expenditure during the year  | 602,879                            | 4,863,440                          |
| Foreign currency translation | 5,315                              | 341,530                            |
| Balance at end of year       | <u>22,394,753</u>                  | <u>21,786,559</u>                  |

**Accounting policy: exploration and evaluation**

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
  - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - (b) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest. Exploration and evaluation assets are assessed for impairment when facts and

**9. *Deferred exploration and evaluation expenditure (continued)***

circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. 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.

**Accounting policy: impairment of assets**

The Consolidated Entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

|                                     | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|-------------------------------------|------------------------------------|------------------------------------|
| <b>10. Trade and other payables</b> |                                    |                                    |
| Trade creditors and accruals        | <u>347,354</u>                     | <u>614,647</u>                     |
|                                     | <u>347,354</u>                     | <u>614,647</u>                     |

**Accounting policy: trade and other payables**

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months. Trade payables are non-interest bearing and are normally settled on 30-day terms.

|                       | Consolidated<br>30 June 2019<br>\$ | Consolidated<br>30 June 2018<br>\$ |
|-----------------------|------------------------------------|------------------------------------|
| <b>11. Provisions</b> |                                    |                                    |
| Employee entitlements | <u>62,260</u>                      | <u>58,867</u>                      |
|                       | <u>62,260</u>                      | <u>58,867</u>                      |

**12. Borrowings**

**Current**

|                       |           |         |
|-----------------------|-----------|---------|
| Convertible loans (a) | -         | 399,844 |
| R&D loans (b)         | -         | -       |
| Directors' loans (c)  | 100,948   | -       |
| Short-term loan (d)   | 1,422,761 | -       |

|                                       |                  |                |
|---------------------------------------|------------------|----------------|
|                                       | <u>1,523,709</u> | <u>399,844</u> |
| Non-current<br>18-month US\$ loan (e) | <u>1,004,648</u> | <u>-</u>       |
| Total Borrowings                      | <u>2,528,357</u> | <u>399,844</u> |

|                                                    | Year ended<br>30 June 2019<br>\$ | Year ended<br>30 June 2018<br>\$ |
|----------------------------------------------------|----------------------------------|----------------------------------|
| <b>Movement in borrowings:</b>                     |                                  |                                  |
| Balance at beginning of year                       | 399,844                          | -                                |
| Proceeds from convertible loans                    | -                                | 875,000                          |
| Repayment of convertible loans                     | (390,000)                        | (475,000)                        |
| Repayment of convertible loan through share issue  | -                                | (10,000)                         |
| Interest accrued on convertible loans              | -                                | 9,844                            |
| Interest paid that was previously accrued          | (9,844)                          | -                                |
| Proceeds of R&D loans                              | 512,000                          | 439,301                          |
| Repayment of R&D loans                             | (512,000)                        | (439,301)                        |
| Proceeds of directors' loans                       | 100,000                          | -                                |
| Interest accrued on directors' loans               | 948                              | -                                |
| Proceeds of short-term loan                        | 1,339,286                        | -                                |
| Face value premium on short term loan              | 160,714                          | -                                |
| Repayments of short-term loan                      | (102,110)                        | -                                |
| Foreign exchange revaluation of short term loan    | 24,871                           | -                                |
| Proceeds from 18-month US\$ loan                   | 1,006,130                        | -                                |
| Establishment fee payable at maturity              | 503,065                          | -                                |
| Deferred establishment fee                         | (497,623)                        | -                                |
| Accrued interest on 18-month US\$ loan             | 3,274                            | -                                |
| Foreign exchange revaluation of 18-month US\$ loan | (10,198)                         | -                                |
| Balance at end of year                             | <b>2,528,357</b>                 | <b>399,844</b>                   |

- (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. The prior year balance was fully repaid during the period to October 2018.
- (b) The Company entered into a secured loan agreement in October 2018 for \$512,000 with an annual interest rate of 14% per annum. 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. The loan was settled on 21 December 2018.
- (c) On the 27 May 2019 Volt Director's Mr Hunt and Mr Kabunga provided unsecured loans of \$50,000 each on commercial terms or better at 10.0% per annum repayable by 15 July 2019 or earlier at the Company's election. These were repaid in full on 1 July 2019.
- (d) The Company entered into a secured funding agreement on 14 January 2019 to provide a short-term loan for six months with a face value equivalent to A\$1.5 million (US\$1.0 million) and principal repayments totalling approximately A\$0.1 million during the April to June 2019 quarter, the loan is denominated in US\$ and the proceeds totalled the equivalent of A\$1,339,286. Subsequent to year's end the loan maturity was extended from 14 July 2019 to 14 September 2019, refer subsequent events Note 23.

(e) On the 24 June 2019 as part of US\$1.0 million in funding from a European based high net worth investor, Volt received US\$700,000 in unsecured loan funds with the full amount due at maturity in 18-months. The total amount payable at maturity includes a deferred establishment fee of US\$350,000 and interest payable at 20.0% per annum semi-annually.

|                                                                           |                                                   |                   | Consolidated<br>30 June 2019<br>\$                | Consolidated<br>30 June 2018<br>\$ |
|---------------------------------------------------------------------------|---------------------------------------------------|-------------------|---------------------------------------------------|------------------------------------|
| <b>13. Issued capital</b>                                                 |                                                   |                   |                                                   |                                    |
| Ordinary shares fully paid of no par value                                |                                                   |                   | <b>64,415,434</b>                                 | 63,973,234                         |
|                                                                           |                                                   |                   | <b>64,415,434</b>                                 | 63,973,234                         |
|                                                                           | Consolidated Year Ended<br>30 June 2019<br>Number | \$                | Consolidated Year Ended<br>30 June 2018<br>Number | \$                                 |
| <b>Movement in<br/>ordinary shares on<br/>issue:</b>                      |                                                   |                   |                                                   |                                    |
| Balance at beginning<br>of year                                           | <b>1,455,379,711</b>                              | <b>63,973,234</b> | 976,784,189                                       | 53,342,884                         |
| In lieu of services                                                       | -                                                 | -                 | -                                                 | -                                  |
| Performance rights<br>converted at \$nil per<br>right                     | -                                                 | -                 | -                                                 | -                                  |
| Share purchase plan                                                       | -                                                 | -                 | 111,379,981                                       | 2,338,980                          |
| Share placements                                                          | <b>20,845,714</b>                                 | <b>429,824</b>    | 130,504,148                                       | 2,914,500                          |
| Options exercised at<br>\$0.02 per share                                  | -                                                 | -                 | 236,314,931                                       | 4,726,299                          |
| Shares issued in lieu<br>of interest                                      | <b>98,450</b>                                     | <b>4,923</b>      | 196,462                                           | 9,818                              |
| Convertible loan<br>converted into shares                                 | -                                                 | -                 | 200,000                                           | 10,000                             |
| Transfer from share<br>based payment<br>reserve on exercise of<br>options | -                                                 | -                 | -                                                 | 1,216,300                          |
| Issue expenses                                                            | -                                                 | <b>7,453</b>      | -                                                 | (585,547)                          |
| Balance at end of<br>year                                                 | <b>1,476,323,875</b>                              | <b>64,415,434</b> | 1,455,379,711                                     | 63,973,234                         |

