VOLT GRAPHITE TANZANIA PLC

BUSINESS PLAN

2020 TO 2024

BACKGROUND

This Business Plan is being submitted to the Stock Exchange of Mauritius (SEM) by Volt Graphite Tanzania Plc in support of an application to list interest bearing notes on the Development & Enterprise Market (DEM).

Volt Graphite Tanzania plc ("Volt" or the "Company") is issuing up to US$15,000,000 of 5-year interest bearing notes on the DEM in Mauritius, in addition to US$30,000,000 equivalent in Tanzanian Shillings of 7-year unsecured interest-bearing notes on the Dar es Salaam Stock (DSE) in Tanzania. The funds raised are to develop the Bunyu Project ("Bunyu" or the "Project"), an open pit graphite mine in South-East Tanzania. The Project is 100% owned by the Company and has so far been financed through equity investments by its parent company, Volt Resources Ltd (ASX: VRC).

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Plot no 1826/17 Chole Road, Msasani Peninsula, Masaki
PO Box 80003
Dar es Salaam
Tanzania

3 January 2020

Dear Sir,

We have reviewed the Business Plan of Volt Graphite Tanzania Limited ("Volt"), the purpose of which is to support the issue of notes to be listed on the Development and Enterprise Market of Mauritius ("DEM").

The Business Plan, as prepared by Management of Volt was based on an independent feasibility study that was carried out by BatteryLimits which is an Australian company providing mining project development consultancy and engineering services to the international mining industry. (https://www.batterylimits.technology).

During our review, we have performed the following:

- Verified whether a mining licence exist for the sites mentioned in BatteryLimits study (no exceptions noted).
- Verified whether the parameters per the offtake agreements have been properly reflected in Battery Limits report (no exceptions noted).
- Verified whether the technical assumptions surrounding the mining and mineral processing activity was properly translated from BatteryLimits report into the business plan (no exceptions noted).

We have placed reliance on the BatteryLimits study with respect to the reasonableness of the Business Plan assumptions on the basis they have been prepared by a mining industry expert.

Based on our review, the financial information was properly translated from the BatteryLimits study into the enclosed Business Plan.

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material. The above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements.

BDO & Co assumes no responsibility whatsoever in respect of or arising out of or in connection with the contents of this certificate to third parties.

Yours faithfully,

BDO & Co

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CONTENTS

1. EXECUTIVE SUMMARY

Volt Graphite Tanzania Plc (Volt) is a graphite development company based in Dar es Salaam, Tanzania. Its strategy is to develop a graphite mining and processing project to produce flake graphite from the Bunyu Graphite Project (the Project). Based on a two-stage development strategy, the aim is for Volt to become one of the three largest flake graphite producers in the world. The Bunyu Project is 100% owned by Volt, which in turn is 100% owned by Volt Resources Limited (VRC) an Australian company listed on the Australian Securities Exchange (ASX).

The Project is located on two mining licences in the South-East of the United Republic of Tanzania (Tanzania) in Eastern Africa, close to existing transport infrastructure including sealed roads and a deep-water port.

Volt completed a Prefeasibility Study (PFS) in December 2016, for a project with a total JORC Resource of 461 Mt at 4.9% Total Graphitic Carbon (TGC), a 22-year mine life and Net Present Value (NPV) before tax of US$1,310M with a payback period of 1.4 years. Refer Australian Securities Exchange announcement ASX:VRC dated 15 December 2016 titled “Pre- Feasibility Study Completed”.

Subsequently, as a strategy for de-risking the development of the full-scale project, Volt investigated a two-stage approach to project development starting with a smaller scale Stage 1 start-up project. As well as establishing local relationships, project development and logistics paths, this will provide commercial quantities for product marketing, developing downstream processing options and will assist the negotiation of offtake contracts for the main Stage 2 development.

A Stage 1 Feasibility Study (FS) was completed on 31 July 2018 and resulted in favourable economics for the Stage 1 Project, with small scale production averaging 23,700 tonnes of graphite products per annum over just a seven-year period. The financial analysis indicates a NPV_{10} (real, before tax) of US$19M and an NPV_{10} (real, after tax) of US$15M for the base case production profile and price assumptions, which provide for an internal rate of return of 21.0% (real, before tax) and 19.3% (real, after tax).

Once Stage 1 development funding is obtained, the plan is concurrent with the development of Stage 1, to undertake a Definitive Feasibility Study on the Stage 2 Expansion development, to increase production capacity with the magnitude anticipated to be similar to the PFS. With an estimated construction schedule of 15 months, commissioning and ramp up to name plate production of approximately 170,000tpa will commence in Q1 2023. This will position Volt as one of the largest flake graphite producers in the world. The PFS forecast revenues total US$6,445 million over a 22 year project life, an average of US$292 million per annum.

The Bunyu project has the largest JORC Resource in Tanzania and one of the largest in the world. It also has the largest JORC Reserve in East Africa. This has been achieved with exploration conducted over only 6% of the total tenement area of 1,109km^2. It is the project size and the expected significant increase in global demand for flake graphite that support the strategy to develop the Project into one of the largest graphite mines in the world.

The Bunyu Project has its key development approvals in place for the Stage 1 and importantly, Stage 2 project footprint. Volt received the Environmental Impact Assessment (EIA) Certificate from the National Environment Management Council of Tanzania (NEMC) for the Bunyu project development on 3 September 2018.

On 20 October 2018 the Company received two mining licences, ML 591/2018 and ML 592/2018, from the Mining Commission of the Ministry of Minerals of Tanzania. The two Mining Licences (ML's) cover the respective Stage 1 and Stage 2 developments of the Bunyu Graphite Project.

The two ML's cover a combined area of 17.71km^2 and provide Volt with the exclusive right to develop the graphite resources in the ML area. The ML's are effective for a period of 10 years and there is a right of 10-year renewals under section 53 of the Tanzanian Mining Act.

Volt has completed a Resettlement Action Plan (RAP) which includes a Valuation Report in relation to compensation payments for people affected by the project development. The Valuation Report has been approved by the relevant authorities, including the Government Chief Valuer. The RAP is not part of the environmental approvals required to grant a ML, but the implementation of the plan is required during construction to facilitate land-based construction activities. The RAP implementation plan is developed by the Company to share with the local communities and government and is used as a guide for the resettlement program once it commences. As part of this process Volt has built relationships with the local village councils and all levels of government. The communication process commenced in Q1 2017 and has continued and been expanded by the use of community consultation and working groups supported by a Volt's full time Community Relations Manager and two Community Liaison Officers.

The Stage 1 project development plan is built around a twelve-month contract schedule for engineering, supply and installation of the process plant which was provided by the plant supplier. This includes two months of commissioning and ramp-up time and seven months to take the project from contract award to commencement. The Stage 2 Expansion is planned to be funded and in construction 6 months after the commencement of production from Stage 1.

The Bunyu Deposits are suited to conventional drill and blast, and load and haul open pit mining methods. Further it is expected that some of the weathered material will be amenable to ripping by dozer and free dig.

The processing plant will incorporate the following unit process operations:

- ROM ore will be stage-crushed in primary and secondary crushers, with associated screening to recirculate the oversize back to the crushers and to produce a top-sized product ahead of grinding
- Ore will be wet ground by rod mill for concentration by flotation
- Flotation will recover graphite by rougher flotation followed by five cleaning stages, with regrind milling between stages, to target coarse graphite recovery
- Graphite product will be thickened, filtered, dried, screened and packaged in 1 tonne bags
- Flotation tailings will be thickened to maximise water recovery and discharged into a constructed Tailings Storage Facility.

The product is subsequently transported via sealed road to port for export to overseas customers.

The principal production objective of the plant design is a marketable high-grade graphite product which is sized in ranges for the purpose of targeting appropriate market segments and so maximises the value of the graphite products produced. Maximising the yield of high-value coarse flake is a key part of this objective.

Two industries that use natural graphite have the potential to more than double global demand over the next five years - lithium-ion batteries and fire-retardant building materials. For the growth sectors of lithium-ion batteries and fire-retardant building materials, it is expected most new supply will be naturally-sourced graphite, which is materially beneficial to Volt.

Volt has signed a 5-year fixed price binding off-take agreement with a US-based graphene producer for an average 1,000tpa of flake graphite. On 1 August 2018 Volt signed a second binding off-take agreement with Chinese graphite processor, Qingdao Tianshengda Graphite ("**TSD**"), for the supply of 9,000tpa of graphite products. Additionally, non-binding co-operation agreements and term sheets have been signed with three Chinese off-takers; CNBMGM, Guangxing Electrical Materials and AOYU Graphite for the supply of 25,000tpa to 40,000tpa graphite products in the aggregate which far exceeds Volt's annual production.

2. CORPORATE INFORMATION

Nachi Resources Ltd was incorporated on 13 May 2015 in Dar es Salaam, Tanzania, with registration number 117231. On 18 April 2017 the Company name was changed to Volt Graphite Tanzania Limited, with the change to a public company on 7 November 2018.

Volt's registered office address is Plot No 1826/17 Chole Road, Golden Heights Building, Msasani Peninsula, Masaki, Dar es Salaam, Tanzania. Its contact telephone number is +255 (0) 784 282 212.

Volt Resources Ltd ("**VRC**") is an Australian public company listed on the Australian Stock Exchange (ASX: VRC). VRC owns 100% of its subsidiary, Mozambi Graphite Pty Ltd. The two companies own 100% of the issued shares of the Tanzanian operating company Volt Graphite Tanzania Plc. Volt has no subsidiaries. VRC's sole undertaking is the development of the Bunyu project in accordance with a two-stage strategy discussed later in this section. VRC has approximately 3.400 shareholders mainly located in Australia. It has invested approximately US$17m in the acquisition and development of the Bunyu Project since late 2015 in both Tanzania and Australia. VRC has demonstrated its ability to raise material amounts of capital to support Volt and the Bunyu Project development achieve its current status of a being development ready.

Upon discovering the Bunyu (formerly Namangale) deposit in Tanzania's Lindi and Mtwara regions in 2015, VRC's focus shifted from exploration in Australia and Mozambique to exploration and development in Tanzania through its subsidiary Volt Graphite Tanzania Plc specifically in the Lindi and Mtwara regions. Since that time, VRC has increased its Tanzanian focus, appointing its largest shareholder, Tanzanian-born Asimwe Kabunga, as chairman of the VRC board of directors.

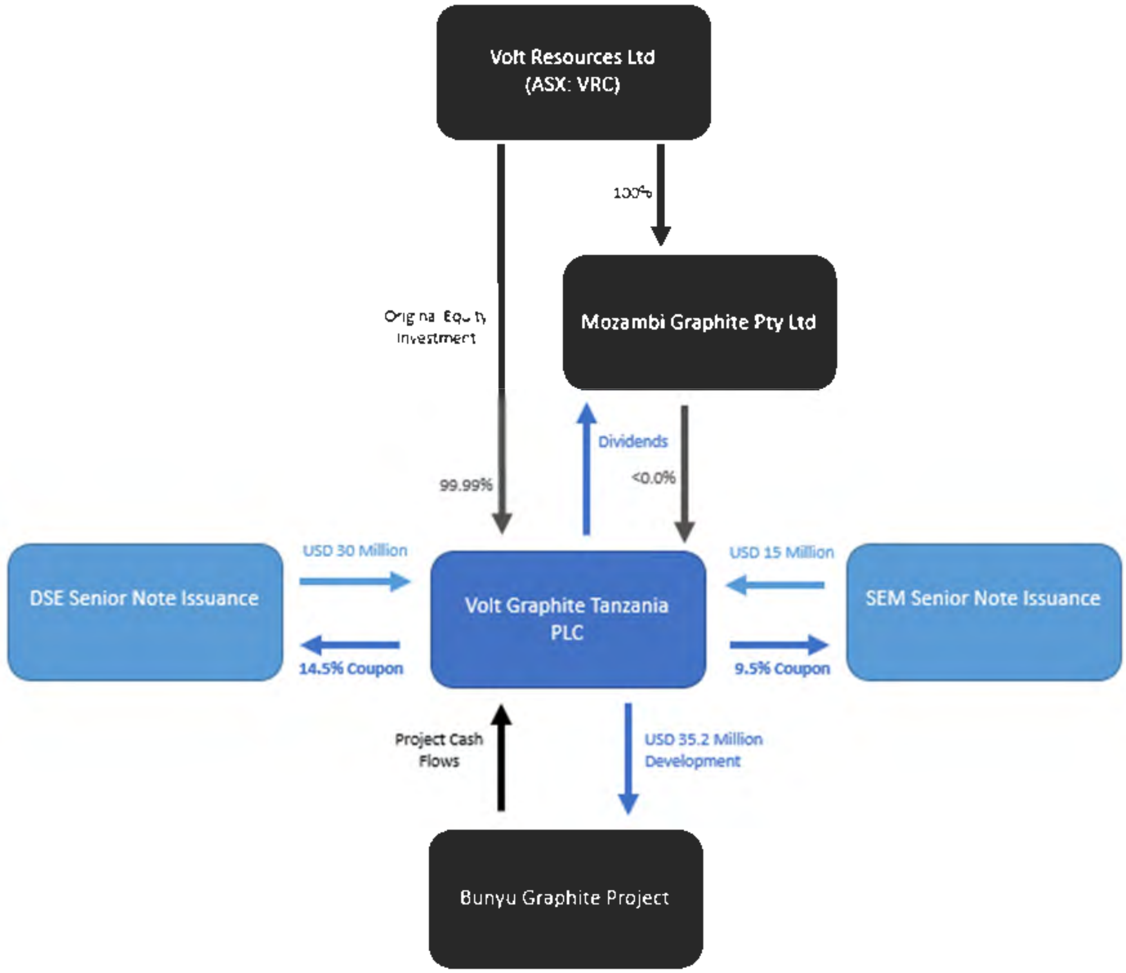
Volt Graphite Tanzania Plc plans to issue Notes that will be listed on the SEM. The Notes will be used to raise the funds required to construct the mine, plant and infrastructure and bring the Bunyu project into production.

Volt is developing the Bunyu project over two Stages. Stage 1 will be developed over the course of twelve months and requires US$35.2 million in project development funding with a further US$5.8 million to cover interest during construction and US$0.6 million for working capital. Part of the funding is to be raised in Tanzania and part in Mauritius. The funding will be disbursed equally over the construction period, so that each month will see capital expenditures of about US$2-3 million. The Stage 1 development incorporates a significant amount of infrastructure, utilities and mine development work that benefits the Stage 2 expansion including the site access road, plant laydown area, tailings storage facility, waste dumps, stockpile areas, open pit development and mining, accommodation village, water supply, etc.

Stage 1 production is expected to start in Q4 2020, processing 400 ktpa of ore and producing on average 23.7 ktpa of graphite products.

The Stage 2 expansion will require a definitive feasibility study, which Volt is planning to fund and complete in H1 2021. The total development funding for Stage 2 is expected to be in the neighbourhood of US$150 million. Volt plans to commence the development of Stage 2 in Q3 2021 and start ramping up production in 2023. The project's pre-feasibility study has set Stage 2 production at 170ktpa. The Stage 2 expansion is targeted to meet expected significant increases in demand for coarse flake graphite in the expandable graphite market and fine flake size products for battery anode material and other existing and evolving industrial uses for micro carbon products.

By investing in the Notes through the below structure, investors are able to participate in the growth of Volt as the Bunyu Project brings both the Company and the Tanzanian graphite market to prominence.



Corporate Directory

(i) **Issuer:** Volt Graphite Tanzania Plc, Plot No 1826/17 Chole Road, Golden Heights Building, Msasani Peninsula, Masaki, PO Box 80003, Dar es Salaam, Tanzania

(ii) **Advisors:** Exotix Partners LLP, 1st Floor, Watson House, 54 Baker Street, W1U 7BU, London, United Kingdom

(iii) **Legal Advisor (Tanzania):** Clyde & Co Tanzania 11th Floor, Golden Jubilee Towers, Ohio Street, PO Box 80512, Dar es Salaam, Tanzania

(iv) **Legal Advisor (Mauritius):** Dentons Mauritius LLP, Les Jamalacs Building, Vieux Conseil Street, Port Louis 11328, Mauritius

(v) **Auditors:** Innovex Auditors, 8 Kilimani Road, PO Box 75297, Dar es Salaam, Tanzania

(vi) **Company Secretary:** Leticia Kabunga, Plot No 1826/17 Chole Road, Golden Heights Building, Msasani Peninsula, Masaki, PO Box 80003, Dar es Salaam, Tanzania

(vii) **Company Representative (Mauritius):** Gfin Corporate Services Ltd, Level 6 GFin Tower, 42 Hotel Street, Cyber City, Ebene 72201, Mauritius

Description of Capital Structure

The authorised share capital of the Company is made up of 100,000,000 shares of TZS 1,000 each. The Company has 24,500,100 fully paid up shares on issue held by the following shareholders:

Rank	Name	Interest in Volt
1	Volt Resources Ltd	24,500,099 shares
2	Mozambi Graphite Pty Ltd	1 share
	Total Shares Issued	24,500,100 shares

Mozambi Graphite Pty Ltd is a 100% subsidiary of Volt Resources Ltd.

Voting Rights of Members / Shareholders

Subject to any rights or restrictions attached to any class or classes of shares, on a show of hands every member in person shall have one vote. On a poll every member shall have one vote for every share he / she holds. In case of joint members, the vote of the senior member in person or by proxy shall be accepted to the exclusion of other joint holders – in this case seniority shall be determined by the order in which the names stand in the register of members.

3. GENERAL DEVELOPMENT OF THE COMPANY

2015

The Company acquired a number of tenements either granted or under application under two Term Sheets dated 19 May 2015 and 7 September 2015 and subsequent variation agreements dated 17 August 2015 and 21 October 2015 respectively.

On 22 September 2015 the Company announced the granting of 11 prospecting licences. Exploration activities commenced following the grants. Subsequent relinquishments of low prospectivity tenements has reduced this number to a current holding of 7 tenements.

Drilling results announced on 1 December 2015 identified a large envelope of mineralisation extending 3.2kms in length. With a number of near surface results pointing to low cost mining and access to nearby road and port infrastructure, the Bunyu Project was developing into a world class project.

2016

The Company commenced the PFS for the Bunyu Project on 10 March 2016 with target completion timing of Q4 2016.

The Company announced the signing of three MOU's with Chinese graphite end-users for a total offtake of 100,000tpa. The Chinese groups were battery, anode and spherical graphite producers.

The Bunyu Project Pre-Feasibility Study results were announced on 15 December 2016. The PFS estimated capital expenditure of USD173 million to process 3.8 Mtpa of ore and produce 170 ktpa of graphite products. Financial analysis indicated an attractive investment with a post-tax NPV in the order of USD890 million, 66.5% after tax IRR based on a 22-

year mine life. The Company also reported the largest JORC Resource in Tanzania with 461M tonnes @ 4.9% TGC and largest Ore Reserve with 127M tonnes @ 4.4% TGC.

