



ASX ANNOUNCEMENT

By e-lodgement

30 April 2020

QUARTERLY ACTIVITIES REPORT TO 31 MARCH 2020

Highlights:

- **The Mauritian Funding Process Commenced**
- **Excellent Initial Testwork Results Highlight Significant Potential to Improve Bunyu Graphite Economics**
- **Rights Issue Funding Completed**

Tanzanian-focused flake graphite development company Volt Resources Limited (**ASX: VRC**) ("**Volt**" or, the "**Company**") is pleased to report on the Company's activities for the quarter ended 31 March 2020.

March Quarter Activities Overview

Bunyu Stage 1 Development Funding Update

Volt's 100%-owned subsidiary, Volt Graphite Tanzania Plc (VGT), is progressing with the raising of US\$15,000,000 through the issue of Senior Notes – with a greenshoe option of up to US\$15,000,000 – to raise up to US\$30,000,000 by way of private placing on the Development and Enterprise Market (DEM) of the Stock Exchange of Mauritius (SEM).

The Company and its advisor, Alphier Capital (formerly Exotix Capital) along with local brokers, commenced investor meetings from 27 January 2020 as part of a roadshow to market the Notes to sophisticated investors.

The Mauritian Note offer has been extended and is planned to close 30 June 2020. The first day of trading of the Notes on the Stock Exchange of Mauritius DEM is scheduled for Monday, 6 July 2020.

Due to the recent and widespread impact of the COVID-19 pandemic on financial markets and the associated delays as institutions and investment groups change their work arrangements leading to delays in conducting due diligence and the deferral of investment decisions, the Company is providing potential investors with additional time to complete these processes.

A number of alternative funding proposals were presented to the Company as result of the engagement with numerous investment groups as part of the Note offer marketing process and these are currently being progressed in parallel with the Note Offer process.

The purpose of progressing with the Mauritian Note offer and alternative funding proposals is to enable the Company to:

- (a) commence the development of the Stage 1 Bunyu Graphite Project in Southern Tanzania including the construction of a 400,000tpa concentration plant and associated infrastructure; and
- (b) fund the resettlement costs of people currently farming and/or living within the project development area.

Excellent Testwork Results

During the March quarter the Company commenced the first stage of a testwork program on graphite ore from the Bunyu Graphite Project in Tanzania. The testwork program was undertaken by highly respected technical group, American Energy Technologies Co. (“AETC”) which is headquartered and operates research and laboratory facilities in Chicago, Illinois.

AETC testwork program summary

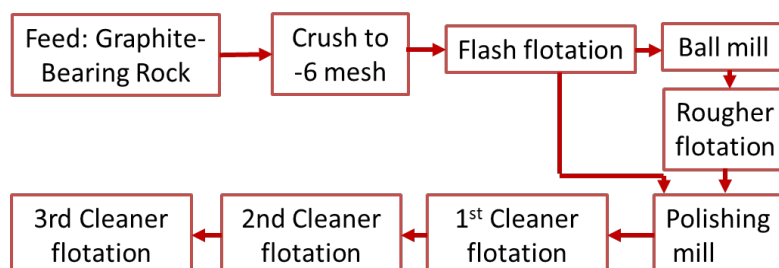
In January 2020, Volt commissioned AETC to undertake a testwork program using a representative sample from drilling completed as part of the Stage 1 Feasibility Study¹ at the Company’s Bunyu Graphite Project. A graphite product from the Bunyu ore sample was prepared and analysed for certain physical, chemical and processing properties to provide information for its suitability for several value-added graphite market applications including as anode feedstock for Li-ion battery cells.

The representative sample of ore was obtained from a composite sample produced from a metallurgical drilling program undertaken as part of the Stage 1 Feasibility Study (FS). For further information regarding the drilling program and composite sample refer to the ASX announcement Excellent Bunyu Testwork Results – Additional Information dated 20 April 2020.