**13. Issued capital (continued)**

**Share options:**

| Grant Date | Details          | Expiry Date | Exercise Price | Balance at 30-Jun-18 | Granted During the Year | Exercised During the Year | Expired During the Year | Cancelled During the Year | Balance at 30-Jun-19 |
|------------|------------------|-------------|----------------|----------------------|-------------------------|---------------------------|-------------------------|---------------------------|----------------------|
| 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)             | -                         | -                    |
| 21-June-18 | Unlisted options | 30-Apr-19   | \$0.06         | 8,000,000            | -                       | -                         | (4,200,000)             | -                         | -                    |
| 25-June-19 | Unlisted options | 23-Dec-20   | \$0.04         | -                    | 25,536,000              | -                         | -                       | -                         | 25,536,000           |
|            |                  |             |                | <b>24,800,000</b>    | <b>25,536,000</b>       | -                         | <b>(24,800,000)</b>     | -                         | <b>25,536,000</b>    |

The options granted during the year were free attaching to the June 2019 placement.

**Performance rights:**

| Issue Date | Details                     | Balance at 30 June 2018 | Granted During the Year | Expired during the Year | Converted During the Year | Balance at 30 June 2019 |
|------------|-----------------------------|-------------------------|-------------------------|-------------------------|---------------------------|-------------------------|
| Various    | Unlisted performance rights | 19,500,000              | 35,000,000              | (34,500,000)            | -                         | 20,000,000              |
|            |                             | <b>19,500,000</b>       | <b>35,000,000</b>       | <b>(34,500,000)</b>     | -                         | <b>20,000,000</b>       |

The Company announced on 22 October 2018 the granting of 35,000,000 performance rights to 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. A total of 15,000,000 performance rights previously held by the CEO, were cancelled by mutual agreement for nil consideration during September 2018. This cancellation has been accounted for by the acceleration of vesting and the remaining vesting expense relating to these cancelled performance rights of \$181,740 has been included in the share based payments expense in the current period.



### 13. Issued capital (continued)

The remaining 4,500,000 performance rights carried forward were held by two non-executive directors. These rights were granted in the FY2017 year and required commencement of mining, and processing of first ore recovered from the Bunyu Graphite project by 31 March 2019 to vest. This vesting hurdle was not achieved in the timeframe and therefore these rights have lapsed. The vesting condition milestones, fair value and share based payments expense for the 35 million performance rights are detailed in the table below:

| Milestone                                                                               | Expiry Date             | Number of Options | Tranche | Fair Value (per right) | Total Fair Value | Estimated % to vest | Share based payment expense |
|-----------------------------------------------------------------------------------------|-------------------------|-------------------|---------|------------------------|------------------|---------------------|-----------------------------|
| Raise USD30m for the development of the Bunyu Stage 1 project                           | 31 March 2019           | 15,000,000        | A       | \$0.021                | \$315,000        | 100%                | 315,000                     |
| Receipt of the first sales revenue from product produced from the Bunyu Stage 1 project | 30 June 2020            | 10,000,000        | B       | \$0.021                | \$210,000        | 100%                | \$85,657                    |
| Achieving a VRC 20-day VWAP of 15 cents per share                                       | Within 3 years of grant | 10,000,000        | C       | \$0.004                | \$40,000         | 100%                | \$9,185                     |
| Total                                                                                   |                         | 35,000,000        |         |                        |                  |                     | \$409,842                   |

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 an up and in single barrier share option pricing model with a Parisian barrier adjustment. The model takes into consideration that the Tranche C Rights will vest at any time during the performance period, given that the VWAP exceeds the determined barrier over the specified number of days. The model incorporates a trinomial option pricing model.

#### Accounting policy: issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

|                                                                                     | Consolidated<br>Year Ended<br>30 June 2019<br>\$ | Consolidated<br>Year Ended 30 June<br>2018<br>\$ |
|-------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>14. Reserves</b>                                                                 |                                                  |                                                  |
| <b>Share based payments reserve:</b>                                                |                                                  |                                                  |
| Balance at beginning of year                                                        | 176,869                                          | 4,676,507                                        |
| Share based payments                                                                | 591,582                                          | 124,262                                          |
| Transfer to share capital on exercise of options                                    | -                                                | (1,216,300)                                      |
| Transfer to accumulated losses on expiry of options and lapse of performance rights | (673,609)                                        | (3,407,600)                                      |
| Balance at end of year                                                              | 94,842                                           | 176,869                                          |
| <b>Foreign currency translation reserve:</b>                                        |                                                  |                                                  |
| Balance at beginning of year                                                        | (13,665)                                         | (502,857)                                        |
| Currency translation differences                                                    | (61,075)                                         | 489,192                                          |
| Balance at end of year                                                              | (74,740)                                         | (13,665)                                         |
| Total reserves                                                                      | 20,102                                           | 163,204                                          |

**Accounting policy: foreign currency translation**

Both the functional and presentation currency of Volt Resources Limited and its Australian subsidiaries is Australian dollars. Each entity in the Consolidated Entity determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All exchange differences in the consolidated financial report are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. The functional currency of foreign operations through Dugal Resources Lda and Xiluva Mozambi Lda, is Mozambique New Metical (MZN) The functional currency of foreign operations through Volt Graphite Tanzania Limited is Tanzanian Shillings (TZS) and US Dollars (USD).