2017

A successful stakeholder workshop was held in Lindi on 26 January 2017. This workshop was an important pre-cursor to the commencement of the ESIA study, resettlement action plan preparation and the mining licence applications. During January 2017 the NEMC agreed to the terms of reference for the environmental impact assessment.

On 3 March 2017 the Company signed a binding offtake agreement with Nano Graphene Inc, the agreement was to supply on average 1,000tpa of graphite products at a fixed price per tonne of product for a term of 5 years. The price is commercially confidential.

On 18 May 2017 VRC announced a revised development strategy for Volt's Bunyu Project. The project would be developed in two stages with a smaller lower development cost Stage 1 Project processing 400,000tpa of ore to produce 20,000tpa of graphite products. The Stage 2 Expansion Project would follow and be sized at approximately the same production capacity as the PFS output of 170,000tpa of graphite products. This would be scheduled for development in mid-2019 and be commissioned by late 2020.

During June and July 2017, the Company entered into four non-binding agreements with Chinese counterparties including two offtake term sheets with Qingdao Tianshengda Graphite and Guangxing Electrical and two cooperation agreements with China National Building Materials General Machinery and AOYU Graphite. The cooperation agreement with CNBMGM covers graphite product offtake, engineering services and financing support. The AOYU cooperation agreement covers potential downstream processing of graphite products for the production of battery anode material and graphite product offtake.

the Company commenced a Stage 1 Feasibility Study in November 2017 based on the development of a mining operation, 400 ktpa mineral processing plant and associated infrastructure to produce nominally 20 ktpa of graphite products for a 7-year period.

2018

On 8 February 2018 the Company lodged two Mining Licence Applications ("MLA's") with the Minister for Minerals of Tanzania. The MLA's cover the area required for both the Stage 1 and Stage 2 developments. The total area covered by the MLA's is approximately 18km2. Single MLA's are limited to 10km2 in area. The newly formed Tanzanian MInerals Commission commenced issuing prospecting and mineral licences in May 2018.

The Company completed the Environmental and Social Impact Assessment study and has lodged its Environmental and Social Impact Statement (ESIS) with the National Environment Management Council on 23 January 2018, an amended ESIS on 30 April 2018 and a further amended ESIS on 29 June 2018. The ESIA study covers the area required for the Stage 1 Project and Stage 2 Expansion Project.

The Resettlement Action Plan (RAP) was completed and the compensation report approved by the relevant authorities including the Chief Valuer. The RAP covers the MLA areas incorporating both the Stage 1 and Stage 2 development.

The Bunyu Stage 1 Feasibility Study ("FS") results were released on 31 July 2018. The Stage 1 FS was based on a mining and processing plant annual throughput rate of 400,000 tonnes to produce on average 23,700tpa of graphite products. The FS financial analysis showed favourable NPV and IRR over a payback period of 4.4 years. The capital and operating cost estimates used for the FS have been prepared to an accuracy of ±15%.

A binding graphite offtake agreement was entered into with Qingdao Tianshengda Graphite Co. Ltd. for 9,000 tonnes per annum of Bunyu Graphite Product over five years. The Agreement includes an option for a further five-year term by mutual agreement. The Agreement incorporates the size ranges of products to be produced in both the Stage 1 development and the planned expansion to Stage 2 at Bunyu. Product pricing will be market based negotiated six monthly based on published reference prices for applicable products.

The Bunyu EIA certificate, along with the previously advised approval of the resettlement compensation under the Resettlement Action Plan, covers the area required for the Stage 1 development and Stage 2 Expansion Project.

The Company received the Environmental Impact Assessment (EIA) Certificate from the National Environment Management Council of Tanzania (NEMC) for the Bunyu project development on 3 September 2018. Importantly, the EIA certificate signed by the Honourable Minister of State in Vice President's Office for Union Affairs and Environment Hon. January Makamba, represents the final pre-requisite for the granting of Volt's Mining Licence (ML) and one of the final remaining major milestones in terms of Government permitting for the Bunyu Graphite Project.

On 20 October 2018 the Company received two mining licences ML 591/2018 and ML 592/2018 from the Mining Commission of the Ministry of Minerals of Tanzania. The two Mining Licences (ML's) cover the respective Stage1 and Stage 2 developments of the Bunyu Graphite Project. The two ML's cover a combined area of 17.71km2 and provide Volt with the exclusive right to develop the graphite resources in the ML area. The ML's are effective for a period of 10 years and there is a right of further 10-year renewals under section 53 of the Mining Act.

4. SUMMARY BUSINESS DESCRIPTION

Volt is a graphite exploration and development company. Volt's vision is to become a top 3 global supplier of natural graphite by 2022 and the preferred supplier of high quality flake graphite to existing and growth industries following the development of both the Stage 1 and Stage 2 Bunyu projects. Volt and its parent company, VRC, management, directors and advisors have considerable international experience in exploration and the development of projects in the metals and mining sector. Currently the Company is focused on exploring and developing its wholly owned Bunyu Graphite Project in Southern Tanzania and identifying further assets which have the potential to add value for its stakeholders.

Volt was initially incorporated to acquire the Bunyu project tenements, identify and classify the graphite resources, prepare feasibility studies and obtain key approvals to prepare the project for development. The parent company, VRC, has raised funds from shareholders to meet the costs of these activities. Volt has spent US$8.0 million on these activities to 30 June 2018. In addition, VRC issued shares with a market value of approximately US$5.5 million to acquire Volt. It has not yet developed the Bunyu project and therefore has no historical sales or turnover. Expenditure to date is either capitalised or expensed. It has minimal employees and currently has three full time managers and one part time employee located in Perth, Western Australia and three contract managers and four contract staff working in Dar es Salaam, Tanzania and at the Bunyu site. Activities to date are predominantly performed by consultants and contractors under the direction of Volt management.

Volt acquired the Bunyu tenements in 2015 under two separate Term Sheet agreements dated 19 May 2015 and 7 September 2015. Subsequently, the Term Sheets were varied on 17 August 2015 and 21 October 2015 respectively resulting in the acquisition of various prospecting licences and applications that form the Bunyu Project. On 20 October 2018 the Company received two mining licences ML 591/2018 and ML 592/2018 from the Mining Commission of the Ministry of Minerals of Tanzania. Following the receipt of the mining licenses, the underlying prospecting licence, PL 10718 was cancelled. Subsequently an application has been submitted for two new PL's (PL 13208 and PL 13207), to cover the land area previously covered by PL 10718 but not accounted for by the new mining licences.

These tenements have been consolidated into the current 1,109.32km2 Bunyu Project licence holding as summarised below.

License No.	Deposit Name	Land Area km2	Status
PL 10643	Bunyu 4	154.5	
PL 10644	Bunyu 2	198	
PL 10667		153.2	
PL 10668		108	
PL 10717	Bunyu 3	142.8	
PL 10788		117.1	
PL 13208		121.78	Application
PL 13207		96.23	Application
ML 591		8.48	
ML 592		9.23	
Total		1109.32	

Legal proceedings and regulatory action

To the best of the Company's knowledge, the Company is not and was not, during the year to the date of this Information Memorandum, a party to any material legal proceedings, nor is any of its property, nor was any of its property during the year ended on the date of the Listing Particulars, the subject of any such legal proceedings. As at the date hereof, no such legal proceedings are known to be contemplated.

No penalties or sanctions have ever been imposed against the Company by a court relating to securities legislation or by a securities regulatory authority, nor have there been any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, nor have any settlement agreements been entered into by the Company before a court relating to securities legislation or with a securities regulatory authority.

5. COMPANY OBJECTIVES

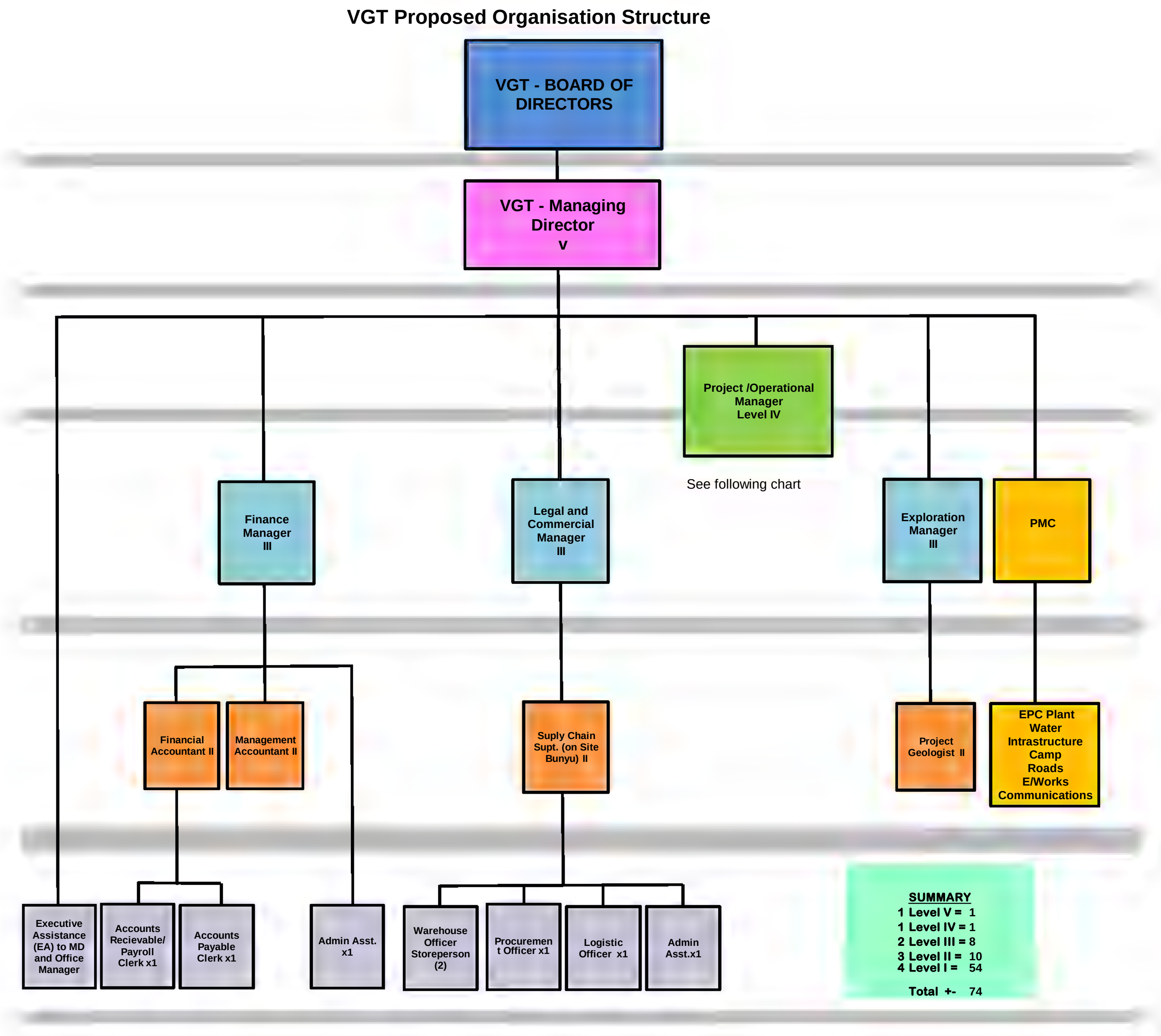
In the short-term (next 12 months) Volt aims to complete the funding to enable the commencement of construction of the Stage 1 Bunyu Graphite Project. Activities will include the engagement of a project management contractor who will complete the front-end engineering and design work, manage the commercial negotiations for the various contract packages required to build the plant and infrastructure and implement and manage the project controls to ensure the project is delivered on budget and schedule. The Company will recruit the operations team estimated at 61 staff based on the mine site and a further 13 staff based in Dar es Salaam who will amongst other activities, engage the mining contractor and other operations contractors and suppliers, implement training programmes, develop occupational health and safety procedures and safe work procedures, implement environmental and community relations programmes and financial and operations reporting procedures. Product marketing will be managed by VRC from the Perth, Australia office. During the development phase of approximately 12 months, the Company will also complete the definitive feasibility study (DFS) for the Stage 2 Expansion project.

In the mid-term (2 to 5 years) the Company will have completed construction of the Stage 1 Bunyu graphite project and commenced commissioning the mine, processing plant and associated infrastructure, product supply chain and commenced graphite product sales. Once operating at nameplate capacity (estimated to be achieved following 3 months of production ramp up) the Company plans to have completed the sales agreements and financing to commence the construction of the Stage 2 Expansion Project based on the DFS. With an estimated construction schedule of 15 months, commissioning and ramp up to name plate production of approximately 170,000tpa will commence in Q1 2023. This will position Volt as one of the largest flake graphite producers in the world. The Company also plans to develop and invest in community projects aimed at providing employment and business opportunities to facilitate improved socio-economic outcomes for people in region of Bunyu Project.

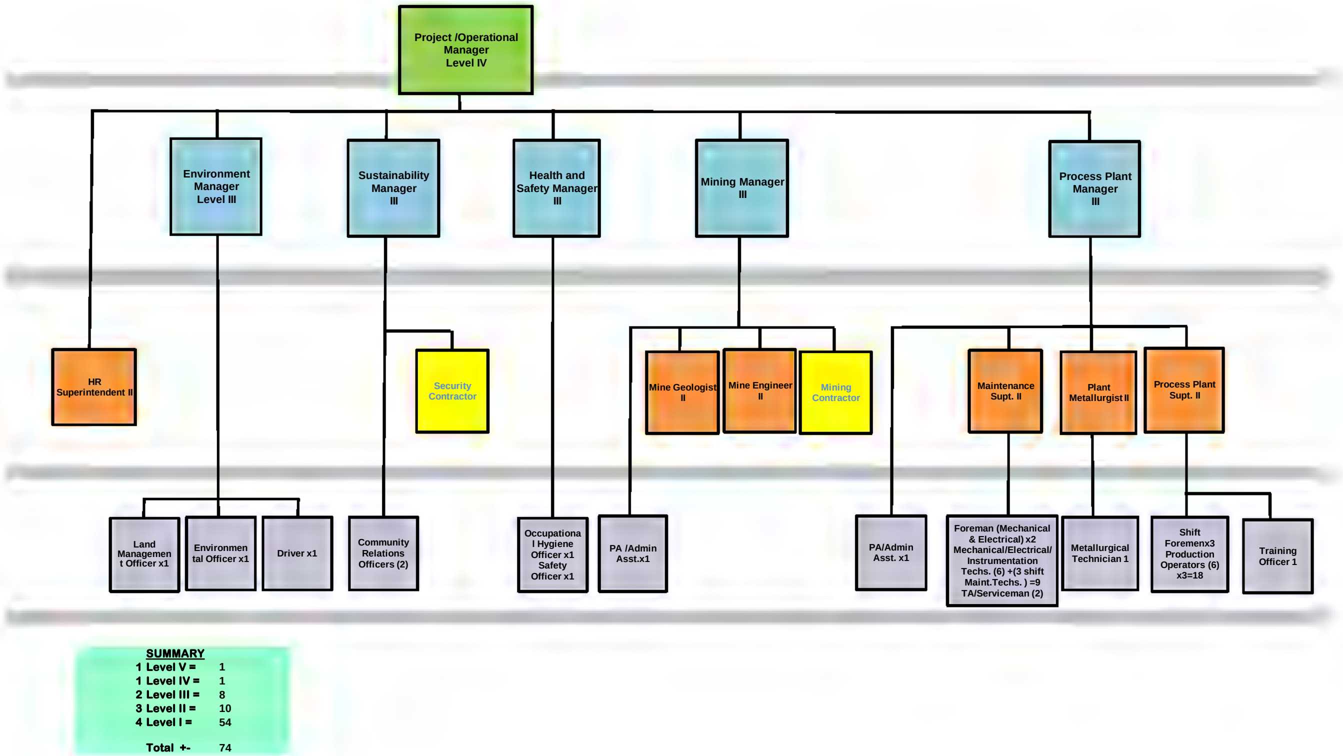
In the long-term (post 5 years) the Company will consider further expansion opportunities given the significant scale of the Bunyu resources and future growth in resource size from additional exploration. The Company has also considered down-stream opportunities such as the production of battery anode products, graphite foils, micronized and purified graphite products for industrial applications as value creation opportunities for the Company and its stakeholders.

6. ORGANISATION STRUCTURE

Following the completion of the bond offer and listing of the bonds on the DEM, the Company will commence the recruitment of staff to create the following organisation.



VGT Proposed Organisation Structure (Chart 2)



Directors and Management

The Company has two board members:

Mr. Asimwe Kabunga (Non-Executive Chairman, Age 46)
Mr. Kabunga is a Tanzanian born Australian entrepreneur who holds a Bachelor of Science, Mathematics and Physics and has over 19 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. Kabunga was previously a non-executive director of ASX listed mineral sands developer Strandline Resources Limited (ASX: STA) and is currently Chairman of Lindian Resources Limited (ASX.LIN). Mr Kabunga is a Australian citizen and presently resides at Perth, Australia.

Mr. Trevor Matthews (Chief Executive Officer, Age 60)
Mr. Matthews has an accounting and finance background with 30 years' experience in the resources industry including roles with North and WMC Resources in executive-level positions. More recently, his last two roles were as Managing Director for MZI Resources (2012-16) and Murchison Metals (2005-11). During his career Mr. Matthews has gained considerable experience managing many nascent resource projects through to production. Consequently, he has extensive executive management experience of feasibility studies, project planning/development, coordination and leveraging capital markets effectively to secure the appropriate mix of debt/equity funding, to successfully complete a mining project. Mr. Matthews's role in overseeing an exploration company into production which was valued at approximately US$2 billion in market capitalization was viewed by the Volt Board as an excellent prerequisite. This experience will be valuable to Volt as it moves

forward to bringing its Bunyu project into production. Mr. Matthews has a Bachelor of Commerce Degree from the University of Western Australia, a Post-Graduate Diploma in Applied Finance and Investment and is a member of the Australian Institute of Company Directors. Mr Matthews is an Australian citizen, and presently resides at Perth, Australia.

Ms Leticia Kabunga (Company Secretary)
Ms. Kabunga has a Bachelor of Business Management from Bangalore University in India. She has extensive experience in logistics planning and management and Government liaison. She has been consulting to a number of companies in Tanzania in relation to business management and logistics. Ms Kabunga provides company secretarial services to a number of Tanzanian subsidiary companies of listed foreign companies.