In the testwork conducted, concentrate grade recovery and flake preservation had an emphasis on the use of a heavy molecular oil method (AETC’s frother is referred to as AMO). This method offers an alternative to the industry standard reagent, kerosene. The success of this method is based on a synergistic use of high shear mixing and AMO. By the end of the primary beneficiation process, an 86.6 wt. % TGC concentrate was produced with recovery of at least 68.5 wt. % of graphite available for beneficiation. This is an effective method to produce flake graphite concentration for the purpose of subsequent down-stream processing and characterisation for a range of applications.

Producers that use the industry standard method, which includes kerosene as an additive and utilizes large paddles as an agitator of material, typically require at least a few more polishing grinds, the application of an attrition mill, and a greater number of cleaner circuits to achieve a similar result, and this would be more complex in a laboratory application where the focus was to produce flake graphite cost effectively for subsequent downstream processing testwork. The testwork undertaken included both physical and chemical characterisation, and Industry standard analytical techniques have been employed.

Process flowsheet of upstream beneficiation of Bunyu flake.



The recovery of 68.5 wt.% of the total available concentrate was deemed appropriate by the consulting laboratory, extracting what they believe was a fully representative sample of flake graphite product sample for thermal purification by the induction furnace into the secondary processed grade.

Below is a table with the Stage 1 product size distribution compared with the product distribution from the AETC graphite product from the aforementioned testwork program.

There is a substantial increase in the percentage of high priced +30# and +50# graphite flake with a consequent reduction mainly in the lower priced fine graphite flake. With further testwork and analysis, this could have major economic benefits for both the Stage 1 and Stage 2 Bunyu project.

Size (µm)	Size (#)	% Distribution Stage 1 FS	% Distribution AETC Testwork
+500	+30	1	7
+300	+50	11	32
+180	+80	27	25
+150	+100	15	8
-150	-100	46	28
	Total	100	100

If through further testwork the benefits in flake size distribution continue, the next step would be to consider the incorporation into the Stage 1 feasibility study and flowsheet design. The operating and capital cost changes to the current Stage 1 plant are expected to be minimal and more than offset by the substantial increase in sales revenue.

The above results are from the first phase of the AETC program and the Company looks forward to releasing further results as they become available.

The testwork program constituted the main mining exploration activity undertaken by the Company during the March quarter. Total expenditure on exploration activities for the quarter was \$384k.

There was no mining production and development activities undertaken in the March quarter.

Non-Renounceable Rights Issue Funding Completed

The Company successfully raised the target amount of \$1.251 million following the underwriting and placement of all shortfall shares from the Rights Issue (see ASX Announcement dated 17 December 2019).

The Company received a further \$638,055 from the issue of 63,805,449 shares following the underwriting and placement of the shortfall shares in January 2020.

Funds raised were used to progress the DEM listed Note issue, discussions with other development funding sources and for general corporate and working capital.

Mining Tenements

The schedule of interest in mining tenements as at 31 March 2020 follows.

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

Project	Location	Tenement Number	Status 30 June 2019	Status Current	Beneficial Interest
Tanzania Graphite	Tanzania – Masasi District	ML 591/2018	Live	Live	100%
	Tanzania – Masasi District	ML 592/2018	Live	Live	100%
	Tanzania - Nachingwea, Ruangwa & Masasi Districts	PL 10643/2015	Live	Renewal	100%
	Tanzania - Ruangwa & Masasi Districts	PL 10644/2015	Live	Renewal	100%
	Tanzania - Newala & Masasi Districts	PL 10667/2015	Live	Renewal	100%
	Tanzania - Newala, Ruangwa & Masasi Districts	PL 10668/2015	Live	Renewal	100%
	Tanzania - Ruangwa & Lindi 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.

The Company did not acquire or dispose of any tenements during the quarter. The Company is not a party to any farm-in or farm-out agreements.

Cash Position and Mid-Term Funding

The Company finished the 31 March 2020 quarter with \$27k in cash and \$46k in receivables.

While the Company progresses its fund raising activities for the Stage 1 development, it is currently advancing with proposals to raise a smaller amount of funds for corporate and working capital purposes.