#### 14. Reserves (continued)

As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of Volt Resources Limited at the rate of exchange ruling at the reporting date and their statements of comprehensive income are translated at the weighted average exchange rate for the year. The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

#### 15. Share based payments

The following share based payments were made during the financial year:

| Details             | Security Type              | Issue / Grant Date | Number Issued / Granted | Fair Value       | Vested Expense   |
|---------------------|----------------------------|--------------------|-------------------------|------------------|------------------|
| In lieu of interest | Fully paid ordinary shares | 2-Aug-18           | 70,677                  | \$3,534          | \$3,534          |
| In lieu of interest | Fully paid ordinary shares | 11-Oct-18          | 27,773                  | \$1,389          | \$1,389          |
| Trevor Matthews     | Performance rights         | 22-Oct-18          | 35,000,000              | \$565,000        | \$409,842        |
| <b>Total</b>        |                            |                    | <b>35,098,450</b>       | <b>\$569,923</b> | <b>\$414,765</b> |

The fair value of the equity settled performance rights granted during the financial year is estimated as at the date of grant using the Black Scholes model (except Tranche C Performance Rights) and Trinomial Option model (Tranche C Performance Rights) taking into account the terms and conditions upon which the options were granted:

|                             | Black Scholes Option Model                                 |                                                            | Trinomial Option Model                                      |
|-----------------------------|------------------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|
| Details                     | Tranche A<br>Performance Rights<br>expiring<br>18-May-2020 | Tranche B<br>Performance Rights<br>expiring<br>31-Mar-2018 | Tranche C3<br>Performance Rights<br>expiring<br>18-May-2020 |
| Share price barrier         | n/a                                                        | n/a                                                        | \$0.15                                                      |
| Expected volatility         | 80%                                                        | 80%                                                        | 70%                                                         |
| Risk free interest rate     | 2.02%                                                      | 2.02%                                                      | 2.09%                                                       |
| Expected life               | 0.44 years                                                 | 1.69 years                                                 | 3 years                                                     |
| Exercise price              | nil                                                        | nil                                                        | nil                                                         |
| Grant date share price      | \$0.021                                                    | \$0.021                                                    | \$0.021                                                     |
| Fair value per right/option | \$0.021                                                    | \$0.021                                                    | \$0.004                                                     |

**15. Share based payments (continued)**

**Accounting policy: share-based payment transactions**

*(i) Equity settled transactions:*

The Consolidated Entity provides benefits to employees (including senior executives) of the Consolidated Entity in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Volt Resources Limited (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

- (i) the extent to which the vesting period has expired; and
- (ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The consolidated statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings/loss per share (see Note 4).

## 16. *Financial instruments*

### Capital risk management

The Consolidated Entity manages its capital to ensure that entities in the Consolidated Entity will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Consolidated Entity's overall strategy remains unchanged from 2018. The capital structure of the Consolidated Entity consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

| Consolidated<br>30 June 2019 | Consolidated<br>30 June 2018 |
|------------------------------|------------------------------|
| \$                           | \$                           |

### Categories of financial instruments

#### Financial assets

|                             |                  |                  |
|-----------------------------|------------------|------------------|
| Cash and cash equivalents   | 1,171,421        | 2,192,277        |
| Trade and other receivables | 45,648           | 217,220          |
| Other financial assets      | 30,000           | 30,000           |
|                             | <b>1,247,069</b> | <b>2,439,497</b> |

#### Financial liabilities

|                          |                  |                  |
|--------------------------|------------------|------------------|
| Trade and other payables | 347,354          | 614,647          |
| Borrowings               | 2,528,357        | 399,844          |
|                          | <b>2,875,711</b> | <b>1,014,491</b> |

### Financial risk management objectives

The Consolidated Entity is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Entity seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures where appropriate. The use of financial derivatives is governed by the Consolidated Entity's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Consolidated Entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## 16. *Financial instruments (continued)*

### Market risk

The Consolidated Entity's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, commodity prices and exchange rates. There has been no change to the Consolidated Entity's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

### Foreign currency risk management

The Consolidated Entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. No forward contracts or other hedging instruments have been used during the current or prior year as the Consolidated Entity's foreign exchange exposure is not considered to be sufficiently material to justify such activities. The carrying amounts of the Consolidated Entity's foreign currency denominated monetary assets and monetary liabilities at the balance date expressed in Australian dollars are as follows:

|                     | Assets    |       | Liabilities |        |
|---------------------|-----------|-------|-------------|--------|
|                     | 2019      | 2018  | 2019        | 2018   |
| US dollars          | 1,012,701 | 1,306 | 2,348,088   | 80,911 |
| Tanzanian shillings | 691       | 3,767 | -           | -      |

### Foreign currency sensitivity analysis

The Consolidated Entity is exposed to US Dollar (USD) and Tanzanian shillings (TZS) currency fluctuations. The following table details the Consolidated Entity's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates a weakening against the respective currency. For a strengthening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the result and other equity and the balances below would be negative.

|                     | USD Impact |            |
|---------------------|------------|------------|
|                     | 2019<br>\$ | 2018<br>\$ |
| Result for the year | (133,539)  | (7,961)    |

|                     | TZS Impact  |             |
|---------------------|-------------|-------------|
|                     | 2019<br>TZS | 2018<br>TZS |
| Result for the year | 69          | 377         |

## 16. Financial instruments (continued)

### Interest rate risk

As at and during the year ended on reporting date the Consolidated Entity had no significant interest-bearing assets or liabilities, other than liquid funds on deposit and various loans. As such, the Consolidated Entity's income and operating cash flows (other than interest income from funds on deposit and interest expense on the loans) are substantially independent of changes in market interest rates. The Consolidated Entity's exposure to interest rate risk for each class of financial assets and liabilities is set out below:

| Financial Asset           | Interest Rate | Consolidated<br>2019<br>\$ | Consolidated<br>2018<br>\$ |
|---------------------------|---------------|----------------------------|----------------------------|
| Cash and cash equivalents | Floating      | 1,171,421                  | 2,192,277                  |
| <b>Total</b>              |               | <b>1,171,421</b>           | <b>2,192,277</b>           |

| Financial Liabilities | Interest Rate | Consolidated<br>2019<br>\$ | Consolidated<br>2018<br>\$ |
|-----------------------|---------------|----------------------------|----------------------------|
| Borrowings            | Fixed         | 2,528,357                  | 399,844                    |
| <b>Total</b>          |               | <b>2,528,357</b>           | <b>399,844</b>             |

### Consolidated Entity and Parent Company sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period. At balance date, if interest rates had been 80 basis points higher or lower and all other variables were held constant, the Consolidated Entity's net result would increase or decrease by \$9,371 (2017: \$17,538). This is mainly attributable to the Consolidated Entity's exposure to interest rates on its variable rate cash holdings.

### Credit risk

The Consolidated Entity seeks to trade only with recognised, trustworthy third parties and it is the Group's policy to perform credit verification procedures in relation to any customers wishing to trade on credit terms with the Consolidated Entity. The Consolidated Entity has no significant concentrations of credit risk.