Company Management
The Company is aware of the need to have sufficient and experienced management to conduct its graphite exploration and development business in Southern Tanzania. During the exploration and study phases the Company utilizes the services of its parent company's Australian staff, international and local consultants and contract services to undertake the required programs of work and administration of the Company until the project enters and completes the project financing followed by the development phase.

The current Company management aside from Mr. Matthews are:

Mr Godwin Nyelo (Corporate Affairs Manager)
Nyelo holds a BSc (geology) from the University of Dar es Salaam, Tanzania and an MBA in mineral resources management from Dundee University in Scotland, which gives him a thorough understanding of numerous operational and strategic issues. He is fluent in English, Swahili and intermediate German.
Mr. Nyelo has worked as the Acting Commissioner for Minerals at the Tanzania Ministry of Energy and Minerals, mining concessions expert at the Liberian Ministry of Lands, Water, Mines and Energy advising the Liberian Government on the sustainable management of mineral and petroleum resources, Corporate Affairs Manager of Uranex Tanzania Limited, and as a mining consultant specialising in advising the mining industry and governments on sector policy, fiscal policy, and in the sustainable management of energy and mineral resources.
Mr. Nyelo served as a Councilor of the Tanzania Chamber of Minerals and Energy since January 2009, member of the Ministerial Advisory Board of the Geological Survey of Tanzania since April 2010 and a member of the Mining Advisory Board, since April 2012 to March 2015.

Mr Peter Dody (Community Relations Manager)
Mr. Dody has a B.Sc. majoring in Geology and Postgraduate Diploma in Financial Management from University of Dar Es Salaam and Institute of Finance Management (IFM) respectively in Tanzania. He is currently completing a Masters in Business Administration (MBA) at Eastern and Southern African Management Institute (ESAMI) in Tanzania.
Mr. Dody has worked as an exploration geologist and as a contract geologist in a number of mineral explorations companies on a wide range of mineral commodities including uranium, gold, nickel and graphite. For the past two years he has been working in the position of Community Relations Manager.

Mr Juma Selemani (Exploration Manager)
Mr. Selemani has a B.Sc. in Engineering Geology (Hons) from University of Dar Es Salaam, Tanzania. He has 9 years continuous work experience in different geological terrains and various commodities (Graphite, Gold, Uranium, Coal, industrial minerals etc.). He has been working as a geologist for Volt since 2015. Mr. Selemani has worked as a Geologist for Canaco T (L.T.D), Edenville International (T) LTD, DODSAL Resources & Mining Itingi (Tanzania) PVT LTD, NB Tanagro Pvt Ltd and as a contract geologist to various small scale miners.

Post financing, the Company will recruit a number of roles including senior finance and operations positions to ensure the safe and efficient operation of the Company's graphite business, protection of the Company's assets and appropriate levels of corporate governance.

7. DEM LISTING

It is envisaged that a listing on the DEM will provide the company with access to a global investor base of managed funds, high net worth individuals and other sources of capital who view Mauritius as an attractive market in which to invest. Additionally, Mauritius is well placed geographically in terms of its proximity to both Africa and Asia, with a favourable time-zone with either continent. A bond listing on the DEM will provide Volt with a platform and acquisition currency for further expansion and diversification, as well as increase the Company's public presence and profile.

Volt's parent company, Volt Resources Ltd is listed, with its ordinary shares trading on the Australian Securities Exchange under the code VRC. Volt does not have its securities listed on any Stock Exchange.

The purpose of the Bond Offer is to provide funds to enable the Company to:

(a) develop the Stage 1 Bunyu Graphite Project in Southern Tanzania per the Feasibility Study including the construction of a 400,000 tpa mine, mineral concentration plant and associated infrastructure; and

(b) fund the resettlement costs of people currently farming and/or living within the project development area.

On completion of the Offer, the Board believes that funds raised from the Offer combined with other sources of funds from the Volt Group will provide the Company with sufficient funds to achieve the Company's objectives set out above.

These other sources include supplementary junior debt with institutional investors and equity capital contributed by the parent company and/or institutional investors. The amount raised from these other sources will be determined following the outcome from the Bond Offer.

8. GRAPHITE OVERVIEW

Natural graphite is an industrial mineral with several marketable properties including heat resistance and electrical conductivity. Discovered in three forms (vein/lump, flake and amorphous), flake graphite composes 40% of the market, is considered high grade and has the greatest number of end uses including lithium-ion batteries. Amorphous graphite accounts for approximately 60% of the market and is primarily used in industrial products such as refractories. Two industries that use natural graphite have the potential to more than double global demand over the next five years – lithium-ion batteries used in electric vehicles and fire-retardant building materials. The demand for electric vehicles is forecast to continue growing with more than 12 'gigawatt' battery making facilities coming on stream by 2020. This is due to increasing environmental awareness in the US, Europe and China with the Chinese Government targeting 5 million electric vehicles produced by 2020 and 3 million manufactured every year by 2025.
The global graphite market is projected to be valued at around USD 27.03 billion by 2025. Furthermore, global graphite demand is anticipated to grow at a remarkable pace at a CAGR of 6.3% over the forecast period. Graphite finds numerous applications in refractories, steel making, foundries, as lubricating agent among many others. Presently, usage of graphite in car batteries for electric and hybrid electric vehicles is estimated to significantly boost the demand for graphite over the forecast period (source: Adroit Market Research May 2019).

Expandable graphite is manufactured by treating flake concentrate with reagents (acid and heat) to produce a compound that expands several hundred times its original size when heated to >1,000°C. Typically, end-users require large, jumbo or super jumbo flake graphite to produce expanded graphite, as they have higher expansion rates than smaller flakes. Other than being heat resistant, expandable graphite doesn't corrode, cannot be compressed and blocks radiation to a high degree. Expandable graphite flake is a fire-retardant additive for applications that require improved fire protection characteristics, including wood, foam, paint, plastics, and other construction and building materials.
Future demand for advanced material graphene is expected to increase graphite demand even further. Graphene is a one-atom thick sheet of hexagonally arranged carbon. This structure creates an extremely strong, thin, light material. Furthermore, graphene is a significant conductor of heat and electricity. These properties give the material application in nano-technologies, LED's and other electronic components. The global graphene market was valued at USD30 million in 2016 driven by research and development with analysts forecasting a USD182 million market by 2022.

Flake graphite is a form of carbon with a layered structure of particles which have a thin flat morphology. The size and shape of these flake-like particles along with the level of carbon purity, dictate the strength and resilience of the material. Commercially, the most common graphite sizes, which are measured in US Tyler mesh sizes are shown in the table below.

Flake sizes

Flake Name	**Mesh Size**	**Micron Size**
Super Jumbo	>32	>500 µm
Jumbo	>50	>300 µm
Large	>80	>180 µm
Medium	>100	>150 µm
Small/Fines	<100	<150 µm

Industrial Minerals analysis of Global Supply by Flake Size comments that in general terms, Madagascar, Mozambique and Norway are known for their output of large flake material which is proportionally higher than the medium and fine flakes produced in existing production. China has a low average flake size. Their opinion is that with the continuation of mine closures due to strict environmental codes, existing resources of coarse flake are becoming increasingly depleted.

Graphite can be sourced from several raw materials. Natural graphite is recovered from rock with economic levels of graphite by crushing and grinding to liberate the graphite mineral from the host waste rock. The graphite is then separated by flotation or classification to recover the graphite mineral, filtered and dried. The graphite can be amorphous (microcrystalline), flake or crystalline (vein). The Bunyu project resource is flake graphite and this represents the majority of traded natural graphite.

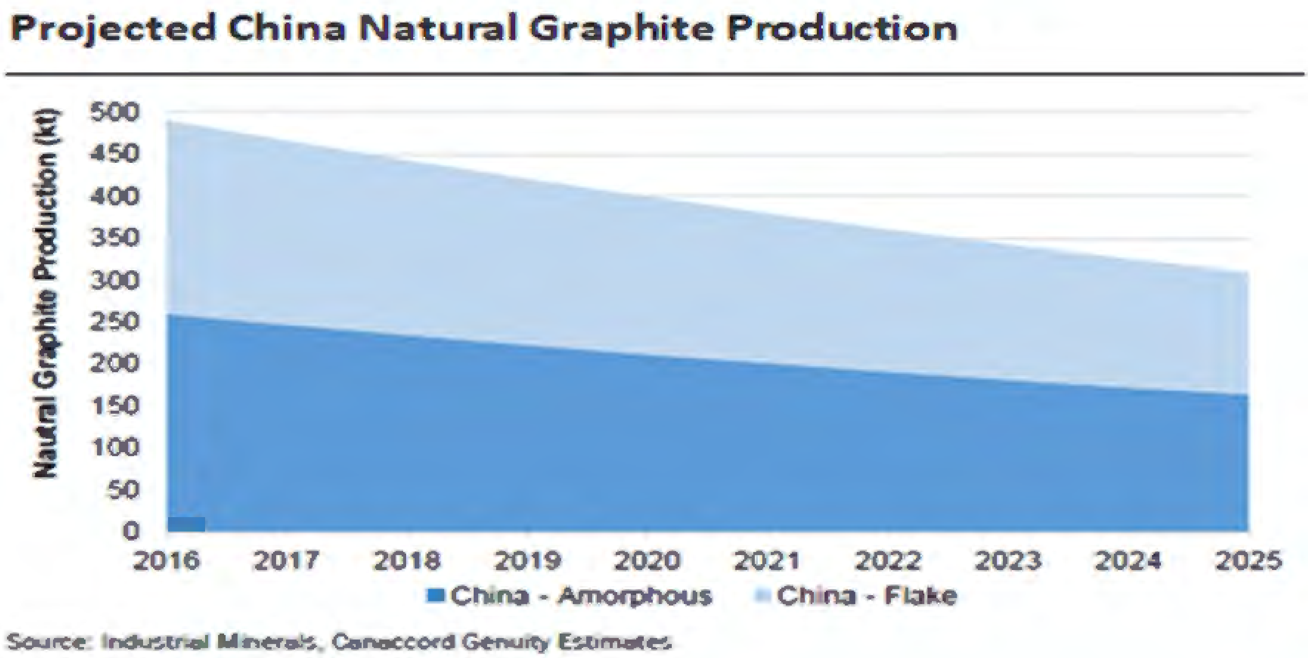
Synthetic graphite can be produced from coke and pitch. It tends to be of higher purity though not as crystalline as natural graphite. There are essentially two types of synthetic graphite. The first is electrographite, which is pure carbon produced from calcined petroleum coke and coal tar pitch in an electric furnace. The second type of synthetic graphite is produced by heating calcined petroleum pitch to 2800 °C. On the whole, synthetic graphite tends to be of a lower density, higher porosity and higher electrical resistance. Its increased porosity makes it unsuitable for refractory applications.

Benchmark Minerals notes the following in relation to graphite supply.

Production of flake graphite - one of three naturally occurring forms of graphite - was around 600,000 tonnes in 2016, 130,000 tonnes of which was used in spherical production. Mining of flake graphite takes place predominantly in China, with Brazil being the only other major supplier, until the commencement of Syrah's operations in Mozambique in 2018.

China's three biggest producers of flake graphite in 2016 were Liumao Graphite, BTR New Energy Materials and Yixiang Graphite Group, all of which operate in the flake graphite capital of China's Heilongjiang province.
Production in China is scattered across the country, with typically several small-scale mines feeding into larger processing plants. In 2015, China's Ministry of Industry and Information Technology released a list of 25 qualified flake graphite producers, however in reality production takes place on a much larger scale with dozens of active miners in each of the country's main producing areas, Heilongjiang and Shandong provinces. Recently from Volt's discussions in China, operating companies with facilities in both Shandong and Inner Mongolia are favouring developments in Inner Mongolia on the basis that power costs are cheaper and the regulations for mining and process are currently less onerous.

Regional environmental restrictions have seen some consolidation in production from these areas in recent years but small scale (and sometimes illegal) mining is still commonplace, particularly in Heilongjiang. With the average size of a flake graphite mine in China estimated at less than 25,000 tpa, there are only a handful of major producers in the world. Industrial Minerals anticipates that China will remain the primary supplier of flake graphite and produced 60% of the worlds flake graphite in 2016. Their expectation also is that supply restrictions on the flake graphite industry will increase. This supports Volt's observations and the increased supply to meet demand will be serviced from imports, with the east African projects recognised for being capable of supplying quality flake graphite and long-life resources.
In addition to east Africa, graphite projects in Canada remain likely prospects to be developed over the next 5 years according to Industrial Minerals.



Outside of China, previously there was only one producer with a capacity of over 25,000 tpa, Nacional de Grafite of Brazil. Almost no output from Nacional de Grafite or any other producer outside of China goes into the battery industry today, although many companies are conducting testwork to explore the economics of using their material for these applications.

Syrah Resources in Mozambique is ramping up production with a nameplate capacity of 350,000 tpa and commenced shipments from January 2018. Syrah will be the first significant graphite exported to China and given Syrah's flake size distribution it will be predominantly competing with Chinese suppliers and target the spheroidised market and traditional industrial market applications such as recarburiser. Syrah will need to sell to Chinese spheroidisation plants, as it does not have any of its own spheroidisation capacity currently in place. Whilst Syrah is likely to have a significant impact in the market, it is believed that with the very strong growth in demand from expandables and the spheroidisation/anode markets, there will still be significant market share available for new entrants. It is also expected that due to the relatively large size of Syrah there will be significant interest in diversification of supply rather than from a single supplier.

Market Competitor Analysis

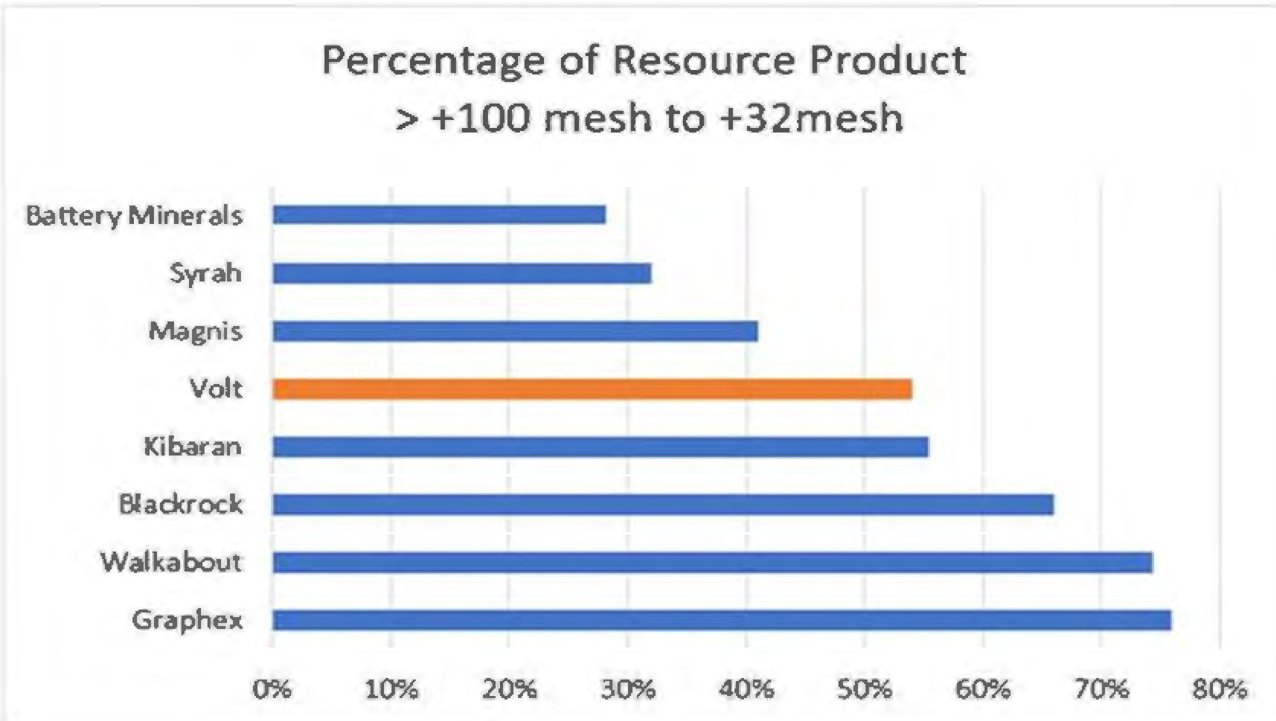
With Chinese supply projected to decrease, graphite demand continuing to increase and the flake graphite market demand strong, early entrants to the market are likely to be well positioned to secure market share.
East Africa is acknowledged as a future key supply region and companies will be competing for market share.

A limited analysis of East African based competitors has been undertaken from internally collated information sourced from published information; the key highlights include:

- Volt coarse flake size distribution is in the mid-range when compared with the East Africa graphite peer companies (see chart below)
- Syrah, the only graphite producer in the peer group and of significant global scale, has a relatively low percentage of coarse material at 32%
- Volt is well positioned to achieve financing prior to most Tanzanian peer developers
- Two of the eight graphite companies have a two-stage development plan, one has a four stage development plan with a further three companies commencing with planned annual capacity of 40,000tpa to 69,000tpa (see further details below)

- Unless funding, and in some cases approvals, are obtained in the H1 2020 for other peer companies, remaining East African potential supply will be delayed to2022.

Coarse flake size distribution of East Africa graphite peer companies is presented below.
Large or coarse flake sizes (smaller mesh sizes) are better suited to the expandable fire retardant and electronic component markets which command premium prices.



Following is a select peer group of graphite companies by project location comparing planned annual production. Note that apart from Syrah, no other companies listed are yet to be funded for development.

		Annual Production (tonnes)		
Tanzania		Initial	Expanded	
	Volt	23,700	170,000	Two stages to expanded production
	Blackrock	83,000	350,000	Four stages to expanded production
	Magnis	240,000		
	Graphex	69,000		
	Kibaran	60,000		
	Walkabout	40,000		
Mozambique				
	Syrah	355,000		In production
	Battery Minerals	50,000	100,000	Two stages to expanded production

Volt has completed the following key requirements on the pathway to become a graphite supplier to global customers.

- Identified the largest graphite JORC Resource in Tanzania and one of the largest in the world combined with the largest graphite JORC Reserves in East Africa. Certified in accordance with the Australia JORC by independent competent persons.
- Completed a Feasibility Study for the Stage 1 development and a PFS for a large scale mine development by experienced independent engineering consultants
- Obtained the key development approvals being the Environmental Impact Assessment certificate, received two mining licences and a government approved resettlement compensation report. All approvals cover the area required for the Stage 1 and Stage 2 project developments.
- Entered into two binding offtake agreements for approximately 50% of annual production and has a further offtake agreement drafted and ready for execution post financing.

To assist the placement of graphite product in the market, the Company has conducted test-work to support the plant flowsheet and design and to produce graphite samples for customer testing.

