



VOLT
RESOURCES

ASX ANNOUNCEMENT

By e-lodgement

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**PROGRESS OF PROPOSED EUROPEAN GRAPHITE
BUSINESS ACQUISITION**

Highlights

- **Due Diligence and proposed acquisition of 70% of ZG Group on track**
- **Internationally recognised consultants appointed to complete due diligence for Volt**
- **Binding Share Purchase Agreements being reviewed by selling shareholders**
- **ZG Group acquisition to transform Volt into one of the few ASX listed graphite producers**
- **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 provide an update on the progress of the proposed acquisition of a 70% interest in the Zavalievsky group of companies (“**ZG Group**”)¹. The graphite mine and processing facilities are located adjacent to the town of Zavallya, approximately 280 kilometres south of the Ukraine capital Kyiv and 230 kilometres north of the main port of Odessa.

Due Diligence

Volt has appointed four international and locally recognised consultants to undertake the acquisition due diligence in accordance with agreed scopes of work to review and report on the following areas of the Zavalievsky business:

- Accounting and Tax – Deloitte Ukraine
- Legal and Commercial – AVELLUM
- Technical (processing, engineering, capital projects, organisation) – Bilfinger Tedobin Ukraine
- Technical (geology, mining, environment) - Wardell Armstrong International

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

The information is being supplied by the Zavalievsky board and management and through external searches of regulated and other databases. The due diligence programme is scheduled to be completed in coming weeks and prior to the exclusivity period which ends 23 April 2021 (or such later date as the parties agree).

As the Company moves closer to completion of the acquisition due diligence, further information regarding the Zavalievsky graphite business will be announced.

Further information regarding each of the due diligence consultants is provided at the end of this announcement.

Definitive Agreements

Volt's Ukraine legal advisers, AVELLUM, have prepared drafts of the binding share purchase agreements with the selling shareholders (**Vendors**). The drafts are currently being reviewed by the shareholder's legal advisers. The Company expects to reach agreement with the Vendors soon and proceed to execution of the binding share purchase agreements. Once executed, the remaining conditions are for the Company's benefit and it can elect to complete or waive these conditions at its discretion.

In addition, the shareholders agreement with the remaining 30% shareholder is in draft and ready for review by the remaining shareholder's legal adviser.

Advantages of the proposed transaction for Volt

The acquisition of a controlling 70% interest in the ZG Group would 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.

Further information regarding the ZG Group can be obtained from the company'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/zavaliievsky-graphite-acquisition/>.

Proposed Transaction

As announced on 4 February 2021 (ASX announcement "Proposed acquisition of a 70% shareholding in European Graphite Producer"), Volt has entered into term sheets in regards to the potential acquisition of a 70% interest in each of the companies comprising the ZG Group, namely:

- Zavalievsky Graphite LLC - processing plant buildings, processing plant, mining equipment, power sub-station and distribution
- Stone Found LLC – crushed granite operations and plant
- Graphite Invest LLC – holds a 70% interest in PJC Zavalievsky Graphite Kombinat – mine, land, main administration office building. It is this entity that holds a 79% interest in the 636 hectares of freehold land on which the Zavalievsky mine, processing plant and other related buildings and facilities are located.

Under the term sheets, the Vendors have agreed to sell 70% of the total issued equity in each ZG Group company to Volt for an aggregate purchase price of US\$7.5 million payable in two instalments of US\$3.75 million. The first instalment is due on completion of the transaction, with the second instalment due 6 months after the date that completion occurs.

The proposed transaction remains conditional upon:

- Volt being satisfied with the results of its legal, financial, tax, technical, and operational due diligence into the ZG Group and the Zavalievsky Graphite business;
- all required governmental, regulatory and other necessary third party consents and approvals being obtained;
- no material adverse change in the ZG Group, its operations, or financial condition between the date of the term sheets and completion of any transaction;
- there being no pending or in effect law, order or legal proceeding challenging the proposed transaction or that may have the effect of prohibiting, delaying, making illegal, or otherwise interfering with the proposed transaction;
- entering into a binding share sale and purchase agreement with the Vendors and a satisfactory shareholders agreement with the Remaining Shareholder (together the **Definitive Agreements**).

About AVELLUM

AVELLUM (www.avellum.com) is a leading Ukrainian full service law firm with a key focus on Antitrust, Dispute Resolution, Finance, M&A, Real Estate, and Tax. It advises major energy and mining companies, project developers and contractors, international financial institutions and banks on their projects in Ukraine. AVELLUM's lawyers actively participate in major legislative initiatives to improve Ukrainian law and court practice.

About Bilfinger Tebodin

Bilfinger Tebodin (www.tebodin.bilfinger.com) is a large multidisciplinary international group, providing consultancy, engineering and management services for industrial projects worldwide. It operates for 75 years in the markets of industry, infrastructure, energy & environment. Bilfinger Tebodin has 3,100 employees and an extensive network of office and site locations. It has 35 offices in 16 countries and manages over 45 construction sites annually across the globe. Bilfinger Tebodin provides a portfolio of services for complex engineering projects and interdisciplinary & technical complete solutions, covering the whole investment project cycle and operation & maintenance. Its clients are international financial institutions and global and local companies, leaders of various markets and pioneers of innovations. The company is a recognized technical & environmental advisor under M&A transactions and lender's monitoring in matured and emerging markets.

About Deloitte

Deloitte is the world's #1 consulting services firm, delivering best in class audit, risk advisory, tax, corporate finance and consulting services. The firm serves over half of the world's largest companies, as well as large national enterprises, SMEs, public institutions, and successful fast-growing companies.

According to an independent assessment by Gartner Group and Kennedy Consulting Research, Deloitte remains the #1 global consulting firm based on Revenue for the 5th consecutive year. Through Deloitte's functions, the firm provides multi-disciplinary service to suit clients' individual needs based on industry specific experience and in-depth market knowledge.

Deloitte Ukraine

Deloitte is in the Ukrainian market since 1993 and comprises nearly 500 professionals, including 11 partners, 18 directors, 27 senior managers and 37 managers.

The Kyiv office of Deloitte Ukraine provides a full range of services to its clients focusing on five disciplines, namely: Audit, Tax and Legal, Consulting, Risk Advisory and Financial Advisory. In addition to statutory and international audit and accounting services, Deloitte's professionals provide tailored services to address a wide range of advisory matters, from tax and legal services to training in International Accounting Standards and transaction support services.

The understanding of the specific nature of the Ukrainian market, combined with the successful experience of a leading global firm, enable Deloitte Ukraine to apply unique knowledge and methodologies when working with clients. Deloitte's local and international professionals working together make it possible for us to take into account the unique local environment while providing the quality of services that meets the highest international standards.

About Wardell Armstrong International

Wardell Armstrong International (www.wardell-armstrong.com) is a full service, British technical mining consultancy supporting the global mining industry at all points of the mine cycle.

WAI's expertise encompasses all commodities across the full spectrum of related areas including geology, exploration services, MRE, mining, mineral processing, environmental & social and economic assessments. WAI is able to offer specific solutions and support to Projects in the CIS through its regional offices in Moscow and Almaty.

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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 Siguiiri 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.