### Liquidity risk

Prudent liquidity management involves the maintenance of sufficient cash, marketable securities, committed credit facilities and access to capital markets. It is the policy of the Board to ensure that the Consolidated Entity is able to meet its financial obligations and maintain the flexibility to pursue attractive investment opportunities through keeping committed credit lines available where possible, ensuring the Consolidated Entity has sufficient working capital and preserving the 15% share issue limit available to the Company under the ASX Listing Rules.

**16. Financial instruments (continued)**

**Net fair value**

The carrying amount of financial assets and liabilities recorded in the financial statements approximate their fair value as at 30 June 2019.

**Accounting policy: Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at fair value through profit or loss*

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

*Financial assets at fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised



**16. Financial instruments (continued)**

is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

**17. Commitments and contingencies**

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 expenditure commitments together with operating lease commitments for office premises are as follows:

|                                 | Consolidated<br>Year Ended<br>30 June 2019<br>\$ | Consolidated<br>Year Ended<br>30 June 2018<br>\$ |
|---------------------------------|--------------------------------------------------|--------------------------------------------------|
| Within one year - exploration   | 148,027                                          | 150,319                                          |
| Within one year – office lease  | 1,950                                            | 32,334                                           |
| One to five years - exploration | 349,157                                          | 362,136                                          |
|                                 | <b>499,134</b>                                   | <b>544,789</b>                                   |

There are no contingent liabilities as at the date of this report, other than for the Resettlement Action Plan totalling US\$3.5 million where commencement of resettlements and any commitments are contingent on the consolidated entity making a Financial Investment Decision (FID) to develop the Bunyu Graphite project which is contingent on an appropriate level of development funding being sourced.

On production and sale of graphite products from the Bunyu Graphite project, the previous owners are entitled to a 3% net smelter royalty on the sale of dried concentrate. At the Company's election, at any stage in the future the Company may pay US\$2.0 million to reduce the royalty rate to 1.5%.

Changes to the legal framework governing the natural resources sector in Tanzania were passed by the Tanzanian Parliament in early July 2017 and the Company advised the ASX of the impact of the new legislation on 7 July 2017. One impact was the Tanzanian Government would have a 16% non-dilutable free carried interest in Volt's Tanzanian subsidiary which increases from a current interest of nil. The 16% interest is to apply to mining operations under

# **17. Commitments and contingencies (continued)**

a mining licence or a special mining licence. The Company is not aware of any further guidance or application of this change to date. The Consolidated entity currently retains a 100% interest in Volt's Tanzanian subsidiary which holds the Bunyu Graphite Project.

# **18. 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 segment being Mineral Exploration – Tanzania.

## **Accounting policy: segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Volt Resources Limited.

# **19. Subsidiaries**

| Subsidiary                           | Principal Activity   | Country of Incorporation | Equity Interest |      |
|--------------------------------------|----------------------|--------------------------|-----------------|------|
|                                      |                      |                          | 2019            | 2018 |
| Volt Graphite Tanzania Plc           | Graphite exploration | Tanzania                 | 100%            | 100% |
| Mozambi Graphite Pty Ltd             | Holding Company      | Australia                | 100%            | 100% |
| Mozambi Resource Investments Pty Ltd | Dormant              | Australia                | 100%            | 100% |
| Dugal Pty Ltd                        | Dormant              | Australia                | 100%            | 100% |
| Dugal Resources Lda                  | Dormant              | Mozambique               | 70%             | 70%  |
| Mozambi Ventures Lda                 | Dormant              | Mozambique               | 80%             | 80%  |
| Xiluva Mozambi Lda                   | Dormant              | Mozambique               | 80%             | 80%  |

The Company's intention is to wind up or liquidate the three Mozambique subsidiaries and Dugal Pty Ltd.

|  | Consolidated<br>Year Ended<br>30 June 2019<br>\$ | Consolidated<br>Year Ended<br>30 June 2018<br>\$ |
|--|--------------------------------------------------|--------------------------------------------------|
|--|--------------------------------------------------|--------------------------------------------------|

**20. Auditor's remuneration**

Amounts received or due and receivable by HLB Mann Judd  
for an audit or review of the financial report

**39,927** 41,000

Amounts received by auditors in Tanzania for the audit of  
Volt Graphite Tanzania Ltd (2018: 2 years included)

**6,410** 16,041

**46,337** 57,041

**21. Key management personnel remuneration**

Total remuneration paid to key management personnel during the year:

Short term benefits **722,398** 989,107

Post-employment benefits **49,981** 71,785

Share based payments **591,582** 108,261

**1,363,961** 1,169,153

| Parent<br>30 June 2019<br>\$ | Parent<br>30 June 2018<br>\$ |
|------------------------------|------------------------------|
|------------------------------|------------------------------|

**22. Parent entity information**

The following details information related to the parent entity, Volt Resources Limited, as at 30 June 2019. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

**Financial position**

**Assets**

Current assets **1,219,906** 2,454,427

Non-current assets **22,880,951** 22,170,665

**Total assets** **24,100,857** 24,625,092

**Liabilities**

Current liabilities **(391,436)** (1,028,187)

Non-current liabilities **(2,528,357)** -

**Total liabilities** **(2,919,793)** (1,028,187)

**Net assets** **21,181,064** 23,596,905

|                                                  | Parent<br>30 June 2019<br>\$     | Parent<br>30 June 2018<br>\$     |
|--------------------------------------------------|----------------------------------|----------------------------------|
| <b>22. Parent entity information (continued)</b> |                                  |                                  |
| Issued Capital                                   | 64,415,434                       | 63,973,234                       |
| Reserves                                         | 94,482                           | 176,869                          |
| Accumulated losses                               | (43,328,852)                     | (40,553,198)                     |
| <b>Total equity</b>                              | <b>21,181,064</b>                | <b>23,596,905</b>                |
|                                                  |                                  |                                  |
|                                                  | Year ended<br>30 June 2019<br>\$ | Year ended<br>30 June 2018<br>\$ |
| <b>Financial performance</b>                     |                                  |                                  |
| Loss for the year                                | (2,775,654)                      | (2,293,468)                      |
| <b>Total comprehensive loss for the year</b>     | <b>(2,775,654)</b>               | <b>(2,293,468)</b>               |
|                                                  |                                  |                                  |
| <b>Commitments</b>                               |                                  |                                  |
| Within one year                                  | 1,950                            | 32,334                           |
| One to five years                                | -                                | -                                |
|                                                  | <b>1,950</b>                     | <b>32,334</b>                    |

**Accounting policy: parent entity financial information**

The financial information for the parent entity, Volt Resources Limited, disclosed in this note has been prepared on the same basis as the consolidated financial statements, except as set out below.