Test work conducted on graphite samples from the Bunyu Project has been positive with metallurgical results showing graphite product TGC purity of up to 96.6%. Samples have also been tested by US based graphene customer Nano Graphene INC ("**NGI**") and potential off-taker Chinese National Building Materials General Machinery ("**CNBMGM**"). NGI confirmed Volt's Bunyu graphite is amongst the highest quality graphite tested to date. CNBMGM reported that the Bunyu graphite product meets all company requirements. Such feedback supports the rationale that current reserves can provide consistent, high-grade graphite suitable for commercial applications including those within the Li-ion battery market and the fire- retardant building materials market.

Graphite Offtake Customers

Volt has signed a 5-year fixed price binding off-take agreement with a US-based graphene producer NGI for an average 1,000tpa of flake graphite. On 1 August 2018 Volt signed a second binding off-take agreement with Qingdao Tianshengda Graphite ("TSD") for the supply of 9,000tpa of graphite products. Additionally, non-binding co-operation agreements and term sheets have been signed with three Chinese off-takers; CNBMGM, Guangxing Electrical ("GEM") and AOYU Graphite. CNBM is China's largest building materials group and has initially agreed to purchase between 10,000tpa and 15,000tpa. GEM, one of China's largest graphite processors and distributors has agreed to purchase 5,000tpa of expandable focused product. Aoyu, one of China's leading graphite groups has the potential to purchase 10 – 20,000tpa of flake graphite. With annual average graphite production for Stage 1 of 23,700 tonnes, the above binding and non-binding agreements materially exceed the amount required to sell all Stage 1 production. Stage 2 production per the PFS will average 170,000tpa. The above customers are expected to require increased volumes of graphite products when Stage 2 is forecast to be in production. Combined with increasing end user graphite product demand, the Company is confident of completing offtake agreements for all Stage 2 annual production.

9. BUNYU DEVELOPMENT FEASIBILITY STUDY

In completing the FS, the Company has engaged with a number of expert consultants to develop the design, costings, infrastructure, environmental, community and people inputs into the project development. The list of FS contributors follows.

Content	Contributor
Key FS Management	BatteryLimits Provision of expert engineering advice, from feasibility studies, to metallurgical flowsheet development, process plant design and infrastructure construction, particularly for graphite. https://www.batterylimits.technology/
Geology and Resources	Optiro Optiro provides comprehensive geology, resource evaluation and mining engineering services. https://www.optiro.com
Geotechnical	Pells Sullivan Meynink (PSM) Specialist geotechnical and water services for mining and civil industries internationally. https://www.psm.com.au/
Hydrology	AQ2 AQ2 is an independent water resources consultancy based in Perth. We provide technical services and develop applied solutions for groundwater and surface water management. https://aq2.com.au
Mining and Reserves	Orelogy ORELOGY offers a range of professional services that include Study & Project Management, Open Pit & Underground Mine Design, Scheduling, Technical Reporting, Ore Reserve Estimates, Due Diligence, Cost Modelling, Equipment Assessment and ongoing site support to mining operations. https://www.orelogy.com/
Metallurgy	BatteryLimits – as mentioned above. ALS Full-service provider of analytical geochemistry services to the global mining industry. ALS provide an integrated network of over 80 laboratories around the world ensures consistent quality and dependable client service. https://www.alsglobal.com/en-au/industries/mining-and-exploration
Processing	BatteryLimits – as mentioned above.
Engineering	BatteryLimits – as mentioned above.
Tailings	ATC Williams Provision of strategic consulting engineering services and technical advice on tailings management, waste management, geotechnical engineering and water management to mining companies worldwide. http://atcwilliams.com/
Power, Water, Infrastructure and Logistics	BatteryLimits – as mentioned above. AQ2 – as mentioned above. Volt Resources

Content	Contributor
Project Implementation Schedule and Plan	BatteryLimits – as mentioned above.. Volt Resources
Human Resources	P5HR Leading recruitment consultancy in the mining industry, Cement, Manufacturing, Banking and Oil and Gas in Tanzania, They have a strong and extensive database of experienced and qualified candidates. SEIF Plaza (5th Floor), Nyerere road, Mwanza, Tanzania Tel. +255 02 8250 1403 Volt Resources
Capital Cost Estimates	BatteryLimits – as mentioned above.
Operating Cost Estimates	BatteryLimits – as mentioned above. Orelogy – as mentioned above. Volt Resources
Marketing	Volt Resources Industrial Minerals Market Research Company for industrial minerals. They publish in-depth, multi-client research reports on specific aspects of the industrial minerals industry. Reports comprise of comprehensive company and market data, commentary, and analysis across the mine to market supply chain. https://www.indmin.com/
Financial Assessment	Volt Resources Modus Capital Modus Capital is a boutique corporate advisory firm specialising in investment facilitation, corporate representation, strategic and financial analysis, financial modelling and project management. http://www.moduscapital.com.au
Permitting and Environment	TanSHEQ Provide services in the areas of environmental management, occupational health and safety, quality management as well as managing social impacts. Tansheq has in-depth knowledge in Tanzania physical and social environment as well its respective institutional framework. https://tansheq.co.tz/ Volt Resources

The Executive Summary of the Stage 1 FS is attached as Annexure A. This describes in detail the work undertaken to define the project construction and the planned operations. The above expert consultants and Volt staff have produced a robust FS which when implemented will materially reduce risk for investors.

SWOT Analysis

The following SWOT analysis has been used to develop the Company's strategy of a two staged development of graphite products into developing markets.

Strengths

1. World class scale resource/reserve
2. Quality product suitable for a wide number of end applications
3. Access to logistics infrastructure
4. Low supply cost compared to equivalent products
5. Early stage off-take agreements

Weaknesses

1. No strategic investment partner to assist with funding project development
2. Clarity and focus of market strategy needs further development with the growing number of graphite uses in different global markets
3. Downstream processing gap from the Bunyu mine produced graphite products to battery anode feedstock
4. Single asset company does not provide benefit of diversification available to multi-mine companies

Opportunities

1. Projected exponential demand growth / emerging technologies
2. Substitution of flake for synthetic graphite in existing markets (due to lower cost, reliance on China, ethical supply and environmental advantage)
3. Government support for development / operating environment in South Tanzania (net benefit to the region)
4. Global movement to green/renewable energy technologies
5. Development of downstream processing

Threats

1. Legislative change in Tanzania
2. Continued preference for synthetic graphite in key markets
3. Chinese block newcomers from entering the market by artificially lowering the market price for graphite
4. Substitution of graphite in batteries and other existing/emerging technologies
5. Business interruption (logistics e.g. port access, strikes, civil unrest)

10. RISK FACTORS

An investment in the Company is not risk free and there are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The Company actively monitors and seeks where possible to minimize or remove any material risks.

Based on the information available, a non-exhaustive list of risk factors which may affect the Company's financial position, prospects and the price of its listed Securities include the following:

Financial Risks and Risks relating the Securities

General Risks Relating to the Securities

Noteholders' rights may be adversely affected by a change of Mauritian law, and an active trading market for the Securities may not develop in the Mauritian market. Additionally, investors may be exposed to exchange rate risks and exchange controls because of purchasing the Securities.

Tanzanian Tax Implications

Volt is a company incorporated in Tanzania and is a tax resident in Tanzania. Section 56 of the Tanzanian Income Tax Act (ITA) deals with the Tanzanian income tax consequences of a change in the underlying ownership of a Tanzanian-resident entity (such as Volt) by more than 50%. Section 56(1) of the ITA provides that "where the underlying ownership of an entity changes by more than 50% as compared with the ownership at any time during the previous three years, the entity shall be treated as realizing any assets owned and any liabilities owed by it immediately before the change". This applies whether or not there is continuity in the business activities carried on by the Tanzanian entity. The income tax liability which arises on a deemed disposal triggered by section 56 of the ITA is attached to the Tanzanian company (i.e. in this case the appropriate member of the Volt Group). This is not the tax liability of the direct or indirect owners of the shares.

Section 56 of the ITA does not prescribe the value at which assets and liabilities would be deemed to be disposed. However, section 39(h) of the ITA deals with deemed disposals under section 56 and section 42 of the ITA prescribes that the value to be attributed to the deemed disposal of assets and liabilities should be the fair market value. The assets and liabilities in question are treated as immediately re-acquired by the company at that value.

The capital gains arising from the deemed disposal will be calculated as the difference between the deemed disposal value (i.e. the market value) and the cost of the assets and liabilities (balance sheet value of the assets and liabilities). The capital gains tax will be computed at the rate of 30% of the capital gain. The new balance sheet cost of the assets and liabilities after the section 56 event will be the market value of the assets at the point of the deemed disposal. Therefore, although the transaction will have capital gains tax implications on the entity, the base cost of its assets and liabilities will be "stepped up" to the market value after the deemed realization.

There are no exemptions available in respect of the implications of section 56(1) of the ITA. Accordingly, a change in the shareholding of Volt could trigger tax consequences for the Company under section 56 of the ITA.

Implications of Section 56 of the ITA on the Offer

The offer will not trigger the provisions of section 56 of the ITA, as the underlying ownership of Volt will not change by more than 50% (i.e. the current Shareholders will still own more than 50% of the Company upon completion of the Offer).

Implications of Section 56 of the ITA on Future Capital Raisings by the Company

Depending on the Company's exploration success and future capital requirements, the Company may undertake equity capital raisings in the future.

If such equity capital raisings result in the direct or indirect ownership of Volt changing by more than 50% as compared with that ownership at any time during the previous three years, Volt could, on a technical reading of section 56 of the ITA, be treated as realizing any assets owned and any liabilities owed by it immediately before the change under section 56(1) of the ITA. As at the date of this Information Memorandum, the Tanzanian Revenue Authority has not applied this broad interpretation of section 56 of the ITA and it is unclear whether or how it would apply such an interpretation in the future.

Exceptions to Section 56 of the ITA

Section 56(1) is subject to Section 56(4) of the ITA, which states that Section 56 shall not apply where, for a period of two years after the change in ownership, the entity conducts the same business and in the same manner, as it had done for the 12 months that preceded the change in ownership; and that it did not engage in new business or investments other than those in place in the same 12-month period.

External Influences on the Trading Price of Securities

The trading price of securities of mineral commodities issuers is subject to substantial volatility often based on factors related and unrelated to the financial performance or prospects of the issuers involved. Factors unrelated to the Company's performance could include macroeconomic developments, domestic and global commodity prices or current perceptions of the graphite market. Similarly, the market price of any securities of the Company could be subject to significant fluctuations in response to variations in the Company's operating results, financial condition, liquidity and other internal factors.

Lower commodity prices may also affect the value of the Volt Group's ore reserves as certain reserves become uneconomic. In addition, lower commodity prices may restrict the Volt Group's cash flow resulting in a reduced capital expenditure budget. As a result, the Volt Group may not be able to replace its production with additional reserves and both the production and reserves of the Volt Group could be reduced on a year over year basis. Any decrease in value of its reserves may reduce the borrowing base under future credit facilities, which, depending on the level of indebtedness, could result in the Volt Group having to repay a portion of its indebtedness. If market conditions were to decline resulting in a lack of confidence in the graphite industry, the Volt Group may have difficulty raising additional funds or if it is able to do so, it may be on unfavourable and highly dilutive terms. Any substantial decline in the prices of graphite could have a material adverse effect on the Volt Group and the level of its graphite reserves. Additionally, the economics of producing from some deposits may change as a result of lower prices, which could result in a suspension of production by the Volt Group.

Accordingly, the price at which any securities of the Company will trade cannot be accurately predicted.

Risks Relating to the Availability of Additional Financing

Currently there exists no material indebtedness with regard to Volt. Future capital expenditures will be financed out of funds generated from operations, borrowings and possible future equity sales forecast in section 13. The Company's ability to do so is dependent on, among other factors, the performance of its investments, the overall state of capital markets and investor appetite for investments in the Company's securities. From time to time the Company may enter into transactions to acquire assets or the shares of other companies. These transactions may be financed partially or wholly with debt, which may temporarily increase the Volt Group's debt levels above industry standards.

Based on current funds available and expected results of operations, the Company believes it has sufficient funds available to fund its development costs and operations. To expand the productive capacity of its assets, depending on the timing, the Company may require significant additional capital. In addition, if capital costs for these projects exceed current estimates, or if the Company incurs major unanticipated expenses related to development or maintenance of its existing properties, it may be required to seek further additional capital to maintain its capital expenditures at planned levels, meet operating costs or debt servicing requirements.

Risks Relating to a Funding Shortfall

In the event that both the DEM and DSE notes are undersubscribed, there is a risk the Company will need to source alternative additional funding. This may result in a delay in development or production on the Volt properties. There can be no assurance that the Company will be successful in its efforts to arrange additional financing in amounts sufficient to meet the Company's goals or requirements, or on terms that are acceptable to the Company. This risk is only after Volt has exhausted all forms of alternative funding including bank financing, project equity investment by third parties and/or equity financing by Volt either from its parent company, VRC, or from other investors.

Risks Relating to Additional Equity Funding

The Company may be required to pursue equity financing should a funding shortfall occur in relation to the DEM and/or the DSE Note Issuance and alternative forms of finance be unavailable to the Company. The company may find market conditions at the time of sourcing additional equity funding to be unfavourable. An equity issuance to be funded by VRC will require shareholder approval if it exceeds 15% on its market capitalisation at the time, which may not be forthcoming at the time of issue. To date, Volt's ASX listed parent entity, VRC, has raised US$17,000,000 from 3,400 shareholders to fund the Bunyu Project development costs. The ASX is the eighth largest securities exchange in the world (based on free-float market capitalization) and the second largest in Asia-Pacific, with A$1.2 trillion market capitalization and average daily secondary trading of over A$5 billion a day. Due to its compulsory superannuation system, Australia has the largest pool of funds under management in the Asia-Pacific region, and the fourth largest in the world. Volt can also consider raising capital in other markets or sources which could include the Mauritian equity markets, private equity and strategic investors.

Based on the financial forecasts and assumptions for the Bunyu Stage 1 Graphite Project, Volt will need to raise additional capital in the form of equity and debt in future years. Investors in the Notes risk losing some or all of their investment if these future capital raisings are not successful.

Risk Mitigation Measures for Additional Debt or Equity Funding

Any funds raised by the DEM/DSE Notes will serve to de-risk the Bunyu project to facilitate the introduction of new financiers. Subject to a funding shortfall, the Company may seek additional finance in the form of bank debt. Bank funding will likely be of a shorter tenor than the capital markets issuances and thus structurally senior. This will likely result in banks seeking returns lower than that of the DEM/DSE notes. Where the Company is unable to secure bank funding, alternative funding would have to be sought from existing shareholders, equity providers or strategic industrial or end users. The Company has executed NDA's and continues to be in dialogue with a number of institutions providing project finance facilities and/or credit enhancement facilities. Commitment letters from these institutions will only be prepared once funding for both the DEM and DSE issuances have been completed and the amounts raised are quantified. Banks and other potential financiers will then complete their own credit processes to provide the required funding to complete the Stage 1 development. There is a risk the Company will not receive credit approved offers of finance or the offers will be unacceptable to Volt.

Risk Related to Mine Development in Emerging Markets

General Economic and Political Risks
Changes in the general economic and political climate in the jurisdictions in which the Volt Group and its assets are located, or on a global basis that could impact on economic growth, the graphite price, interest rates, the rate of inflation, taxation and tariff laws, domestic security which may affect the value and viability of any mining activity that may be conducted by the Volt Group.

Title Risk
All licenses are subject to compliance with certain requirements, including but not limited to meeting the minimum exploration work commitments, lodgement of reports, payment of royalties and compliance with environmental conditions and environmental legislation. Consequently, the Volt Group could lose title to or its interest in any of the licenses to any of its assets if these requirements are not met.

Risks of Foreign Operations
The Volt Group operates in areas that may be considered politically unstable and is subject to the laws of foreign jurisdictions. The Volt Group's operations and related assets are located in Tanzania, ranking in the lowest quartile of both the Human Development Index (World Bank) and the Ease of Doing Business Index (World Bank), may be considered to be politically and/or economically unstable. Risks exist in terms of the relevant governmental approval for the various activities which mining licenses require and the timetable associated with obtaining such approvals.

Volt is subject to extensive laws and regulations governing prices, taxes, royalties, production, transport, pollution control, export of graphite and many other aspects of its business in its country of operations. There can be no assurance that the actions of present or future national governments will not materially and adversely affect the business, financial condition or results of operations of the Volt Group.

Through its operations in foreign jurisdictions, the Volt Group may become subject to economic and political risks, such as:

- the renegotiation, cancellation or forced modification of existing contracts and product sharing agreements;
- expropriation or nationalization of property;
- changes in laws or policies or increasing legal and regulatory requirements, including those relating to tax, royalties, imports, exports, duties, currency or other claims by government entities (including retroactive claims or changes in administration of laws, policies and practices);
- uncertain political and economic environments, war, terrorism, sabotage and civil disturbances;
- delays or inability to obtain or maintain necessary government permits or to operate in accordance with such permits or regulatory requirements; and
- currency fluctuations.

Exploration, development or production activities in Tanzania may require protracted negotiations with host governments and third parties and there is no guarantee that results of these negotiations will be favourable.

In addition, if a dispute arises with regards to any of Volt's operations, Volt will be subject to the exclusive jurisdiction of the courts of Tanzania. Tanzania's legal system, developing since independence in 1961, is relatively emergent compared to for instance the 800 year old UK legal system, therefore Volt may have difficulty in obtaining effective legal redress in the national courts. These risks may limit or disrupt Volt operations, restrict the movement of funds, or result in the deprivation of contract rights or the taking of property by nationalization or expropriation without fair compensation and may materially adversely affect Volt's financial position and results of operations. Volt operates in a region that may be subject to a higher degree of political, social and economic risks than more developed regions.

The occurrence of these several factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to its directors, however should there be any material change in the political, economic, legal and social environments in Tanzania, the Directors may re-assess investment decisions and commitments to assets in the country.

Regulatory

Changes in relevant taxes, legal and administration regimes, accounting practice and government policies may adversely affect the financial performance of the Company.

The Tanzanian government exercises significant influence over Tanzania's mining industry

In Tanzania, the state retains ownership of the minerals and consequently retains control of the exploration and production of mineral resources. Accordingly, these operations may be materially affected by the government through royalty payments, export taxes and regulations, surcharges, value added taxes, production bonuses and other charges.

The Company has operated in Tanzania for a number of years and management believes the Company has reasonably good relations with the current Tanzanian government. However, there can be no assurance that present or future administrations or governmental regulations in Tanzania will not materially adversely affect the operations or future cash flows of the Company.

