



ASX ANNOUNCEMENT

By e-lodgement

26 July 2021

**COMPLETION OF THE ZG GROUP TRANSACTION
FOLLOWING EXECUTION OF NEW CONVERTIBLE SECURITIES
FACILITY**

Highlights

- **Volt has successfully completed the acquisition of a 70% controlling interest in the ZG Group to become a graphite producer in Europe**
- **New US\$4.0 million convertible security entered into with SBC Global Investment Fund and drawn down in full to fund ZG Group US\$3.8 million completion payment**
- **Agreement reached with ZG Group vendors to defer the final US\$3.8 million payment from 6 months to 12 months after completion**
- **Previously announced US\$8.5 million loan agreement with JES Green Investments Ltd terminated**

Graphite and gold explorer and developer **Volt Resources Limited (ASX: VRC)** ("**Volt**" or the "**Company**") is pleased to advise that it has completed the acquisition of a controlling 70% interest in the Zavalievsky group of companies (the **ZG Group**).

The completion of the acquisition immediately transforms Volt into one of the few ASX-listed graphite producers. The Zavalievsky mine and processing facilities are located adjacent to the town of Zavally, approximately 280 kilometres south of the Ukraine capital of Kyiv and 230 kilometres north of the main port of Odessa.

The ZG Group has current plans to install a processing plant and equipment in order to commence producing 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 market has already attracted interest from LIB cell manufacturers and major car makers.

Volt's Managing Director, Trevor Matthews, commented "The acquisition of a controlling interest in the ZG Group positions Volt years ahead of its peer graphite companies without the usual development risks associated with a greenfield project.

Volt now has the potential to become a key market participant in the supply of graphite and battery anode materials into the growing European market with excellent access to other markets in the USA and the Middle East."

Completion of the ZG Group acquisition was funded from proceeds received from a US\$4 million convertible securities agreement entered into with SBC Global Investment Fund, an investment fund associated with SBC Global Investors (**New Facility**). SBC Global Investors seeks to make non-control direct investments in growth companies following a detailed assessment of the company's assets, management quality, industry structure and operating trends. A summary of the key terms of the New Facility is set out in Annexure A.

The issue of securities pursuant to the terms of the New Facility was within Volt's existing capacity pursuant to ASX Listing Rule 7.1. An Appendix 3B in relation to the New Facility has been lodged today.

EAS Advisors, LLC, acting through Odeon Capital Group LLC, member of FINRA/SIPC/MSRB/NFA, acted as the Company's advisor for the funding.

To assist Volt to complete the ZG Group acquisition, the vendors have agreed to defer the second and final instalment of the purchase price (being an amount of US\$3.8 million) until the date that is 12 months after completion (as opposed to 6 months as originally agreed). Accordingly, the second instalment of the purchase price will become payable in July 2022. Volt has already paid the vendors of the ZG Group the first instalment of the purchase price of US\$3.8 million, comprising an advance of US\$150,000 with the balance of US\$3.65 million paid on completion of the ZG Group acquisition.

Volt had previously intended to complete the ZG Group acquisition using funds that it sought to draw down under a US\$8.5 million loan facility entered into with European investment company JES Green Investments Ltd. Unfortunately, JES Green Investments Ltd defaulted on the provision of funding under that loan agreement requiring Volt to source new funding in order to complete the ZG Group acquisition. Volt has now terminated the loan agreement and reserved its rights as a consequence of JES Green Investments Ltd not meeting its obligations under the loan agreement.

-ENDS-

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

For further information please contact:

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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 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.

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

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.

Annexure A

Summary of key terms of US\$4 million convertible securities agreement entered into with SBC Global Investment Fund