*(i) Investments in subsidiaries, associates and joint venture entities*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Volt Resources Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

*(ii) Share-based payments*

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model.

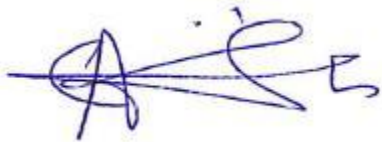
**23. Events subsequent to year end**

No matters or circumstances have arisen since the end of the 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:

- On 1 July 2019 the Company announced the appointment of Mr Giacomo Fazio as a Non-Executive Director, and the resignation of Mr Alwyn Vorster as a Non-Executive Director of the Company;
- On 15 July 2019, the Company has extended the maturity date for the loan facility with Riverfort Global Capital and Yorkville Advisors by two months, from 14 July 2019 to 14 September 2019. The terms of the extension require an amount payable at execution of US\$375,000, comprising a loan repayment amount of US\$335,106 which reduces the total amount payable at maturity to US\$664,894 from US\$1.0 million and an extension fee of US\$39,894. There are nil interest charges for the loan extension period. In addition, unlisted options to the value of \$189,969 and with a 36 month maturity will be issued to the lenders;
- The Company announced on 22 July 2019 that they will be undertaking a Share Purchase Plan which will be underwritten by Patersons Securities Limited to \$1.1 million. The new shares will be issued at a 20% discount to the volume weighted average price traded on the ASX during the 5 days immediately prior to the issue date. Funds raised will be used to repay the outstanding loan notes due to Riverfort Global Capital and Yorkville Advisors due 14 September 2019 and for general working capital and corporate purposes. In addition, the Company has reached agreement with Riverfort and Yorkville whereby the issue of unlisted options to the value of \$189,970 under the Debt Facility Restructure will be cancelled in exchange for the payment of US\$31,193;
- On 21 August 2019 the Company announced that it raised \$1.65 million; from the Share Purchase Plan \$1,299,000 and a top-up placement of \$350,000 of which \$100,000 is subject to shareholder approval at the next general meeting of shareholders;
- On 23 August 2019 based on an issue price of \$0.012 per share, 108,250,081 shares were issued under the Share Purchase Plan and a further 20,833,335 shares in relation to \$250,000 of the top-up placement;
- On 10 September 2019 the Company announced that it had lodged a Prospectus for approval and listing of its Mauritian Note Issue with the Stock Exchange of Mauritius. In addition the Company confirmed it had fully repaid the amounts outstanding under the loan notes (US\$664,894) due to Riverfort Global Capital and Yorkville advisors out of the proceeds from the Share Purchase Plan and Top-up placement.

1. In the opinion of the directors of Volt Resources Limited (the 'Company'):
  - a. the accompanying financial statements and notes and the additional disclosures are in accordance with the *Corporations Act 2001* including:
    - i. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its performance for the year then ended; and
    - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations regulations 2001; and
  - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2019.

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

A handwritten signature in blue ink, appearing to read 'Asimwe Kabunga', with a horizontal line drawn underneath it.

Asimwe Kabunga  
Non-Executive Chairman  
24 September 2019

**INDEPENDENT AUDITOR'S REPORT**

To the members of Volt Resources Limited

**Report on the Audit of the Financial Report***Opinion*

We have audited the financial report of Volt Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

*Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Material uncertainty related to going concern*

We draw attention to Note 1(b) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

*Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**hlb.com.au**

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| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Carrying amount of exploration and evaluation expenditure</b></p> <p>Note 9 of the financial report</p> <p>In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the capitalisation model after recognition.</p> <p>Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meets the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.</p> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest;</li> <li>▪ We considered the Directors' assessment of potential indicators of impairment;</li> <li>▪ We obtained evidence that the Group has current rights to tenure of its areas of interest;</li> <li>▪ We examined the exploration budget for the year ending 30 June 2020 and discussed with management the nature of planned ongoing activities;</li> <li>▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and</li> <li>▪ We examined the disclosures made in the financial report.</li> </ul> |

*Information other than the financial report and auditor's report thereon*

The directors are responsible for the other information. The other information comprises the information included in the Group's consolidated annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



#### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on the Remuneration Report**

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Volt Resources Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**24 September 2019**



**B McVeigh**  
**Partner**



The following additional information is required by the Australian Securities Exchange. The information is current as at 27 September 2019.

**(a) Distribution schedule and number of holders of equity securities as at 27 September 2019**

| Issued Securities                                           | 1 –<br>1,000 | 1,001 –<br>5,000 | 5,001 –<br>10,000 | 10,001<br>–<br>100,000 | 100,001<br>– and<br>over | Total |
|-------------------------------------------------------------|--------------|------------------|-------------------|------------------------|--------------------------|-------|
| Fully Paid Ordinary Shares                                  | 255          | 194              | 163               | 1,345                  | 1,438                    | 3,395 |
| Options exercisable at \$0.04 on or before 23 December 2020 | -            | -                | -                 | -                      | 1                        | 1     |
| Performance Rights                                          | -            | -                | -                 | -                      | 1                        | 1     |

The number of holders holding less than a marketable parcel of fully paid ordinary shares as at 27 September 2019 is 1,416.

**(b) 20 Largest holders of quoted equity securities as at 27 September 2019**

The names of the twenty largest holders of fully paid ordinary shares (ASX code: VRC) as at 27 September 2019 are:

| Rank | Name                                                                  | Shares      | % of Total Shares |
|------|-----------------------------------------------------------------------|-------------|-------------------|
| 1    | Kabunga Holdings Pty Ltd <Kabunga Family A/C>                         | 161,392,017 | 10.05             |
| 2    | HSBC Custody Nominees (Australia) Limited                             | 47,089,794  | 2.93              |
| 3    | Bosswhat Pty Ltd <D Virgara Family A/c>                               | 29,500,000  | 1.84              |
| 4    | Littlejohn Embrey Engineering Pty Ltd                                 | 27,250,141  | 1.70              |
| 5    | Citicorp Nominees Pty Limited                                         | 26,455,451  | 1.65              |
| 6    | Chata Holdings Pty Ltd <Chata Super Fund A/C>                         | 23,465,205  | 1.46              |
| 7    | Daroc Pty Limited <Daroc Super Fund A/C>                              | 22,150,000  | 1.38              |
| 8    | BNP Paribas Nominees Pty Ltd                                          | 19,465,164  | 1.21              |
| 9    | Mr Leslie Thomas King & Mrs Heather King <Robtom Super Fund A/C>      | 18,900,000  | 1.18              |
| 10   | Gerard C Toscan Management Pty Limited <Gerard C Toscan Fam No 2 A/C> | 14,526,750  | 0.90              |
| 11   | Mr Peter Raymond Notman + Mrs Elaine Notman                           | 13,374,720  | 0.83              |
| 12   | Mr Richard Him Sim Vom                                                | 12,258,657  | 0.76              |
| 13   | Endjua Pty Ltd <Sallag S F A/C>                                       | 11,023,427  | 0.69              |