Risks Associated with Changes in Legislation

Changes to mineral exploration or investment policies and legislation or a shift in political attitude within the jurisdiction in which the Volt operates may adversely affect the Volt's proposed operations and profitability. Government action or policy change in relation to access to lands and infrastructure, compliance with environmental regulations, export restrictions, taxation, royalties and subsidies may adversely affect Volt's operations and financial performance. Volt is governed by a series of national laws and regulations. Breaches or non-compliance with these laws and regulations can result in penalties and other liabilities. These may have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price of the Company.

These laws and regulations may be amended from time to time, which may also have a material adverse impact on the financial position, financial performance, cash flows, growth prospects and share price for the Company. The legal and political conditions in Tanzania and any changes thereto are outside the control of Volt.

The introduction of new legislation or amendments to existing legislation by the national government, developments in existing common law, or the interpretation of the legal requirements which govern Volt's operations or contractual obligations, could adversely affect the assets, operations and, ultimately, the financial performance of the Company and the value of its securities. In addition, there is a commercial risk that legal action may be taken against or by Volt in relation to commercial matters.

The evolution and interpretation of Tanzanian legislation is uncertain and may impose restrictions on Volt

Volt´s business is subject to various levels of government controls and regulations which are revised from time to time. The Company is unable to predict what legislation may be proposed that might affect its business or when any such proposals, if enacted, might become effective. Such changes could require increased capital and operating expenditures and could prevent or delay certain operations by Volt. To the extent Volt is unable to comply with any such legislation, whether in the future or past, the Company may be unable to continue to successfully operate.

The 'Natural Wealth Resources' Regulations

The introduction of new legislation such as the introduction in Tanzania of the Natural Wealth and Resources (Permanent Sovereignty) Act, 2017 and the Natural Wealth and Resources (Review and Renegotiation of Unconscionable Terms), 2017 which govern the Company's operations or contractual obligations, may adversely affect the assets, operations and, ultimately the financial performance of the Company and the value of its securities.

Risks Related to the Issuer

General Operational Risks

Developing mineral resources inherently involves a high degree of risk. The business of Volt is subject to all of the operating risks normally associated with the exploration for, and the production, storage, transportation and marketing of graphite. These risks include explosions, fire, migration of harmful substances and waste production spills, any of which could cause personal injury, result in damage to, or destruction of, production facilities and other property, equipment and the environment, as well as interrupt operations. In addition, Volt will be subject to the risks normally incident to the construction of graphite mines and the operation and development of graphite properties, including encountering unexpected mining conditions, premature declines of resources, equipment failures and other accidents, adverse weather conditions, pollution and other environmental risks.

Ore Reserves and Mineral Resources Risks

Uncertainties in Estimating Reserves and Future Net Cash Flows

Ore reserve and mineral resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates may change. This may result in alterations to development and production plans which may in turn, adversely affect the operations of Volt.

There are numerous uncertainties inherent in estimating quantities of proved and probable reserves and cash flows to be derived therefrom, including many factors beyond the control of the Company. These evaluations include a number of assumptions relating to factors such as initial production rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, graphite price differentials to forecasts, operating costs, transportation costs, cost recovery provisions and royalties, governmental "back-in" methodology and other government levies that may be imposed over the producing life of the reserves.

Estimates of the economically recoverable graphite reserves attributable to the project properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves may vary from actual results, and those variations could be material. The process of estimating reserves requires interpretations and judgments on the part of mining engineers, resulting in imprecise determinations, particularly with respect to new discoveries. Different engineers may make different estimates of reserve quantities and revenues attributable thereto based on the same data.

The reserve evaluation is based in part on the assumed success of activities Volt intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom and contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and, except as may be specifically stated, has not been updated and therefore does not reflect changes in the reserves of Volt since that date.

The estimation of proved reserves that may be developed and produced in the future are often based upon probabilistic calculations and upon analogy to similar types of reserves rather than upon actual production history. Estimates based on these methods generally are less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history may result in variation or revisions in the estimates reserves, and any such variations or revisions could be material. Market driven fluctuations of commodity prices may render the recovery of certain reserves uneconomic.

Risk of Inability to Maintain or Replace Reserve Levels

Volt's ore reserves and production and, therefore, its cash flows and earnings are highly dependent upon Volt developing and increasing its current reserve base and discovering or acquiring additional reserves or resources. Without the addition of reserves through exploration, acquisition or development activities, the Volt Group's reserves and production will decline over time as they are depleted. To the extent that cash flow from operations is insufficient and external sources of capital become limited or unavailable, the ability of Volt to make the necessary capital investments to maintain and expand its graphite reserves will be impaired. There can be no assurance that Volt will be able to find and develop or acquire additional reserves to replace production at commercially feasible costs.

Environmental Risk

Risks Relating to Environmental and Other Regulations

Extensive environmental laws and regulations will affect Volt operations. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish in certain circumstances obligations to remediate current and former facilities and locations where operations are or were conducted. In addition, special provisions may be appropriate or required in environmentally sensitive areas of operation. There can be no assurance that Volt will not incur substantial financial obligations relating to environmental compliance. Significant liability could be imposed on Volt for damages, clean-up costs or penalties in the event of certain discharges into the environment or non-compliance with environmental laws or regulations. Such liability could have a material adverse effect on Volt. Moreover, Volt cannot predict what environmental legislation or regulations will be enacted in the future or how existing or future laws or regulations will be administered or enforced. Compliance with more stringent laws or regulations, or more vigorous enforcement policies of any regulatory authority, could in the future require material expenditures by Volt for the installation and operation of systems and equipment for remedial measures, any or all of which may have a material adverse effect on Volt.

While management believes that Volt is currently in compliance with environmental laws and regulations applicable to its operations in Tanzania, no assurances can be given that it will be able to continue to comply with such environmental laws and regulations without incurring substantial costs.

Volt’s planned operations are subject to extensive governmental legislation and regulation and increased public awareness concerning environmental protection. The introduction of more stringent regulations and conditions may also adversely affect Volt.

The Company expects that the cost of complying with environmental legislation and regulations will increase in the future. Compliance with existing environmental legislation and regulations has not had a material effect on capital expenditures, earnings or competitive position of Volt to date. Although management believes that Volt’s operations and facilities are in compliance with such laws and regulations in all material respects, future changes in these laws, regulations or interpretations thereof or the nature of its operations may require Volt to make significant additional capital expenditures to ensure compliance the future.

Personnel Risks

Reliance on Key Personnel

The Company is highly dependent upon its executive officers and key personnel (including contractors). The unexpected loss of the services of any of these individuals could have a detrimental effect on the Company. There is no guarantee that the Company will retain members of its management team, and if the Company were to lose a member of its management team unexpectedly, its business, prospects, financial condition and results of operations may be adversely affected.

Volt may not be able to attract and retain qualified personnel

Volt may have difficulty attracting and retaining qualified local personnel to work on its projects due to shortages of qualified, experienced workers and competition for their services. It may also be difficult to attract, employ and retain qualified expatriate workers as a result of legal restrictions, socio-economic issues and security concerns in the jurisdictions in which the Company operates. In the event of a labour shortage, Volt could be forced to increase wages in order to attract and retain employees, which may result in higher operating costs and reduced profitability. A failure by Volt to attract and retain a sufficient number of qualified workers could have a material adverse effect.

Competition Risks

Competition from other mining companies

The graphite industry is competitive in all its phases. The Company competes with numerous other organizations in the search for, and the acquisition of, graphite properties and in the marketing of graphite products.

The Company's competitors include graphite companies that have substantially greater financial resources, staff and facilities than those of the Company. The Company's ability to increase its reserves in the future will depend on its ability to explore and develop its present properties. Competitive factors in the distribution and marketing of graphite include product quality, graphite flake size, price and methods and reliability of delivery and storage.

Increased competition in Tanzania may pose a threat to the Company's ability to market its products

There has been an increase in exploration activity in Tanzania, which has yielded significant discoveries of graphite that could, when developed, lead to increased competition for graphite markets and lower graphite prices in the future. In addition, various factors, including the effect of foreign regulation of production and transportation, general economic conditions, changes in supply due to mining by other producers and changes in demand may adversely affect the Company's ability to market its graphite production.

T*he Company may be affected by the inability to respond to changing technical development*

The mineral resource industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Company. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete. If the Company is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could also be adversely affected in a material way.

Insurance

Insurance against all risks associated with graphite development and production is not always available or justifiable on a cost-benefit basis. The Company will maintain insurance where it is considered appropriate for its needs, however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

Risks relating to Corruption and Bribery

Corruption remains an issue in Tanzania. Tanzania ranks 116 out of 176 on the 2016 Transparency International Corruption Index, and 132 out of 190 on the World Bank's 2016 Ease of Doing Business Index.
Having assessed the Company's exposure to corruption in Tanzania, it was concluded that the risk of the Company and/or its subsidiaries violating applicable laws prohibiting corrupt activities are mitigated or unlikely given the Company's controls relating to such risks and their effective operation. There can be no assurance, however that corruption may not directly or indirectly affect or otherwise impair the Company's ability to operate in Tanzania and effectively pursue its business plan in either country.

Information Technology Systems and Cyber-Security

The Company has become increasingly dependent upon the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure, to conduct daily operations. The Company depends on various information technology systems to store and collate geological information, estimate resource and reserve quantities, process and record financial data, manage our land base, administer our contracts with our service providers and lessees and communicate with employees. Further, the Company is subject to a variety of information technology and system risks as a part of its normal course of operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. Further, disruption of critical information technology services, or breaches of information security, could have a negative effect on our performance and earnings, as well as on our reputation. The Company applies technical and process controls in line with industry-accepted standards to protect our information assets and systems; however, these controls may not adequately prevent cyber-security breaches. The significance of any such event is difficult to quantify but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of future operations.

Reputational Risk

Due to the Company's asset concentration, the Company's operations are dependent on positive relationships with a small number of organizations (including the government of Tanzania). Damage to the Company's reputation within Tanzania due to the actual or perceived occurrence of any number of events could negatively impact the Company. Reputation loss may lead to increased challenges in developing and maintaining community relations, decreased investor confidence, and the impediment of the Company's overall ability to advance its project development, thereby having a material adverse impact on financial performance, cash flows and growth prospects.

Litigation and Dispute Risks

The Company may become involved in disputes with other parties in the future which may result in arbitration or litigation. The results of any future disputes cannot be predicted, and the Company may be subject to the exclusive jurisdiction of foreign bodies in settling these disputes. The costs of defending or settling these disputes may be significant. If the Company is unable to resolve these disputes favourably, it may have a material adverse impact on the Company's financial performance, cash flow and results of future operations.

Although the agreements in relation to the Company's assets all require international arbitration if there is a dispute in connection with its operations, the Company could still become subject to the jurisdiction of courts or arbitration tribunals in any country of operation or may not be successful in subjecting persons or government entities to the jurisdiction of the arbitrators or another country. There can be no assurance that if the Company becomes involved in a dispute that it will be dealt with in a satisfactory manner or in a way in which the Company expects. The delay or results of such dispute settlement could have a material adverse effect on the Company, its business, prospects, results of future operations and financial condition.

11. MATERIAL CONTRACTS AND APPROVALS

The Company has received the two key approvals required for project development being the environmental approval and mining licences. Management is experienced in the project development and has commenced the implementation of procedures to meet the conditions of approval and to ensure the ongoing compliance with these conditions.

Environmental Certificate

Volt received the Environmental Impact Assessment (EIA) Certificate from the National Environment Management Council of Tanzania (NEMC) for the Bunyu project development on 3 September 2018. The certificate is dated 29 August 2018 and exists for the life of the Bunyu project unless revoked or suspended.

There are a number of conditions attached to the EIA certificate that address the following items:

1. Implement the Environmental Management Plan;
2. Approval and implementation of a Health and Safety Management Plan;

3. Final design approval for mining site facilities including the tailings storage facility, waste rock dump, process plant and other facilities to avoid environmental pollution;
4. Observe Corporate Social Responsibility principles including environmental monitoring of surrounding buffer zones and community areas;
5. Compliance with legal requirements of other relevant government agencies.

Mining Licences

The Company received two mining licences, ML 591/2018 and ML 592/2018, from the Mining Commission of the Ministry of Minerals of Tanzania. The two Mining Licences (ML's) cover the area required for the Stage 1 and Stage 2 developments of the Bunyu Graphite Project.

The two ML's cover a combined area of 17.71km^2 and provide Volt with the exclusive right to develop the graphite resources in the ML area. The ML's are effective for a period of 10 years and there is a right of 10-year renewals under section 53 of the Tanzanian Mining Act.

Holders of mining licences are obliged to comply with the following conditions:

1. Develop the mining area and carry on mining operations in substantial compliance with the programme of mining operations with due diligence;
2. Demarcate and keep demarcated the mining area in the prescribed manner;
3. Take all appropriate measures for the protection of the environment in accordance with the Environmental Management Act;
4. Implement the proposed plan for relocation, resettlement of, and payment of compensation to people within the mining areas in accordance with the Land Act;
5. Employ and train citizens of Tanzania and implement the succession plan on expatriate employees in accordance with the Employment and Labour Relations Act; and
6. Implement plans for procurement of goods and services available in the United Republic of Tanzania.

Nano Graphene Inc Offtake Agreement

Signature Date:	3 March 2017
Parties:	Volt Graphite Tanzania Ltd, Volt Resources Ltd, Nano Graphene Inc.
Aim:	The supply and purchase of graphite products
Supply Agreement:	To supply on average 1,000tpa of graphite products at a fixed price for a term of 5 years. The price is FOB ex-Mtwara Port in South East Tanzania.
Terms & Conditions:	The agreement includes the usual terms and conditions found in offtake agreements including product specifications, shipping terms, risk and insurance, weighing, sampling, analysis and assays, payment, force majeure, dispute resolution and is governed under United Kingdom law.

Qingdao Tianshengda Graphite Co. Ltd. Offtake Agreement

Signature Date:	1 August 2018
Parties:	Volt Graphite Tanzania Ltd, Qingdao Tianshengda Graphite Co. Ltd.
Aim:	The supply and purchase of graphite products
Supply Agreement:	To supply 9,000tpa of graphite products at market prices agreed each 6-month period for a term of 5 years. The price is CIF Qingdao, China.

Terms & Conditions:	The agreement includes the usual terms and conditions found in offtake agreements including product specifications, shipping terms, risk and insurance, weighing, sampling, analysis and assays, payment, force majeure, dispute resolution and is governed under Tanzanian law.

12. HISTORICAL FINANCIAL STATEMENTS

For the three years (periods) ended 30 June 2016, 30 June 2017 and 30 June 2018, audited financial statements of Volt Graphite Tanzania (previously Nachi Resources) have been prepared in accordance with IFRS (International Financial Reporting Standards) presented in Tanzanian Shillings (TZS) and audited by Innovex Auditors based in Dar es Salaam, Tanzania.

Copies of the three audited financial statements inclusive of audit reports are appended to this business plan as Annexures 2.

All three audit reports on the Financial Statements noted above provided a not modified or unqualified opinion but with an emphasis of matter with regards to a “Material Uncertainty Related to Going Concern” whereby it was drawn to the attention that the Company has not started mining activities and is still in the exploration phase and therefore did not record any revenues for the years under review. As a result, the Company since its incorporation relies on funding from the Parent Company to meet its administrative and exploration costs. During the years under review it reported net losses from operations and had negative equity. If the Parent Company for any reason stops providing funding for its administrative and operational needs, these events or conditions along with other matters indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern.

A high-level summary of these financial statements converted into US$ at a fixed exchange rate of 1USD to 2290 TZS is provided below along with an unaudited balance sheet summary for 30 June 2019 which reflects the conversion of the majority of the inter-company loan provided by the Australian listed parent company into new share capital in Volt which occurred on 10 July 2018.

During the years to 30 June 2019 after acquiring the Graphite prospecting tenements in Tanzania in May and September 2015 Volt has completed exploration drilling to define graphite Resources and Reserves, a Pre-feasibility study for a significant Graphite project completed December 2016 and Feasibility study for Stage 1 Bunyu graphite project (starter project) completed July 2018 (refer Section 3: General Development of the Company for further details) all funded by the parent company via inter-company loans and capitalised to the balance sheet as Exploration and evaluation assets. Ongoing administrative costs of maintaining the company including accounting and exploration support in Tanzania, tenement maintenance costs, environmental compliance and community relations costs have been expensed through the profit and loss account along with unrealised gains and losses on the revaluation of the inter-company loan with the parent entity. The project is yet to be developed and commence production so there is no sales revenue for these years.

Volt Graphite Tanzania	FY2016*	FY2017	FY2018	FY2019
	US$000's	US$000's	US$000's	US$000's
Profit & loss				*Unaudited*
Administrative expenses	352	941	1,211	*900*
Foreign exchange (gains) / losses	52	205	157	
Net Loss after tax	404	1,146	1,368	
Financial Position				
Exploration and evaluation assets	1,894	5,451	7,980	*8,200*
Other furniture and equipment	-	10	14	*10*
Cash and current assets	10	41	129	*40*
Current liabilities	(17)	(22)	(28)	*(50)*
Loan from parent company (non-current)	(2,291)	(7,030)	(11,012)	*(700)*
Net Assets / (Liabilities)	(404)	(1,550)	(2,918)	*7,500*
Total Equity / (Deficiency)	(404)	(1,550)	(2,918)	*7,500*
Cash Flows				
Operating	(392)	(1,147)	(1,472)	
Investing	(1,894)	(3,567)	(2,535)	
Financing from parent company	2,291	4,739	3,982	*1,100*
Net inflow / (outflow)	5	25	(25)	

** 14-month period ended 30 June 2016*

1. There is no remuneration paid or due to be paid to the directors of the Company.
2. The Company has engaged consultants to operate the business to date and therefore has no liabilities in relation to pension, retirement or similar benefits.
3. The Parent Company has provided interest free loans to fund the activities of Volt. On 10 July 2018 Volt issued 24,500,000 new shares at TZS1,000 per share to substantially reduce the non-current loan's balance outstanding.
4. Other than as noted under Note 3 above, there is no significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which audited financial information is available.