Noteholder	SBC Global Investment Fund
Issuer	Volt Resources Limited
Number of Convertible Securities issued	4,400,000 Convertible Notes, with each convertible note having a face value of US\$1.00
Amount advanced	<p>US\$4 million, of which:</p> <ul style="list-style-type: none"> - US\$3.65 million has been used to fund the first instalment of the purchase price for the acquisition by Volt of a 70% controlling interest in the ZG Group; and - US\$150,000 was used to repay short term bridge finance associated with the payment by Volt of this amount as an advance to the vendors of the ZG Group.
Interest	<p>5% per annum, accruing daily and compounding annually.</p> <p>If the Convertible Notes have not been converted or redeemed by the date that is 12 months from their date of issue, interest for subsequent periods will be calculated in respect of a minimum 12 month period notwithstanding that the Convertible Notes may not be on issue for that full 12 month period.</p>
Maturity Date	18 months after the date of issue
Conversion terms	<p>The Convertible Notes have a Fixed Conversion Price of \$0.05 per share.</p> <p>If Volt issues or agrees to issue shares at a price that is less than \$0.05 per share (including as a result of the conversion of convertible securities), the fixed conversion price will be reduced and set at that lower price provided always that this reset will not apply to:</p> <ul style="list-style-type: none"> - the issue of shares pursuant to the first equity fundraising conducted within 90 days of the date of the facility; - the issue of shares upon the exercise of convertible securities already on issue; - the issue of securities under an employee or executive incentive plan; - the issue of securities as purchase consideration to fund the acquisition of assets by Volt in an arms-length transaction.
Redemption	<p>On and from the date that is 60 days after the issue of the Convertible Notes, and thereafter on the corresponding calendar day in every subsequent month, Volt is required to redeem 1/17th of the aggregate face value of the Convertible Securities at the time of issue. The Noteholder may, on not more than 3 occasions, accelerate a monthly redemption payment such that the monthly redemption amount for a particular month is not more than 3/17^{ths} the face value of the Convertible Notes as at the date of the facility. However, this right of the Noteholder may not be exercised in respect of the first monthly redemption amount payable by Volt.</p> <p>Volt is able to satisfy redemptions by way of the issue of Volt shares (as opposed to making a cash payment) at an issue price which is the lesser of:</p> <ul style="list-style-type: none"> - 95% of the lowest daily VWAP of Volt shares on ASX during the last 10 days on which Volt shares traded on ASX prior to the relevant time

	<p>(rounded down to the lowest \$0.001); and</p> <ul style="list-style-type: none"> - the Fixed Conversion Price. <p>However, Volt may only exercise this right if:</p> <ul style="list-style-type: none"> - Volt shares have traded above \$0.02 per share at all times during the 15 trading days before the relevant time for redemption; - the average daily trading value of Volt shares during that 15 trading day issue exceeds A\$250,000; - no event of default or potential event of default has occurred; - Volt is able to issue shares that are freely tradable upon receipt by the Noteholder. <p>Volt may at any time prior to the Maturity Date (subject to no event of default having occurred) redeem some or all of the outstanding Convertible Notes. However, where Volt exercises this right, the Noteholder may convert up to 40% of the then outstanding Convertible Notes.</p> <p>In no circumstance will the maximum number of Volt shares issued in connection with the Convertible Notes exceed 300,000,000 shares.</p>
Security	General security agreement entered into over all of Volt's undertakings, property and assets.
Commitment Fee	US\$80,000, which amount has been paid out of the purchase price received for the issue of the Convertible Notes.
Events of default	<p>The convertible securities agreement contains events of default considered by Volt to be customary for agreements of this nature. These events of default include:</p> <ul style="list-style-type: none"> - the failure by Volt to pay amounts when due under the convertible securities agreement; - a breach by Volt of its material obligations under the convertible securities agreement; - material adverse change; - an insolvency event occurs in respect of Volt. <p>It is also an event of default under the convertible securities agreement if Volt fails to pay the second and final instalment of the purchase price to the vendors of the ZG Group when due.</p> <p>If an event of default occurs, the Noteholder may, amongst other things:</p> <ul style="list-style-type: none"> - declare all amounts outstanding in respect of the Convertible Notes immediately due and payable; - require Volt to convert all or part of the Convertible Notes into Volt shares (in which case the conversion price will be the same as that determined as if Volt elected to redeem the Convertible Notes by way of the issue of shares (as outlined above)); - terminate the convertible securities agreement.
Termination	<p>The Noteholder may terminate the convertible securities agreement if:</p> <ul style="list-style-type: none"> - an event of default (as outlined above) occurs; - there is a change in any applicable law that, amongst other things: <ul style="list-style-type: none"> o renders the parties' obligations under the convertible securities agreement illegal, unlawful, void, voidable, contrary to or in breach

	<p>of any law or impossible;</p> <ul style="list-style-type: none"> ○ materially varies the obligations and liabilities or the right and benefits of the parties under the convertible securities agreement so that the Noteholder's rights or economic burden are materially adversely affected (including by way of material delay or postponement); ○ otherwise materially adversely affects the rights, powers, benefits, remedies or economic burden of the Noteholder; or ○ otherwise makes it materially impracticable for the Noteholder to undertake the transaction. <ul style="list-style-type: none"> - trading in securities generally in Australia has been suspended for a period exceeding two consecutive business days; - there is a banking moratorium, hostilities, or another national or international calamity of such magnitude in its effect which makes it impracticable for the Noteholder to accept a conversion under the Convertible Notes.
Other	<p>The Convertible Securities Agreement contains representations and warranties and undertakings considered by Volt to be customary for agreements of this nature.</p> <p>In connection with the issue of the Convertible Notes, Volt has issued the Noteholder 30 million options, with each option being exercisable at \$0.05 per share and having an expiry date which is 3 years after the date of issue.</p>