| Rank | Name                                                                          | Shares             | % of Total Shares |
|------|-------------------------------------------------------------------------------|--------------------|-------------------|
| 14   | Minerals And Metals Marketing Pty Ltd                                         | 10,722,740         | 0.67              |
| 15   | Mr Robert Adrian Jones                                                        | 10,400,000         | 0.65              |
| 16   | Ms Leticia Kokutengeneza Kabunga                                              | 10,286,380         | 0.64              |
| 17   | Mr Stephen Mark Young & Mrs Lilibeth Villamin Young<br><S&L Young Super A/C>  | 10,157,272         | 0.63              |
| 18   | Mr Paul John Anstee & Mr Rodney Michael Smith<br><Byrnesstreet Superfund A/C> | 10,130,000         | 0.63              |
| 19   | Mr Kevin Brady                                                                | 10,000,000         | 0.62              |
| 20   | Haj Corporate & Financial Services Pty Ltd                                    | 8,950,000          | 0.56              |
|      | <b>TOTAL</b>                                                                  | <b>497,497,718</b> | <b>30.99</b>      |

Stock Exchange Listing – Listing has been granted for 1,605,407,291 fully paid ordinary shares of the Company on issue on the Australian Securities Exchange.

The unquoted securities on issue as at 27 September 2019 are detailed below in part (d).

**(c) Substantial shareholders**

Substantial shareholders in Volt Resources Limited and the number of equity securities over which the substantial shareholder has a relevant interest as disclosed in substantial holding notices provided to the Company are listed below:

| Name                                          | Shares      | % of Total Shares |
|-----------------------------------------------|-------------|-------------------|
| Kabunga Holdings Pty Ltd <Kabunga Family A/C> | 161,392,017 | 10.05%            |

**(d) Unquoted Securities**

The number of unquoted securities on issue as at 27 September 2019 is as follows:

| Unquoted Security                                            | Number on Issue |
|--------------------------------------------------------------|-----------------|
| Options exercisable at \$0.04 on or before 23 December 2020. | 25,536,000      |
| Performance Rights.                                          | 20,000,000      |

**(e) Holder Details of Unquoted Securities**

Unquoted security holders that hold more than 20% of a given class of unquoted securities as at 27 September 2019 other than the performance rights which were issued under an employee incentive scheme are as follows:

| Security                                                     | Name       | Number of Securities |
|--------------------------------------------------------------|------------|----------------------|
| Options exercisable at \$0.04 on or before 23 December 2020. | Lars Bader | 25,536,000           |

**(f) Restricted Securities as at 27 September 2019**

The Company had no restricted securities as at 27 September 2019.

**(g) Voting Rights**

All fully paid ordinary shares carry one vote per ordinary share without restriction.

Unquoted options and performance rights have no voting rights.

**(h) On-Market Buy-Back**

The Company is not currently undertaking an on-market buy-back.

**(i) Corporate Governance**

The Board of Volt Resources Limited is committed to achieving and demonstrating the highest standards of Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate extensively with Shareholders. The Board believes that sound Corporate Governance practices will assist in the creation of Shareholder wealth and provide accountability. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at <http://voltresources.com/corporate-governance/>

**(k) Schedule of Mining Tenements**

The schedule of interest in mining tenements both as at 30 June 2019 and as at 27 September 2019 is as follows:

All tenement within Tanzania are held by Volt Graphite Tanzania Ltd, a wholly owned subsidiary of Volt Resources Ltd.

| Project              | Location                                             | Tenement Number | Status<br>30 June<br>2019 | Status<br>Current | Beneficial<br>Interest |
|----------------------|------------------------------------------------------|-----------------|---------------------------|-------------------|------------------------|
| Tanzania<br>Graphite | Tanzania – Masasi District                           | ML 591/2018     | Live                      | Live              | 100%                   |
|                      | Tanzania – Masasi District                           | ML 592/2018     | Live                      | Live              | 100%                   |
|                      | Tanzania - Nachingwea,<br>Ruangwa & Masasi Districts | PL 10643/2015   | Live                      | Renewal           | 100%                   |
|                      | Tanzania - Ruangwa &<br>Masasi Districts             | PL 10644/2015   | Live                      | Renewal           | 100%                   |
|                      | Tanzania - Newala & Masasi<br>Districts              | PL 10667/2015   | Live                      | Renewal           | 100%                   |
|                      | Tanzania - Newala, Ruangwa<br>& Masasi Districts     | PL 10668/2015   | Live                      | Renewal           | 100%                   |
|                      | Tanzania - Ruangwa & Lindi<br>Districts              | PL 10717/2015   | Live                      | Renewal           | 100%                   |
|                      | Tanzania - Masasi District                           | PL 10788/2016   | Live                      | Live              | 100%                   |
|                      | Tanzania – Masasi District                           | PL 13207/2018   |                           | Application       | #                      |
|                      | Tanzania – Masasi District                           | PL 13208/2018   |                           | Application       | #                      |

# Prospecting Licence Applications PL 13207/2018 and PL 13208/2018 are for 100% of the remaining area covered by PL 10718/2015 which ceased on the granting of the two Mining Licenses over a portion of the previously held prospecting license tenement area.

## Mineral Resource and Ore Reserve Statements

### Summary of results of the entity's annual review of its Mineral Resources and Ore Reserves.

The Company carries out an annual review of its Mineral Resources and Ore Reserves as required by the ASX Listing Rules. The review was carried out as at 30 June 2019. The estimates for Ore Reserves and Mineral Resources were prepared and disclosed under the JORC Code 2012.

As of the 30 June 2019, the Company reviewed the Mineral Resource and Ore Reserve inventories and found:

- All Mineral Resource and Ore Reserve statements follow JORC 2012 guidelines.
- Opportunities for the Company to convert lower classified Mineral Resources into higher classification, and
- Opportunities to convert appropriate Mineral Resources into Ore Reserves,

with follow up exploratory work including but not limited to infill drilling and further metallurgical test work.