13. FINANCIAL FORECASTS

VOLT GRAPHITE TANZANIA PLC

Cash Flow Forecast	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**TOTAL**
	US$000's	**US$000's**	**US$000's**	**US$000's**	**US$000's**	**US$000's**
Net Receipts						
Proceeds from Debt Note issue - DSE 7 yrs	30,000					30,000
Proceeds from Debt Note issue - DEM 5 yrs	15,000					15,000
less (Costs) of the Debt Note raisings	(3,550)					(3,550)
Equity raising (net of costs)	6,200	5,800	3,500		8,500	24,000
Cash receipts from sales revenue	-	21,594	24,212	38,653	39,664	124,123
Cash (costs) of production	-	(15,230)	(15,714)	(22,213)	(20,741)	(73,897)
Working capital adjustments	-	209	(78)	(497)	(105)	(471)
	47,650	12,372	11,921	15,944	27,318	115,205
Payments						
RAP (Resettlement Action Plan)	(3,400)					(3,400)
Stage 1 Capex	(31,771)					(31,771)
Stage 2 DFS	(3,000)					(3,000)
Sustaining capex / pre-prod. mining	-	(2,335)	(298)	(609)	(4,678)	(7,919)
Interest on listed Notes DSE (14.5%)	(4,350)	(4,350)	(4,350)	(4,350)	(4,350)	(21,750)
Interest on listed Notes DEM (9.5%)	(1,425)	(1,425)	(1,425)	(1,425)	(1,425)	(7,125)
Income tax expense (min 0.5% revenue)	-	(108)	(121)	(193)	(198)	(621)
Royalties	-	(1,512)	(1,695)	(2,706)	(2,776)	(8,689)
Administration expenses	-	(1,748)	(1,765)	(1,765)	(1,764)	(7,042)
Corporate expenses (Tanzania)	(800)	(1,706)	(1,706)	(1,706)	(1,706)	(7,625)
DEM Notes repayment	-	-	-	-	(15,000)	(15,000)
	(44,746)	(13,184)	(11,360)	(12,754)	(31,898)	(113,942)
Cash Generated	**2,904**	**(811)**	**561**	**3,189**	**(4,580)**	
Cumulative Cash Generated	**2,904**	**2,092**	**2,653**	**5,843**	**1,263**	1,263

Detailed Capex Schedule (FY 2020)	Q1	Q2	Q3	Q4
Process Plant (equipment, earthworks, infrastructure, buildings)	2,563,966	2,563,966	$2,563,966	2,563,966
Project Infrastructure (water supply, power stations, roads etc.)	2,206,875	2,206,875	$2,580,486	2,580,486
Indirect Costs (mobilisation costs, engineering etc.)	2,452,267	2,616,360	$2,915,320	3,956,746
Total	**7,223,108**	**7,387,201**	**8,059,773**	**9,101,199**

VOLT GRAPHITE TANZANIA PLC	Year 1	Year 2	Year 3	Year 4	Year 5
	FY2020	FY2021	FY2022	FY2023	FY2024
	30-Jun-20	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24
	US$000's	US$000's	US$000's	US$000's	US$000's
Profit and Loss Forecast					
Sales income	-	21,594	24,212	38,653	39,664
Cost of sales	-	(15,230)	(15,714)	(22,213)	(20,741)
Gross margin	0	6,364	8,498	16,440	18,923
Corporate, marketing & administrative costs	(800)	(3,455)	(3,471)	(3,471)	(3,470)
Royalties	-	(1,512)	(1,695)	(2,706)	(2,776)
EBITDA	(800)	1,398	3,333	10,263	12,676
Depreciation and amortisation	-	(2,997)	(3,331)	(3,373)	(3,460)
EBIT	(800)	(1,599)	2	6,890	9,216
Interest expense - DSE Notes	-	(4,596)	(4,637)	(4,684)	(4,739)
Interest expense - DEM Notes	-	(1,620)	(1,642)	(1,667)	(1,695)
PROFIT BEFORE TAX	(800)	(7,815)	(6,277)	539	2,781
Income tax	-	(108)	(121)	(193)	(198)
PROFIT (LOSS) AFTER TAX	(800)	(7,923)	(6,398)	345	2,583
Balance Sheet Forecast					
Cash and cash equivalents	2,910	2,098	2,659	5,849	1,269
Trade receivables and other assets	137	1,922	2,141	3,344	3,428
Exploration and evaluation assets (incl. DFS Stage 2)	11,400	10,882	10,364	9,845	9,327
Bunyu Stage 1 - Capex, sustaining & interest	37,932	37,943	35,583	33,491	35,382
Bunyu RAP costs capitalised	3,400	3,245	3,091	2,936	2,782
TOTAL ASSETS	55,779	56,091	53,837	55,466	52,188
Trade payables and other current liabilities	29	2,023	2,163	2,870	2,850
Loan from Parent Company (Non-current)	1,432	1,432	1,432	1,432	1,432
Debt Notes - DSE	27,761	28,007	28,294	28,628	29,017
Debt Notes - DEM	14,075	14,270	14,487	14,730	-
TOTAL LIABILITIES	43,297	45,732	46,376	47,659	33,299
NET ASSETS	12,482	10,359	7,461	7,806	18,889
Issued Capital	16,900	22,700	26,200	26,200	34,700
Accumulated (Losses)	(4,418)	(12,341)	(18,739)	(18,394)	(15,811)
NET EQUITY	12,482	10,359	7,461	7,806	18,889

General Assumptions

1. The Company will be able to source sufficient funding through debt and equity to continue as a going concern, meeting its obligations in the ordinary course of business.

2. The Company will obtain US$30 million equivalent of funding in early FY2020 from the listing of 7-year unsecured Notes on the Dar es Salaam Stock Exchange (DSE) in Tanzania. Interest will be paid half-yearly in arrears at 14.5% per annum. The DSE Notes are repayable in full on their 7-year maturity in FY2026.

3. The Company will obtain US$15 million of funding in early FY2020 from the listing of 5-year unsecured Notes on the Development and Enterprise Market of Mauritius (DEM). Interest will be paid half-yearly in arrears at 9.5% per annum. The DEM Notes are repayable in full on their 5-year maturity in FY2024.

4. Any additional funding required will be sourced through the issue of new shares, either directly or through the Parent Company (VRC) which is listed on the Australian Securities Exchange (ASX).

5. The Company is planning to implement and operate Stage 1 of the Bunyu Graphite Project in the 7 years from FY2020. During this period, it is likely that the larger Stage 2 expansion project will either supersede or run in parallel with the Stage 1 project. The Company's five-year projected cash forecast incorporates local corporate operations plus Stage 1 of the Bunyu Graphite Project for the period FY2020 to FY2024 which is expected to cover the construction and early operating phases of the project. The projected cash forecast information does not include projections for Stage 2 of the Bunyu Project other than completion of the feasibility study which is forecast at US$3.0 million.

6. No changes to the Tanzanian legal, regulatory and fiscal frameworks, including laws related to the natural resources sector currently enacted are expected to delay or prevent the Company progressing the project. The company tax rate is expected to remain at 30% of taxable income. The Alternative Minimum Tax (AMT) rate for entities with 3 consecutive tax loss years is to remain at the revised 0.5% of revenue.

7. The Company has its required mining licences, environmental and social impact assessments and resettlement compensation plan approved by the relevant authorities (see Section 11) and all other secondary approvals, permits and licences required for the project are expected to be obtained on a timely basis. Secondary approvals are numerous and generally minor but may cause delays if not received in time.

8. The Total Graphitic Carbon (TGC) Grade is expected to average 6.26% from preliminary results targeting a specific higher-grade portion of the Bunyu 1 graphite resource identified as the initial pit areas to cover the 7 years' production under Stage 1 of the project.

9. Offtake agreements are in place or will be executed immediately after development funding is available and are expected to continue in force to ensure sales transaction as forecast are achieved.

10. The construction of Stage 1 plant and infrastructure is planned to take 12 months and comprises early works for roads, water bores and camp; water storage dam construction; mine establishment and pre-strip; tailings storage facility construction; process plant. A 3-month period for commissioning and ramp-up to nameplate operations follows. Based on development funding completed in 2019 construction is expected to be completed Q4 2020.

11. Proceeds from the sale of flake graphite products are expected to start in the FY2021 and proceeds from the sale of Purified Spheroidised Graphite for Battery Anode Product (PSGBAP) is expected to start in FY2023.

12. Royalties are expected to be paid at the rate of 3% to the Government of Tanzania and 3% to the former tenement holders.

13. The Company does not have a dividend policy. No dividends are expected to be paid to shareholders in the five years up to FY2024 from the Stage 1 Bunyu Graphite project. Dividends are anticipated once Stage 2 of the Bunyu Graphite project is in commercial production.

14. The cash flow forecast does not reflect any impact of a potential 16% free carried interest to be held by the Government of Tanzania. Under current legislation the Tanzanian Government will be issued shares in Volt which will provide the Government with a direct interest in the

project and alignment of interests. All costs including debt servicing will be funded from 100% of project cashflows. Along with existing Volt shareholders, the Tanzanian Government will be entitled to receive dividends arising from net profits.

15. Current planning is to complete the DFS for the Stage 2 expansion project, obtain financing and commence construction 6-months after the Stage 1 project is commissioned and in commercial production.

14. BREAKEVEN ANALYSIS

On an operating and sustaining capital expenditure cash flow basis, before interest charges, sales over the four years from FY2021 to FY2024 could be up to 15% lower and the project would be breakeven. Sales could be up to 7% lower in the first year FY2021. Repayment of the US$15 million Debt Notes listed on the DEM in FY2024 is supported by Equity raising of US$17.8 million in the four years from FY2021 to FY2024, along with the positive trading results forecast.

On an operating and sustaining capital expenditure cash flow basis, after interest charges, the project would first become positive for the FY2023 and FY2024 years. The interest charges of approximately $11.6 million for the FY2021 and FY2022 years combined, are planned to be funded from positive trading results, while corporate and administrative expenses, royalties and sustaining capital expenditure would be supplemented through equity raisings. Equity raisings of US$15.5 million are forecast in the three years FY2020 to FY2022 to cover the balance of the funding required including US$3.0 million for the Stage 2 Definitive Feasibility Study.

The Company has customers for more than 100% of forecast sales quantities. At present 10,000 tonnes per annum are committed in existing binding offtake agreements and a further 9,000 tonnes per annum has been negotiated for commitment via offtake as soon as development funding is available. The remaining product of approximately 4,700 tonnes per annum, the Company has co-operation agreements with Chinese based customers and commodity traders which have demand which is well in excess of these quantities for the flake size distribution that Volt's future production offers.

15. DEBT VERSUS EQUITY FUNDING

The Company is required to raise development funding of ~US$35.2 million, to meet the Capital expenditure requirements per the Feasibility study to build the Stage 1 starter project including the plant and the related infrastructure plus pay the resettlement compensation amounts. A definitive feasibility study (DFS) on the larger Stage 2 expansion project is expected to cost approximately US$3.0 million and is also planned for completion in FY2020.

With the parent entity having invested significant equity in the project, in the order of ~US$15 million to date (including the purchase of the tenements) via the issue of parent company shares, it is envisaged that debt funding will be utilised to fund the majority of the development. Current planning is to raise US$30 million in Debt Notes on the Dar es Salaam Stock Exchange (DSE) in Tanzania and US$15 million on the Development and Enterprise Market (DEM) of the Stock Exchange in Mauritius.

After debt raising costs of US$3.6 million and first-year interest costs of US$5.8 million, this would net US$35.6 million toward the project. Any additional funding would need to be raised via equity. The current planning is for US$6.2 million in Equity after costs in FY2020 to fund the Stage 2 DFS and corporate costs.

Equity could be either directly into Volt as new shares from third party investors or equity raised by VRC in Australia and provided by inter-group loan to Volt on interest free or deferred interest terms.

Development Funding

Volt plans to raise sufficient funding through debt and equity to fully develop and commence operations of the Stage 1 Bunyu Graphite Project and complete the Definitive Feasibility Study for the Stage 2 Expansion Project. The primary sources of funding will be through the issue of US$15,000,000 of 5-year interest-bearing notes to be listed on the DEM of the Stock Exchange of

Mauritius and US$30,000,000 equivalent in Tanzanian Shillings of 7-year unsecured interest-bearing notes to be listed on Tanzania's Dar es Salaam Stock Exchange (DSE).

Additional Development Funding

Cognizant that both a project finance style mining bond is new to both the Tanzanian and Mauritian markets, the issuer has contingency planning in the event only the minimum amounts in each market are raised. Volt and its advisors are in discussions with both African Development Agencies and African Development Banks regarding extending funds to complete the Stage 1 development if required. Volt and its advisers are in dialogue with these counterparts and will proceed to documentation and due diligence once the results of the local Note raisings are completed and the additional financing can be appropriately sized.

Equity Funding

Volt also plans to raise equity funding during Stage 1 construction of US$6.2 million It should be noted that Volt's cash balance at the completion of Stage 1 construction is forecast at US$2.9 million after the first two interest payments during the 12-month construction period. There is a material amount of contingent funding in the amount of equity planned to be raised in the first 12 months when the DFS expenditure of US$3.0 million during the construction period is taken into account. The following two years have equity funding requirements of US$5.8 million and US$3.5 million respectively. The forecast operating net cash flows in these years of US$6.4 million and US$8.5 million are sufficient to meet debt servicing with equity to fund administration, corporate, royalties and capital expenditure.

The equity funding for Volt is planned to come from two sources; equity investment by VRC which will raise funds through capital raisings from its shareholders and investors on the ASX and private equity placements by Volt. Direct investment in Volt is attractive to strategic investors and may be combined with offtake agreements or other commercial arrangements. VRC has a history of raising material amounts of capital to fund Volt and the Bunyu Project development expenditure.

VRC has raised a total of A$64.4 million to date from equity issuances on the ASX. In the past 4 years it has raised a total of A$26.7 million including A$12.3 million in the year ended 30 June 2016 and A$11.2 million in the year ended 30 June 2018. VRC raises equity from financial markets as required to fund project activities. During 2016 the company completed its first drilling programme and prepared the PFS published in December 2016. In 2018 the Company obtained its key environmental approvals, received its mining licences, signed binding offtake and prepared the Stage 1 Feasibility Study published in July 2018. In years of less activity it reduces expenditure through reducing the use of consultants and contractors. With VRC's sole investment focus being Volt, VRC's shareholders are committed to supporting the Bunyu Project development strategy and ensuring it is successful.

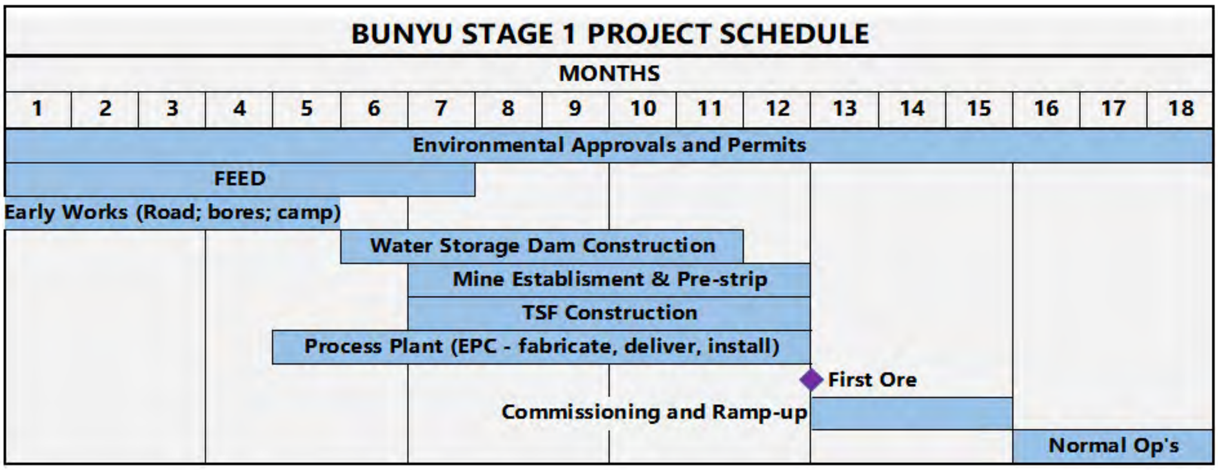
With the Bunyu Project's status as a world class graphite project through its resource size, high value flake size distribution, proximity to transport infrastructure and products suitable to a range of end uses, the sale of equity in Volt to strategic investors is a realistic source of funding. Following the DEM Note issue, the appetite for investment in a project entering the construction phase on the pathway to operations will be increased.

Refinancing from Stage 2 Funding

As previously discussed, Volt's strategy is to develop the Bunyu Project in two stages. The cashflow forecasts in this section are based on funding the DFS for the Stage 2 Expansion Project with the remaining 4 years based on Stage 1 operations only. The plan is to fund the Stage 2 development in the first year of Stage 1 operations. With a construction period of approximately 15 months, the Bunyu project cashflows will increase significantly as the project is scaled up to be one of the largest flake graphite producers globally. The Bunyu Project is forecast to produce approximately 16% of global flake graphite supply in 2023 once fully developed, delivering graphite products into a period when there are forecast to be significant deficits in graphite markets. If the Company is able to achieve this development pathway, by year 4 of the DEM Note's the Company will, based on the PFS cashflow forecasts, be in a strong position to repay the DEM Notes on maturity.

There is a risk that funding for the Stage 2 development will not be obtained when planned or that it will be unable to raise the required funding, in which case the Stage 2 development will be delayed or may not proceed.

