



ASX ANNOUNCEMENT

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27 May 2021

US\$8.5 Million Debt Facility Term Sheet Executed

Highlights

- **US\$8.5 million debt facility term sheet executed with European investment company JES Green Investments Ltd**
- **Facility to be used to fund the initial payment of US\$3.8 million to acquire a 70% controlling interest in the ZG Group, with further funding to meet transaction costs and provide working capital**
- **Extension of time to 11 June 2021 to complete the ZG Group acquisition**
- **ZG Group acquisition transforms Volt into one of the few ASX listed graphite producers without the usual time and risk related to complete greenfield project financing, construction, commissioning and ramp up**
- **ZG Group planning to produce LIB anode material (SPG) to create the only European integrated mine and SPG producer**
- **ZG group graphite business produces a high value “green” purified 99.5% TGC product**

Graphite and gold explorer and developer **Volt Resources Limited (ASX: VRC)** (“**Volt**” or “**the Company**”) is pleased to advise it has executed a term sheet with European investment company, JES Green Investments Limited (“**JES**”), for the provision of a US\$8.5 million debt facility to assist with the funding of Volt’s acquisition of a 70% interest in the Zavalievsky group of companies (“**ZG Group**”)¹ and related expenses as well as to provide working capital. To facilitate drawdown under this facility, Volt and the ZG Group vendors have agreed to extend the date for completion of the ZG Group acquisition to Friday 11 June 2021.

¹ Refer to ASX announcement “Proposed Acquisition of European Graphite Producer” dated 5 February 2021.

Key terms of the debt facility term sheet are summarized in the below schedule. To assist with the provision of the loan, Volt Chairman Mr Asimwe Kabunga has agreed to grant security over the 387,805,420 Volt shares held by Kabunga Holdings Pty Ltd. The provision of the loan facility remains subject to finalizing the terms of the full form loan agreement and associated security documents.

Volt Managing Director, Trevor Matthews, commented “Volt is delighted to be partnering with JES Green Investments for the funding for the ZG business acquisition and working capital. We are already working on the draft loan agreement and security documents to quickly move to the drawdown of funds for the acquisition completion.

The board also acknowledges the significant contribution of Volt’s chairman, Asimwe Kubunga, in providing his Volt shareholding as security for the JES Green Investments’ loan.”

“JES Green Investments has a strong focus on ESG principles and Volt’s commitment to sustainable operations and community development opportunities created instant alignment between us.”

“I will be travelling to Ukraine next week to be in Kyiv to be present when we execute the documents required for the transfer of shares, appointment of Volt directors to the various ZG group company boards and other administrative changes.”

Loan Agreement – Key Terms Schedule	
Borrower	Volt Resources Ltd
Facility	Term Loan US\$8.510 million
Tenor	12 months
Drawdown	First tranche of US\$4.255 million to be drawn following execution of loan agreements and security documentation, expected to be around 1 June 2021. Second tranche of US\$4.255 million scheduled to be drawn down by 10 June 2021.
Interest Rate and payment	15% per annum on amounts drawn down, payable quarterly
Loan Amortisation	Prepayment in three tranches as follows: <ul style="list-style-type: none"> • US\$4.255 million at 6 months • US\$2.127 million at 9 months • US\$2.127 million on maturity

Security	<ul style="list-style-type: none"> • 387,805,420 Volt shares held by Kabunga Holdings Pty Ltd • Share pledge over Volt's 70% shareholding in the ZG Group companies to be granted once settlement has occurred
Loan to Value Ratio	70%
Prepayment	No penalty, prepayment at par
Options	<p>50 million options over Volt fully paid ordinary shares (with each option being exercisable at any time within 24 months from the date of issue) comprising:</p> <ul style="list-style-type: none"> • 25 million options with an exercise price of \$0.06 per Volt share, to be issued following receipt of the first funding tranche • 25 million options issued with an exercise price to be based on the 5 day VWAP prior to the commitment of funds for the second tranche drawdown
Future Equity Raisings	Right to participate in any Volt equity issuance undertaken in the next 12 months
Governing Law	Australia

London based investment bank, Alphier Capital, advised Volt on the acquisition loan.

Update regarding the acquisition of the ZG Group

Completion of Volt's acquisition of a controlling 70% interest in the issued share capital of the ZG Group is now scheduled to occur on or before 11 June 2021. Volt is required to pay the first instalment of US\$3.8 million to the ZG Group vendors on completion of the acquisition. The final instalment of US\$3.8 million is payable 6 months after completion of the transaction.

The acquisition of a controlling 70% interest in the ZG Group will immediately transform Volt into one of the few ASX-listed graphite producers.

Importantly, the Zavalievsky Graphite business has the following significant advantages for Volt:

- Located in Eastern Europe, the Zavalievsky Graphite business is in close proximity to key markets with significant developments in Lithium-ion Battery ("LIB") facilities planned to service the European based car makers and renewable energy sector.
- Plans to produce battery anode material using existing graphite production to become a fully integrated supplier to LIB cell makers based in Europe.
- Makes graphite products across the range and has the potential to significantly increase its high value large flake production.
- Produces a high value "green" purified 99.5% TGC product.
- Long life multi-decade producing mine that has further exploration upside.

- Existing customer base and graphite product supply chains which Volt expects to be able to leverage off in developing its existing Bunyu graphite project in Tanzania.
- Excellent transport infrastructure covering road, rail, river and sea freight combined with reliable grid power, ample potable ground water supply and good communications.
- An experienced workforce which can assist with training, commissioning and ramp-up for the Bunyu development. This is a key risk for financiers and could materially assist the ability to finance the Company's Bunyu graphite project development.
- Potential to generate material cashflow which could make Volt internally funded for corporate costs and working capital into the future.
- Co-products of quarry stone for the domestic market and garnet for the European market that could generate material cash flow for relatively low capital and operating cost leveraging the synergies from the graphite business infrastructure and experienced mining and processing staff.
- A 79% interest in 636 hectares of freehold land, with the mine, processing plant and other buildings and facilities located on that land.

The ZG Group has current plans to install a processing plant and equipment in order to commence production of spheronised purified graphite ("SPG") for the European LIB anode market within the next 12 months. The Zavalievsky mine's strategic location for the future supply of SPG to the European markets has already attracted interest from LIB cell manufacturers and major car makers.

Further information regarding the ZG Group can be obtained from Volt's ASX announcement "*Proposed Acquisition of a 70% Shareholding in European Graphite Producer*" dated 5 February 2021 as well as the ZG Group's website <https://zvgraphit.com.ua/> A drone video of the mine and processing facilities and the local area and township of Zavallya can be viewed at <https://voltresources.com/zavalievsky-graphite-acquisition/>

The Company considers this transaction as a logical and value accretive step as it transitions from a graphite explorer and developer into a graphite producer.

Volt will continue to keep shareholders informed of all material developments in relation to this transaction.

-ENDS-

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

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About Volt Resources Limited

Volt Resources Limited (“Volt”) is a graphite and gold 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, as well as the creation of a new gold exploration and development business through leveraging the Company’s existing extensive networks in Africa.

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 from the Project. In 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 products². 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.

The Guinea Gold Projects comprise 6 permits in Guinea, West Africa having a total area of 348km. The Projects are located in the prolific Sigui Basin which forms part of the richly mineralised West African Birimian Gold Belt.

² 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.