The Company is not aware of any new information or data that materially affects the information included in the Annual Statement about Mineral Resources or Ore Reserves and confirms that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed as of 30 June 2019.

### Mineral Resource and Ore Reserve Statements

All Mineral Resources and Ore Reserves announced by Volt Resources Ltd are within the Republic of Tanzania.

Volt Resources the consolidated entity, is targeting Graphite mineralisation within the Republic of Tanzania.

As of the 30 June 2019, the Graphite Mineral Resources for Volt Resources were:

| Bunyu Project                     | Mt         | TGC (%)    |
|-----------------------------------|------------|------------|
| <b>Measured</b>                   |            |            |
| Namangale North (now Bunyu 1)     | 20         | 5.3        |
| Total Measured                    | 20         | 5.3        |
| <b>Indicated</b>                  |            |            |
| Namangale North (now Bunyu 1)     | 122        | 5.2        |
| Namangale South (now Bunyu 2 & 3) | 33         | 4.3        |
| Total Indicated                   | 155        | 5.0        |
| <b>Inferred</b>                   |            |            |
| Namangale North (now Bunyu 1)     | 264        | 5.0        |
| Namangale South (now Bunyu 2 & 3) | 23         | 3.6        |
| Total Inferred                    | 286        | 4.9        |
| <b>Total Resource</b>             | <b>461</b> | <b>4.9</b> |

Note:

The Mineral Resource is inclusive of the Ore Reserves.

Inconsistencies in totals are due to rounding.

Refer to announcement "Pre-Feasibility Study Completed" dated 15 December 2016.

This Mineral Resource statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition).

Mineral Resources were based on cut-off grades of 2.5% TGC for Namangale North and 4% TGC for Namangale South.

As per clause 49 of the JORC 2012 Code, to detail the specifications of the minerals reported above:

| Size |             | Namangale 1<br>(now Bunyu 1) | Namangale 2<br>(now Bunyu 2) | Namangale 3<br>(now Bunyu 3) |
|------|-------------|------------------------------|------------------------------|------------------------------|
| µm   | Label       | %                            | %                            | %                            |
| 500  | Super Jumbo | 1                            | 9                            | 5                            |
| 300  | Jumbo       | 13                           | 29                           | 26                           |
| 180  | Large       | 29                           | 29                           | 30                           |
| 150  | Medium      | 12                           | 8                            | 10                           |
| 75   | Small       | 27                           | 16                           | 19                           |
| -75  | Fine        | 18                           | 9                            | 11                           |

Note:

Inconsistencies in totals are due to rounding.

Refer to announcement "Pre-Feasibility Study Completed" dated 15 December 2016.

As of the 30 June 2019, the Graphite Ore Reserves for Volt Resources were:

| Ore Reserve Classification      | Ore (Mt)     | TGC (%)     | Contained Graphite (Mt) |
|---------------------------------|--------------|-------------|-------------------------|
| <b>Proved</b>                   |              |             |                         |
| Namangale 1 North (now Bunyu 1) | 19.3         | 4.32        | 0.8                     |
| Namangale 2 South (now Bunyu 2) | -            | -           | -                       |
| Namangale 3 South (now Bunyu 3) | -            | -           | -                       |
| <b>Subtotal - Proved</b>        | <b>19.3</b>  | <b>4.32</b> | <b>0.8</b>              |
| <b>Probable</b>                 |              |             |                         |
| Namangale 1 North (now Bunyu 1) | 95.8         | 4.4         | 4.2                     |
| Namangale 2 South (now Bunyu 2) | 6.4          | 5.11        | 0.3                     |
| Namangale 3 South (now Bunyu 3) | 5.8          | 3.05        | 0.2                     |
| <b>Subtotal - Probable</b>      | <b>108.1</b> | <b>4.37</b> | <b>4.7</b>              |
| <b>Total Ore Reserve</b>        | <b>127.4</b> | <b>4.36</b> | <b>5.6</b>              |

Note:

Inconsistencies in totals are due to rounding.

Refer to announcement "Pre-Feasibility Study Completed" dated 15 December 2016.

This Ore Reserve statement has been compiled in accordance with the guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code – 2012 Edition).

Ore Reserves are based on the following processing cut-off that varied between deposits: 1.29% TGC for Namangale 1, 1.52% for Namangale 2, and 1.76% for Namangale 3.

### Material changes in Mineral Resources and Ore Reserve Holdings from the previous financial year

The material changes in the Graphite Mineral Resources from the 2018 financial year to the 2019 financial year:

There were no material changes to Mineral Resources or Ore Reserves during the year ended 30 June 2019. An updated subset of the Mineral Resources and Ore Reserves relating to the Stage 1 higher grade portion of the Bunyu 1 deposit was announced on 31 July 2018 and is further detailed below, there has been no material changes to this subset during the remainder of the year to 30 June 2019.



### **Governance Arrangements and Internal Controls with respect to Mineral Resource and Ore Reserve Estimates**

The Company ensures that all Mineral Resource and Ore Reserve calculations are subject to appropriate levels of governance and internal controls.

Exploration Results are collected and managed by competent qualified geologists and metallurgists. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management.

Mineral Resource and Ore Reserve estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource, the modifying factors for the preparation of Ore Reserves, or reporting an inaugural Mineral Resource or Ore Reserve, the estimate and supporting documentation in question are reviewed by a suitably qualified independent Competent Person.

The Company reports its Mineral Resources and Ore Reserves on an annual basis in accordance with the JORC Code 2012 Edition.

The Ore Reserves and Mineral Resources Statement is based on and fairly represents information and supporting documentation prepared by competent and qualified independent external professionals. The Mineral Resources Statement has been approved by a Competent Person, Mr Mark Biggs of ROM Resources Ltd, a member of the Australasian Institute.

The Ore Reserves Statement has been approved by Mr Andrew Law of Optiro Pty Ltd, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Law, Mr Biggs and Mr Bull have consented to the inclusion of the Statement in the form and context in which it appears in this Annual Statement or Report.