16. STAGE 1 PROJECT TIMELINE



ANNEXURE 1 - STAGE 1 FEASIBILITY STUDY EXECUTIVE SUMMARY

QA/CA

Revision	Purpose	Prepared By	Reviewed By	Date	Final Sign Off
A	Internal Review	Dave Pass	Phil Hearse	29/06/18	PH
B	Client Review	Dave Pass	Mark Hoffmann	30/07/18	MH
0	Final	Battery Limits	Dave Pass	30/07/18	

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Table of Contents

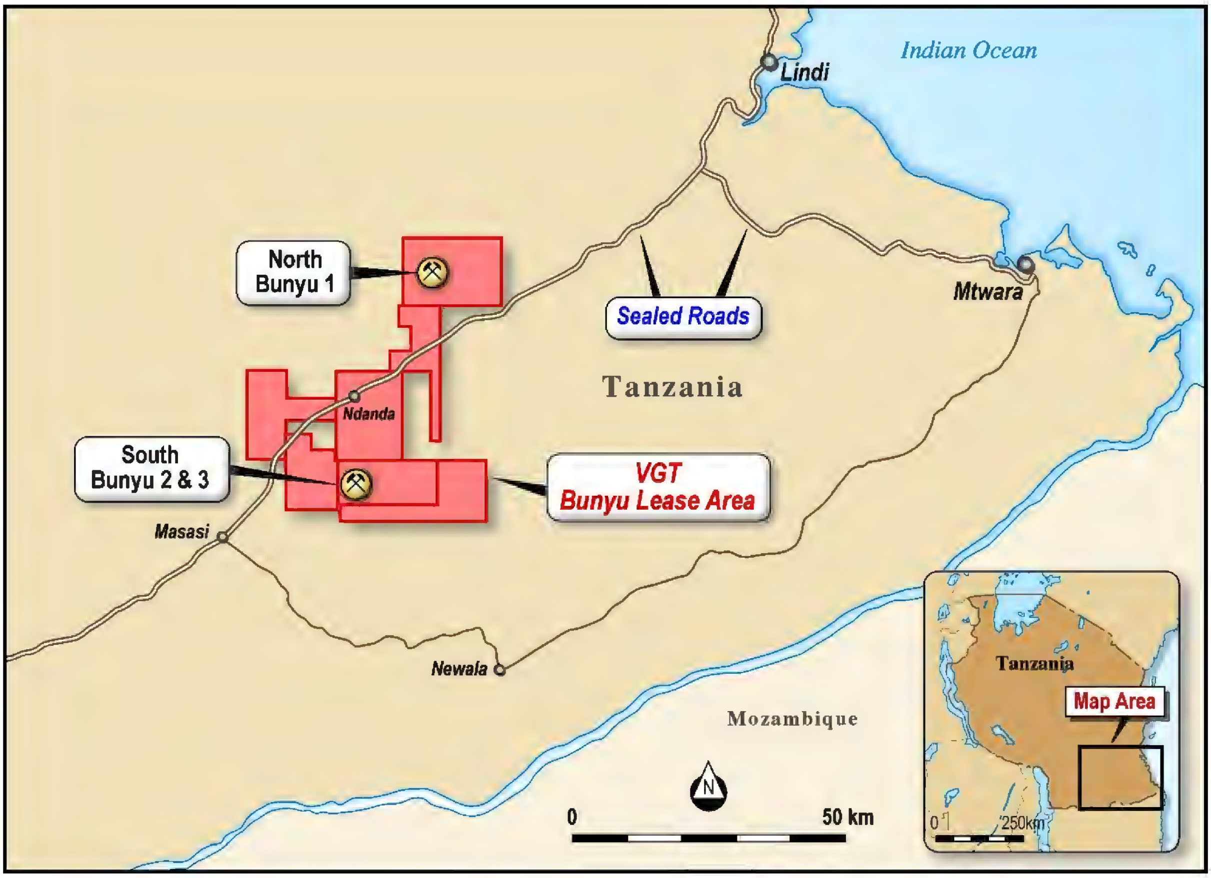
1. Executive Summary

1.1 Project Description

1.1.1 Background

This Feasibility Study (FS) is based on a mining and processing project to produce flake graphite from the Bunyu Stage 1 Graphite Project (the Project). The Project is on the Volt Graphite Tanzania Limited (VGT) Bunyu 1 tenure, located in the south-east of the United Republic of Tanzania (Tanzania) in eastern Africa, close to existing transport infrastructure including sealed roads and deep-water port. Figure 1.1 shows the Project location.

Figure 1.1 Overall location map for the Bunyu Graphite Project



The Project is 100% owned by Volt Graphite Tanzania Limited (VGT) (formerly known as Nachi Resources Ltd), which in turn is 100% owned by Volt Resources.

Volt completed a Prefeasibility Study (PFS) in December 2016, for a project with a total Resource of 461 Mt at 4.9% Total Graphitic Carbon (TGC), a 22-year mine life and Net Present Value (NPV) before tax of US$ 1,310M with a payback period of 1.4 years.

In September 2017 the Project name was changed from Namangale to Bunyu. The deposits within the Project are now named as:

- Bunyu 1 (formerly Namangale 1) – the deposit for Bunyu North
- Bunyu 2 (formerly Namangale 2) – a deposit of Bunyu South
- Bunyu 3 (formerly Namangale 3) – a deposit of Bunyu South.

The PFS was based on processing 3.8 Mt/y of ore to produce 170,000 t/y of graphite products.

Subsequently, as a strategy for de-risking the development of the full-scale project, Volt has investigated a two-stage approach to project development starting with a smaller scale Stage 1 start-up project. As well as establishing local relationships, project development and logistics paths, this will provide commercial quantities for marketing, developing downstream processing options and will enable the negotiation of offtake contracts for the main Stage 2 development.

The Stage 1 development was assessed at Scoping Study level to process 400,000 t/y of ore to produce nominal 20,000 t/y of graphite products from the Bunyu 1 deposit. Following completion of the Scoping Study, Volt made the decision to proceed directly to a Feasibility Study.

This Feasibility Study has resulted in favourable economics for the Stage 1 Project, and it is anticipated that VGT will directly fund development for Stage 1 through the issue of Tanzanian listed Notes (Bonds) for the equivalent of US$ 40 million.

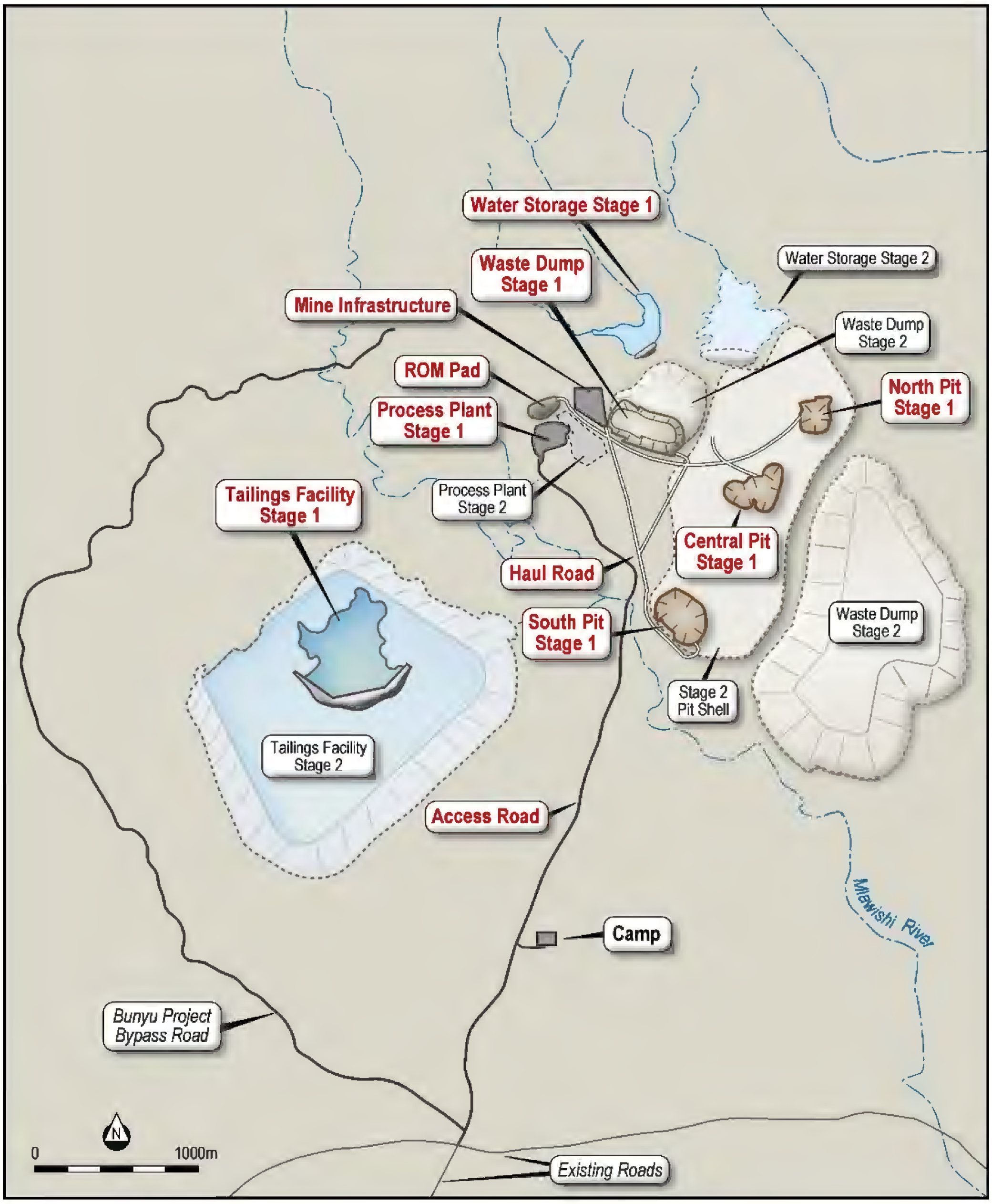
Concurrent with the development of Stage 1, a DFS will be undertaken on Stage 2 development to increase production capacity with the magnitude anticipated similar to the PFS.

Total Resource (Measured, Indicated and Inferred) of 461 Mt at 4.9% Total Graphitic Carbon (TGC) has been estimated to JORC 2012 reporting guidelines for the combined Bunyu resources, comprising Bunyu 1 (Bunyu North) and Bunyu 2 and 3 (Bunyu South).

Following the total Resource estimation, a resource model was developed for investigation of the Stage 1 FS pit designs that is restricted to above 240 mRL and the mineralised layers intersected by the pit designs. Resource for the Bunyu 1 deposit (Measured and Indicated and Inferred), for use in Stage 1, is estimated at 76.8 Mt at 5.4% TGC.

Figure 1.2 shows the planned layouts of the Bunyu Stage 1 Project area.

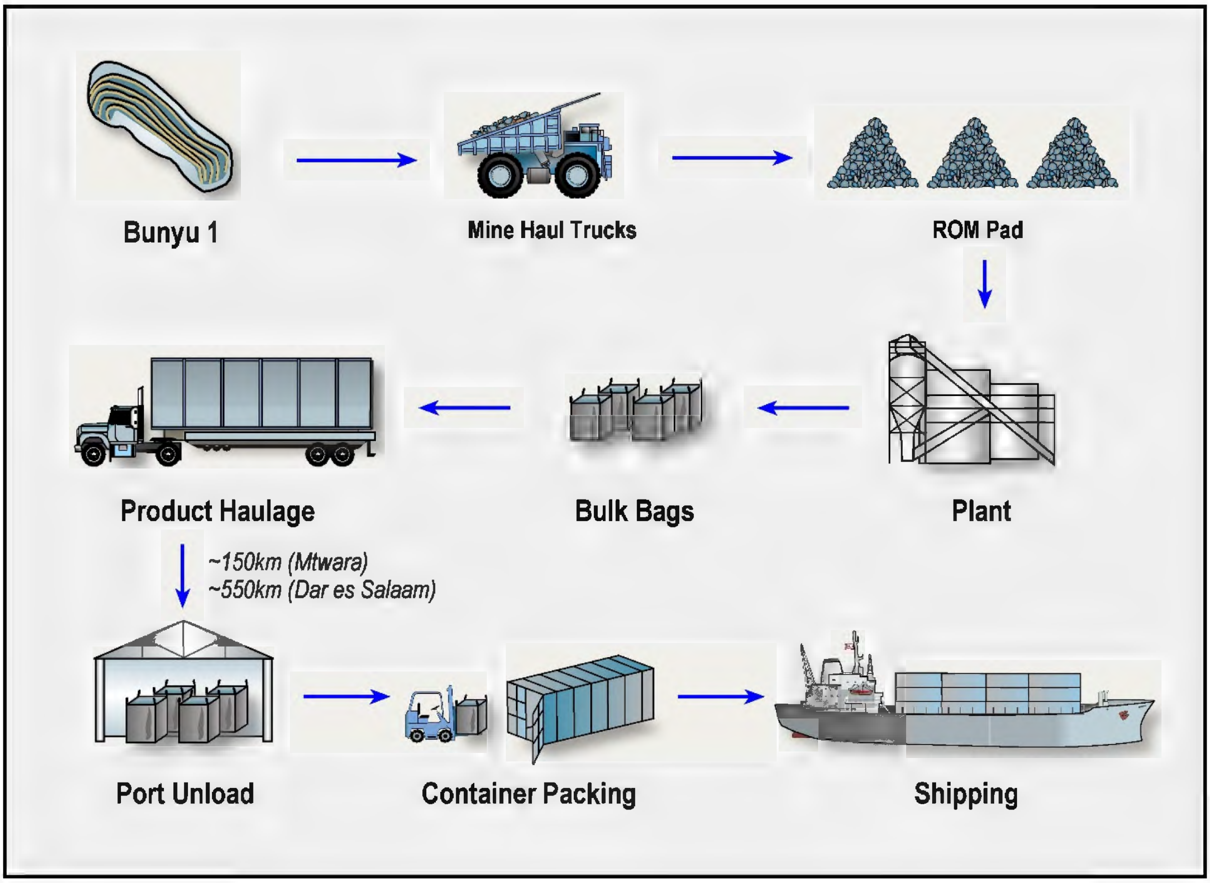
Figure 1.2 Bunyu Stage 1 - Project Layout



Based on economic pit designs, a reserve of 2.8 Mt @ 6.26% TGC with a Stage 1 waste to ore ratio of 0.8:1, has been determined to support an initial Stage 1 seven-year mine development.

Mining will be by conventional drill, blast, load and haul, open cut mining techniques undertaken by a mining contractor. Ore will be hauled to a ROM pad at the processing plant and waste will be stored in a waste dump at the mine. Figure 1.3 outlines mineral movement from mine to port.

Figure 1.3 Outline of ore movement from pit to market



1.1.2 Key project parameters

The key Project parameters are shown in Table 1.1.

Table 1.1 Nominal key project parameters

Description	Units	Design	Source
Deposit		Bunyu 1	Client
Bunyu Stage 1	Mt	2.8	Orelogy
Nominal strip ratio	Waste: Ore	0.8:1	Orelogy
Annual ore feed rate	Mt/y	0.4	Client
Ore grade	%TGC	6.26	Orelogy
Life of Stage 1 development	years	7	Client
Graphite recovery	%	93	BL
Product grade	%TGC	92-95	Client
Nominal Graphite production	kt/y	20-24	BL
Graphite Products	Type	Multiple sizes	Client

The key Project financial parameters are shown in Table 1.2, and contributors in Table 1.3.

Table 1.2 Key project financial parameters

Key Financial Parameters	Unit	Stage 1 Value
IRR - before tax	(%, real)	21.0%
IRR - after tax	(%, real)	19.3%
NPV @ 10.0% - before tax	(US$ M, real)	19
NPV @ 10.0% - after tax	(US$ M, real)	15
Capital Cost (year 0)	(US$ M, real)	(31.8)
Cash Costs (FOB)	(US$/t, real)	663
Payback Period - after tax, from 1st ore processed	(years)	4.4

Table 1.3 Key study contributors

Content	Contributor
Key FS Management	BatteryLimits
Geology and Resources	Optiro
Geotechnical	PSM
Hydrology	AQ2
Mining and Reserves	Orelogy
Metallurgy	BatteryLimits, ALS
Processing	BatteryLimits
Engineering	BatteryLimits
Tailings	ATC Williams
Power, Water, Infrastructure and Logistics	BatteryLimits, AQ2 and Volt
Project Implementation Schedule and Plan	BatteryLimits and Volt
Human Resources	P5HR, Volt
Capital Cost Estimates	BatteryLimits
Operating Cost Estimates	BatteryLimits, Orelogy and Volt
Marketing	Volt, Industrial Minerals
Financial Assessment	Volt and Modus Capital
Permitting and Environment	TanSHEQ and Volt

The report format is:

- Executive Summary (Section 1)
- Report on the Project in more detail (Section 2)
- Individual sections of the report (Sections 3-19)
- Conclusions and Recommendations (Section 20)
- Supporting Appendices.

1.2 Resource

Volt announced in December 2016 a JORC Resource for the Bunyu Project of 461 Mt @ 4.9% TGC (Table 1.4). The Mineral Resource Estimate (MRE) was completed in accordance with the guidelines of the JORC Code (2012 edition).

Table 1.4 JORC Resource estimate (2016) for Bunyu Project

Bunyu Project	Tonnes (millions)	TGC %
Inferred		
North	264	5.0
South	23	3.6
Total Inferred	**286**	**4.9**
Indicated		
North	122	5.2
South	33	4.3
Total Indicated	**155**	**5.0**
Measured		
North	20	5.3
Total Resource	**461**	**4.9**

The Mineral Resource has been reported from the 2018 resource model, restricted above the base of model surface and above 240 mRL) and above a 2.93% TGC cut-off grade and are included in Table 1.5. This cut-off grade was determined from technical and economic assessment of the mineralisation within the Stage 1 FS pits by Orelogy. This resource tabulation is not a resource statement for the entire Bunyu 1 project and is presented for validation of the 2018 resource model which has been used as the basis of the 2018 for the Stage 1 FS pit designs.

Table 1.5 Bunyu 1 - Mineral Resources within the 2018 resource model (restricted above the base of model surface and above 240 mRL) reported above a cut-off grade of 2.93% TGC

Classification	Million Tonnes	TGC %	Sulphur %
Measured	8.0	5.8	3.2
Indicated	31.9	5.6	2.6
Inferred	36.9	5.1	1.9
Total	**76.8**	**5.4**	**2.3**

The tenure over these resources through the prospecting licences held by VGT.

Figure 1.4 to Figure 1.6 show typical cross sections through the Bunyu Stage 1 deposit's three key pits the North, Central and South pits respectively.