Early in the March quarter the Company reduced its Perth staff to the CEO role with most activities being outsourced and a number of other corporate services ceased to further reduce expenditure. Reductions in Tanzania personnel were also undertaken during the quarter.

Related Party Payments

During the quarter \$5,000 was paid in respect of Non-Executive Directors fees.

Management Commentary

Volt Resources CEO Trevor Matthews said:

“The focus in the March quarter moved to the formal start of the Company’s development funding initiatives with the Mauritian Note offer commencing combined with a marketing roadshow. This in turn led a number of introductions to alternative funding providers with which discussions continue.

“Our Stage 1 funding initiatives continue to advance, even in light of the current COVID-19 pandemic which is causing delays in the process, and I look forward to providing updates on our Mauritian Note Offer and other funding sources in due course.”

This announcement was authorised for release by the Board of Volt Resources Ltd.

-ENDS-

For further information please contact:

Trevor Matthews Chief Executive Officer Tel: +61 8 9486 7788



Follow us on Twitter [@ASXVolt](https://twitter.com/ASXVolt)

About Volt Resources Limited

Volt Resources Limited (“Volt”) is a graphite exploration and development company listed on the Australian Stock Exchange under the ASX code VRC. Volt is currently focused on the exploration and development of its wholly-owned Bunyu Graphite Project in Tanzania. The Bunyu Graphite Project is ideally located near to critical infrastructure with sealed roads running through the project area and ready access to the deep-water port of Mtwara 140km away.

In July 2018, Volt reported the completion of the Feasibility Study (“FS”) into the Stage 1 development of the Bunyu Graphite Project. The Stage 1 development is based on a mining and processing plant annual throughput rate of 400,000 tonnes of ore to produce on average 23,700tpa of graphite products¹. A key objective of the Stage 1 development is to establish infrastructure and market position in support of the development of the significantly larger Stage 2 expansion project at Bunyu.

Competent Person Statement

The information in this document that relates to metallurgical test work results, is based on information reviewed by Mr David Pass, who is a Member of the Australasian Institute of Mining and Metallurgy and a consultant to the Company from BatteryLimits Pty Ltd. Mr Pass has sufficient experience relevant to the mineralogy and type of deposit under consideration and the typical beneficiation thereof to qualify as a Competent Person as defined by the JORC Code 2012 Edition. Mr Pass consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

¹ Refer to Volt’s ASX announcement titled “Positive Stage 1 Feasibility Study Bunyu Graphite Project” dated 31 July 2018. The Company confirms that it is not aware of any new information or data that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

VOLT RESOURCES LIMITED

ABN

28 106 353 253

Quarter ended ("current quarter")

31 March 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(34)	(638)
	(e) administration and corporate costs	(23)	(724)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(104)	(105)
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(161)	(1,467)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(348)	(537)
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(348)	(537)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	426	2,688
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(167)
3.5	Proceeds from borrowings	-	110
3.6	Repayment of borrowings	(10)	(1,533)
3.7	Transaction costs related to loans and borrowings	-	(238)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	416	860

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	120	1,171
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(161)	(1,467)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(348)	(537)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	416	860

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	27	27

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	27	120
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	27	120

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
5

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Payment of Non-Executive Directors Fees

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term “facility” includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A’000	Amount drawn at quarter end \$A’000
7.1	Loan facilities	1,190	1,190
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,190	1,190
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
7.1 An 18mth loan of US\$700,000 (A\$1,140,000) was received per the ASX announcement of 24 June 2019 with a repayment due at maturity of US\$1,050,000. A total loan amount of A\$100,000 were provided by the Chairman and CEO of the company on arms-length commercial terms during the quarter and A\$50,000 was repaid by the issue of securities.			

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(161)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(348)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(509)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	27
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	27
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.05
8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: No. Restructure and reduction of corporate overheads in the current quarter which is forecast to reduce further.	
2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes. Currently in negotiations to raise funding.	
3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes.	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2020

Authorised by: The Board of Volt Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.