### **Competent Person's Statements**

The information above is extracted from the announcement dated 15 December 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

On 31 July 2018, the Company announced an updated subset of the Mineral Resources and Ore Reserves relating to the Stage 1 higher grade portion of the Bunyu 1 deposit. The subset is further detailed in a separate section with separate competent person statements below.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement. Nevertheless, for ease of access, please see the relevant Competent Person's statements below:

The information in this report that relates to Exploration Targets and Exploration Results is based on information compiled by Mr Matthew Bull, a Competent Person who is a member of the Australasian Institute of Geoscientists. Mr Bull is a previous director of Volt Resources Ltd and held securities in the Company. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Mark Biggs, a Competent Person who is a member of the Australasian Institute of Mining and Metallurgy. Mr Biggs is a Director of ROM Resources Pty Ltd. Mr Biggs has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Biggs consents to

the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on information compiled Mr Andrew Law, a Competent Person who is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy. Mr Law was previously a Director of Optiro. Mr Law has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Law consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

**In accord with the Stage 1 Feasibility Study for the Bunyu Graphite Project Tanzania dated 30 July 2018 – The Bunyu 1 (Stage 1): Mineral Resources & Ore Reserves tables below, relate to the Stage 1 higher grade portion of the Bunyu 1 deposit, not the entire Bunyu 1 deposit as detailed above.**

The July 2018 resource model was developed for investigation of the Stage 1 pit designs. The global Mineral Resource for Bunyu 1 reported with the 2016 Pre-feasibility Study results, on 15 December 2016 has not been re-estimated. The July 2018 model is restricted to above 240 mRL and includes only the top two layers of mineralisation within the southern area and the top four layers of mineralisation within the northern area. Geological interpretation has identified additional mineralised layers that are not included in the July 2018 resource model: seven within the northern area, eight within the south area and two within the eastern area.

The Mineral Resources have been reported for the July 2018 model at a 2.93% TGC cut-off grade and are included in the Table below. This cut-off grade was determined from technical and economic assessment of the mineralisation within the Stage 1 Feasibility Study (FS) pits by Orelogy Consulting Pty Ltd. This resource tabulation is not a resource statement for the entire Bunyu 1 project and is presented for validation of the July 2018 resource model which has been used as the basis of the July 2018 Stage 1 FS pit designs.

**Bunyu 1 (Stage 1): Mineral Resources** (restricted above the base of model surface and above 240 mRL) reported above a cut-off grade of 2.93% TGC

| Classification | Mt          | TGC (%)    |
|----------------|-------------|------------|
| Measured       | 8.0         | 5.8        |
| Indicated      | 31.9        | 5.6        |
| Inferred       | 36.9        | 5.1        |
| <b>Total</b>   | <b>76.8</b> | <b>5.4</b> |

Note: this update does not cover the global Mineral Resources at Bunyu 1

The July 2018 mineral resource model was used to determine the Bunyu 1 Stage 1 FS Ore Reserve and associated mine production schedule. The selected mining scenario, based on the outcomes of an open pit optimisation, was for three pits to be developed over 7 years with a total of 2.8Mt of mill feed being mined.

The scope of the Stage 1 FS was to develop a project plan for a relatively small component of the Bunyu 1 deposit. The Bunyu Stage 1 FS Ore Reserve is considered a subset of the 2016 Namangale 1 Ore Reserve released by Volt Resources 15 December 2016 as part of the 2016 Namangale Pre-Feasibility Study. It therefore does not replace or update this reserve and is for the purposes of underpinning the Stage 1 FS. The overall Ore Reserve for Bunyu (previously Namangale) will be updated as part of the Bunyu Stage 2 DFS which will be based on the whole of the Bunyu 1 deposit.

The specifications of the minerals reported above:

| Size |               | Bunyu 1<br>(Stage 1) |
|------|---------------|----------------------|
| µm   | Label         | %                    |
| 500  | Super Jumbo   | 1                    |
| 300  | Jumbo         | 11                   |
| 180  | Large         | 27                   |
| 150  | Medium        | 15                   |
| -150 | Small to Fine | 46                   |

Note:

Inconsistencies in totals are due to rounding.

Refer to announcement "Positive Stage 1 Feasibility Study Bunyu Graphite Project, Tanzania" dated 30 July 2018.

#### The Bunyu 1 (Stage 1): Ore Reserves (not the entire Bunyu 1 deposit)

| Material      |                | Ore   |       | Waste | Total | Strip |
|---------------|----------------|-------|-------|-------|-------|-------|
| Location      | Classification | kt    | TGC % | kt    | kt    | Ratio |
| North         | Proved         | 833   | 6.1%  | 109   | 1,001 | 0.12  |
|               | Probable       | 60    | 5.1%  |       |       |       |
|               | Subtotal       | 892   | 6.0%  |       |       |       |
| Central       | Proved         | 472   | 6.2%  | 593   | 1,408 | 0.73  |
|               | Probable       | 343   | 5.6%  |       |       |       |
|               | Subtotal       | 815   | 5.9%  |       |       |       |
| South Starter | Proved         |       | 0.0%  | 916   | 1,315 | 2.30  |
|               | Probable       | 399   | 6.8%  |       |       |       |
|               | Subtotal       | 399   | 6.8%  |       |       |       |
| South Main    | Proved         |       | 0.0%  | 649   | 1,358 | 0.91  |
|               | Probable       | 709   | 6.6%  |       |       |       |
|               | Subtotal       | 709   | 6.6%  |       |       |       |
| TOTAL         | Proved         | 1,305 | 6.1%  | 2,267 | 5,082 | 0.81  |
|               | Probable       | 1,511 | 6.4%  |       |       |       |
|               | Total          | 2,815 | 6.3%  |       |       |       |

The Bunyu Stage 1 FS Ore Reserve comprises 46% Proved and 54% Probable Ore Reserves. Both the Stage 1 Ore Reserve and Mineral Resource underpinning it have been prepared by competent persons in accordance with JORC requirements.

The Bunyu Stage 1 FS mining schedule was designed to generate a minimum 400,000tpa of plant feed annually, for seven years, resulting in an average feed grade of 6.26% TGC.

#### Competent Person's Statements

The information in the Stage 1 Feasibility Study for the Bunyu Graphite Project Tanzania dated 30 July 2018 that relates to Mineral Resources is based upon information compiled by Mrs Christine Standing who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mrs Standing is an employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian

Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs Standing consents to the inclusion in this annual statement of a summary based upon her information in the form and context in which it appears.

The information in the Stage 1 Feasibility Study for the Bunyu Graphite Project Tanzania dated 30 July 2018 that relates to Ore Reserves was compiled by Mr Ross Cheyne who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Cheyne is a Director of Oreology Consulting Pty Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cheyne consents to the inclusion in this annual statement of a summary based upon his information in the form and context in which it appears.