Figure 1.4 Bunyu Stage 1 north pit cross section showing mineralised units and general topography

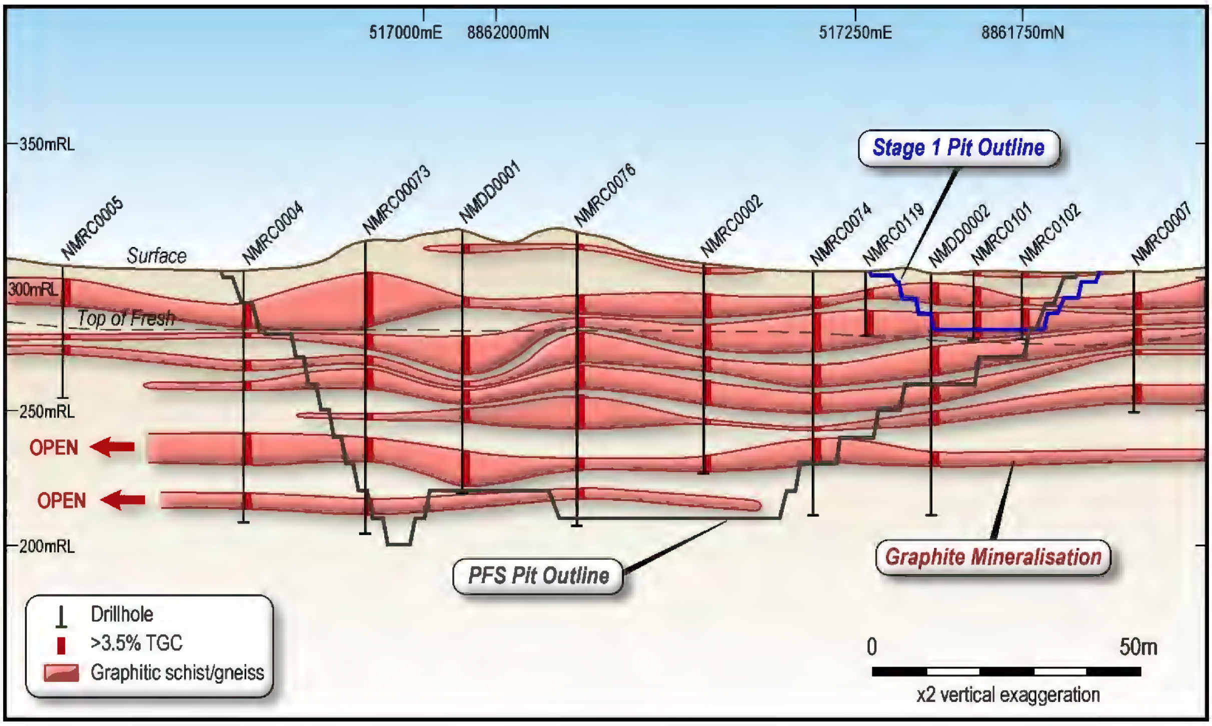


Figure 1.5 Bunyu Stage 1 central pit cross section showing mineralised units and general topography

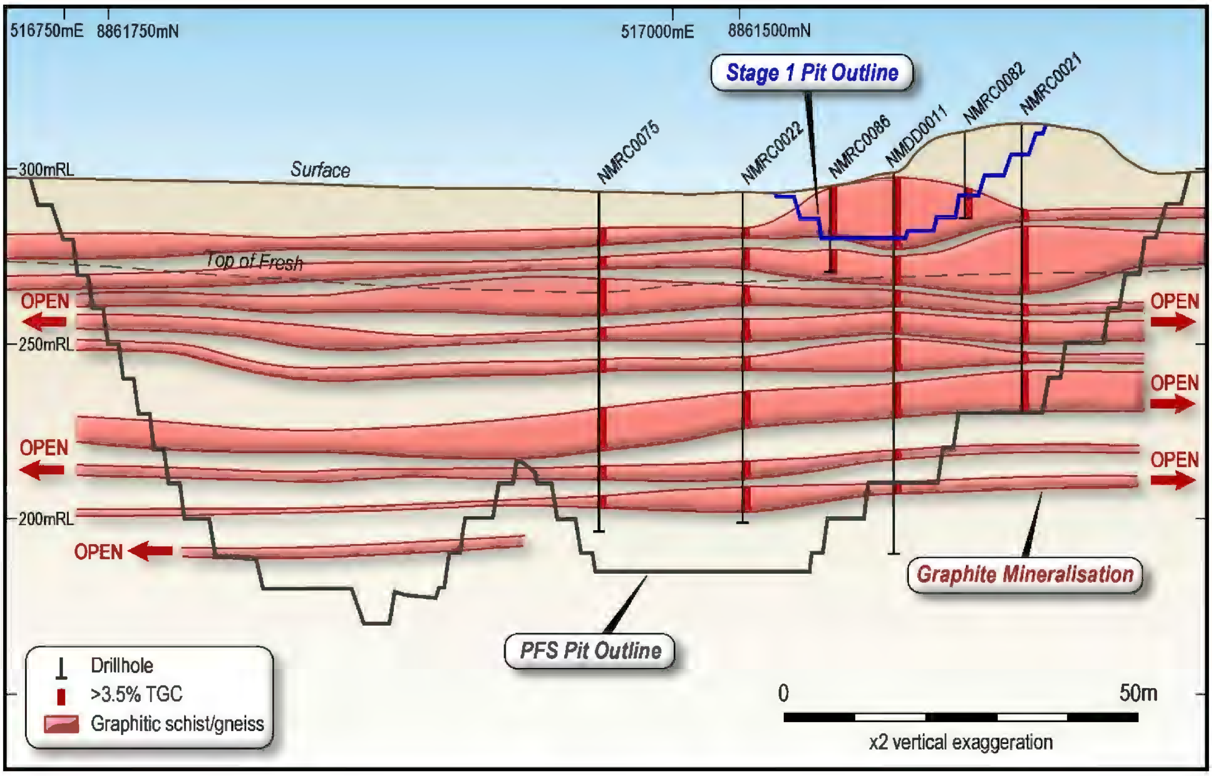
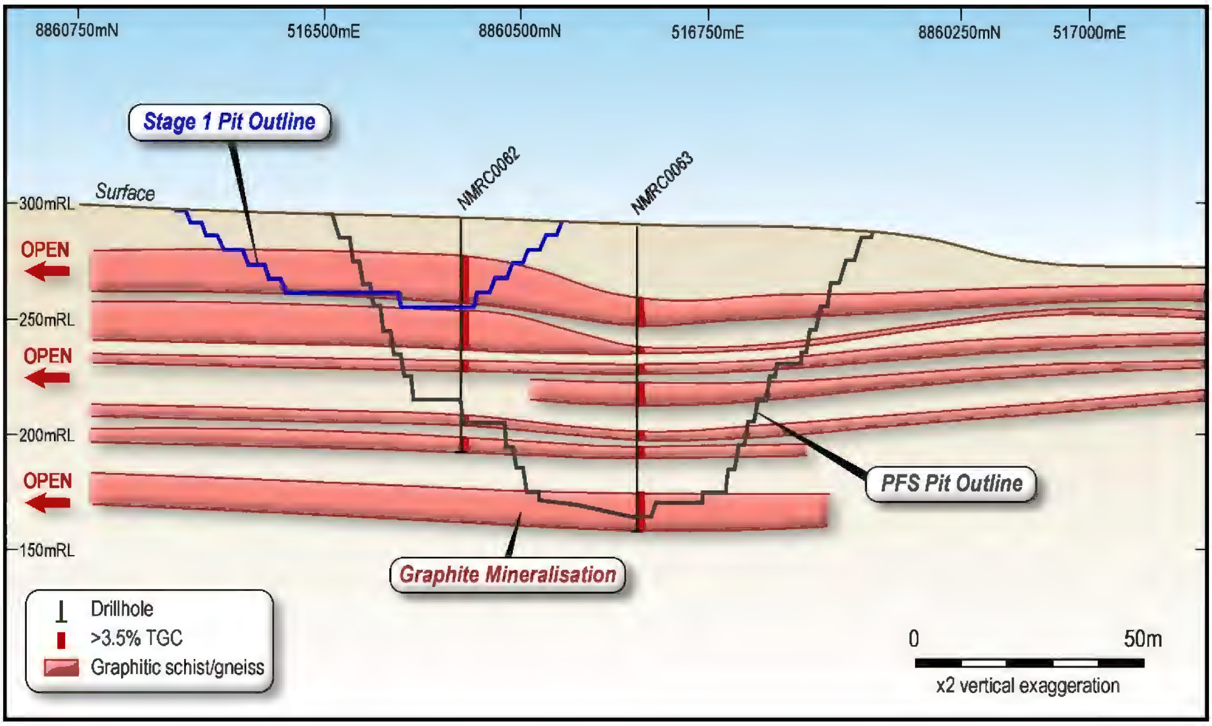


Figure 1.6 Bunyu Stage 1 south pit cross section showing mineralised units and general topography



1.3 Mining and Ore Reserve

A mining study has been undertaken by the Mining Consultant (Orelogy), including:

- Pit optimisation
- Pit, waste and stockpile designs
- Dewatering
- ARD ore and waste consideration
- Mining schedule, grade, ore and waste tonnage
- Estimated mining operating costs and site establishment capital cost.

The 2018 Bunyu 1 mineral resource model was used to determine the Bunyu Stage 1 Feasibility Study Ore Reserve and associated production schedule. The preferred mining scenario indicated mining of three pits at Bunyu 1 will be undertaken over seven years with a total of 2.8 Mt of mill feed being delivered.

The 2018 Stage 1 FS Ore Reserve is shown in Table 1.6. This table indicates an almost equal split between Proved and Probable reserve (46% and 54% respectively). There is less than 0.2% Inferred material within the pits and this has not been included in the Ore Reserve in line with the JORC 2012 Code for reporting ore reserves. Both the Stage 1 Ore Reserve and Mineral Resource underpinning it have been prepared by competent persons in accordance with JORC requirements

Table 1.6 Bunyu 1 Stage 1 ore reserve (cut-off grade 2.93%)

Material		Ore		Waste	Total	Strip Ratio
Bunyu 1	Resource Class	kt	TGC %	kt	kt	
North	Proved	832.5	6.1	109	1,001	0.12
	Probable	59.6	5.1			
	Subtotal	892.1	6.0			
Central	Proved	472.2	6.2	593	1,408	0.73
	Probable	342.8	5.6			
	Subtotal	815.0	5.9			
South Starter	Proved	0.0	0.0	916	1,315	2.30
	Probable	399.1	6.8			
	Subtotal	399.1	6.8			
South Main	Proved	0.0	0.0	649	1,358	0.91
	Probable	709.2	6.6			
	Subtotal	709.2	6.6			
Total	Proved	1,304.7	6.1	2,267	5,082	0.81
	Probable	1,510.7	6.4			
	Subtotal	2,815.3	6.3			

The scope of the Bunyu Stage 1 Feasibility Study was to develop a project plan for a relatively small component of the Bunyu 1 deposit. As such the Bunyu Stage 1 Feasibility Study Ore Reserve is considered a subset of the 2016 Namangale 1 Ore Reserve released by Volt Resources as part of the 2016 Namangale Pre-Feasibility Study (Volt Resources Ltd., 2017). It 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 planned mining open pit mining method is conventional drill, blast, load and haul, with waste material stacked in the waste dump. Mining is to be undertaken by a contractor under the control and management of VGT personnel and will likely be operated on a 12-hour 365 day per year basis.

Mining at Bunyu 1 will be undertaken with the phased development of the North, Central and South pits. The deposit is comprised of weathered materials (i.e. colluvium and completely/partially weathered). There is no fresh ore or waste material within the Stage 1 pits.

The Feasibility Study production schedule was designed to generate a minimum 400,000 t/y ore plant feed but allowing for 80% throughput over the first 3 months (processing plant ramp-up). It was determined that mining should begin at the northern pit, mining the outcropped high-grade ore out of the northern pit and using a stockpile balance as a buffer to ensure at least 6% head grade is met while there is only one source of ore at the start of mining.

Approximately 223 kt of surficial waste material within the South pit are utilised as bulk fill material in the construction of the Tailings Storage Facility and Water Storage Dam. This material is removed during the plant construction phase and therefore the Bunyu Stage 1 Ore Reserve waste tonnes are depleted by this amount prior to scheduling. Consequently, the schedule comprises a reduced waste tonnage of 2,044 kt for the same amount of ore (2,815 kt) mined over a 7.1 year periods at a lower strip ratio of 0.73. No Inferred resource has been included as ore in the Bunyu Stage 1 FS Mining Schedule.

The annual schedule summary is shown in Table 1.7 with the schedule physicals by year shown in Figure 1.7 to Figure 1.9. No Inferred resource has been included as ore in the Bunyu Stage 1 FS Mining Schedule. Table 1.7 shows that Proved reserves constitute 82% of the plant feed for the first three (3) years of operation.

Table 1.7 Bunyu 1 Stage 1 mining schedule based on pit inventories – summary

Item		Units	Total	Year							
				1	2	3	4	5	6	7	8
Ore	Tonnage	kt	2,815	440	446	416	340	342	399	400	32
	TGC	%	6.26	6.04	6.05	6.06	6.03	6.16	6.61	6.96	5.36
	Prop. Proved	%	46	83	82	81	55	14			
Waste		kt	2,044	311	316	149	541	543	184	0	1
Total		kt	4,859	750	762	565	881	884	583	401	33
SR		t:t	0.73	0.71	0.71	0.36	1.59	1.59	0.46	0.00	0.02

Cost estimation for the mining component of the FS utilised submissions from suitably qualified contracts to a Request for Budget Pricing issued by Volt and Orelogy. Rates were received from three (3) contractors. The rates utilised were adjusted to account for haulage variations from the original tender haulage assumption. Allowances were also made for additional works related to ARD control and management, additional FEL/truck rehandle, dayworks etc.

The initial mining capital in Year-1, accounting primarily for mobilisation and site establishment, amount to approx. US$ 1.50M, with approx. US$ 1.28M of this being related to the mining contractor and US$ 0.22M related to VGT costs.

The total mine operating expenditure for the Bunyu 1 Stage 1 project is approx. US$ 24.6M, which equates to approx. US$ 5.06/tonne mined or US$ 8.73/tonne ore.

Figure 1.7 Ore and waste material movement by year

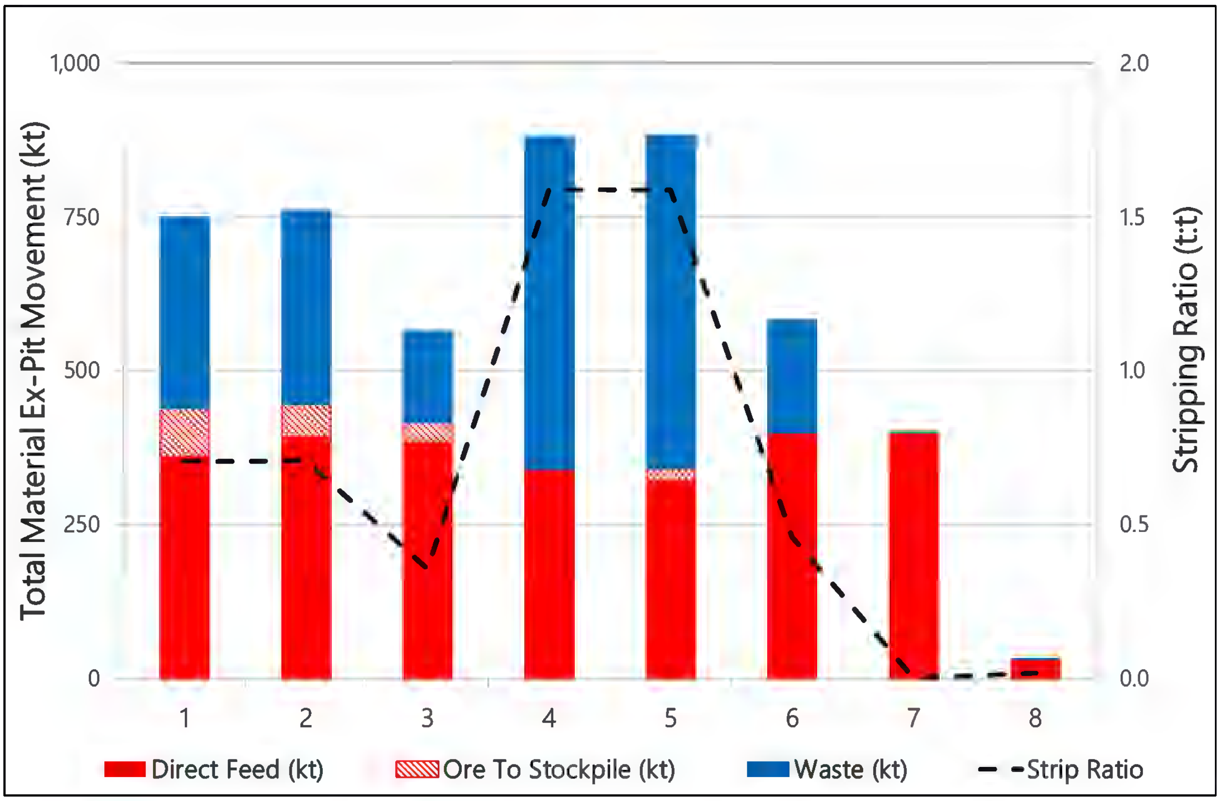


Figure 1.8 Plant feed by year

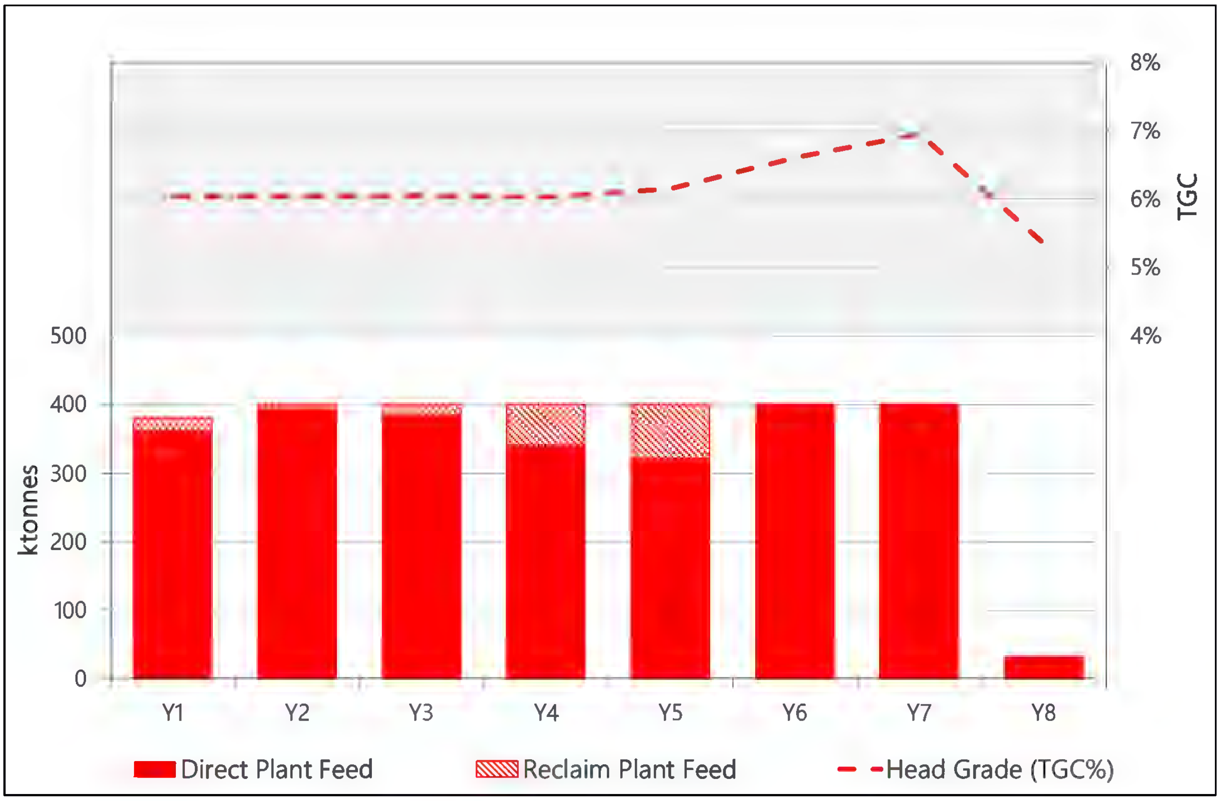
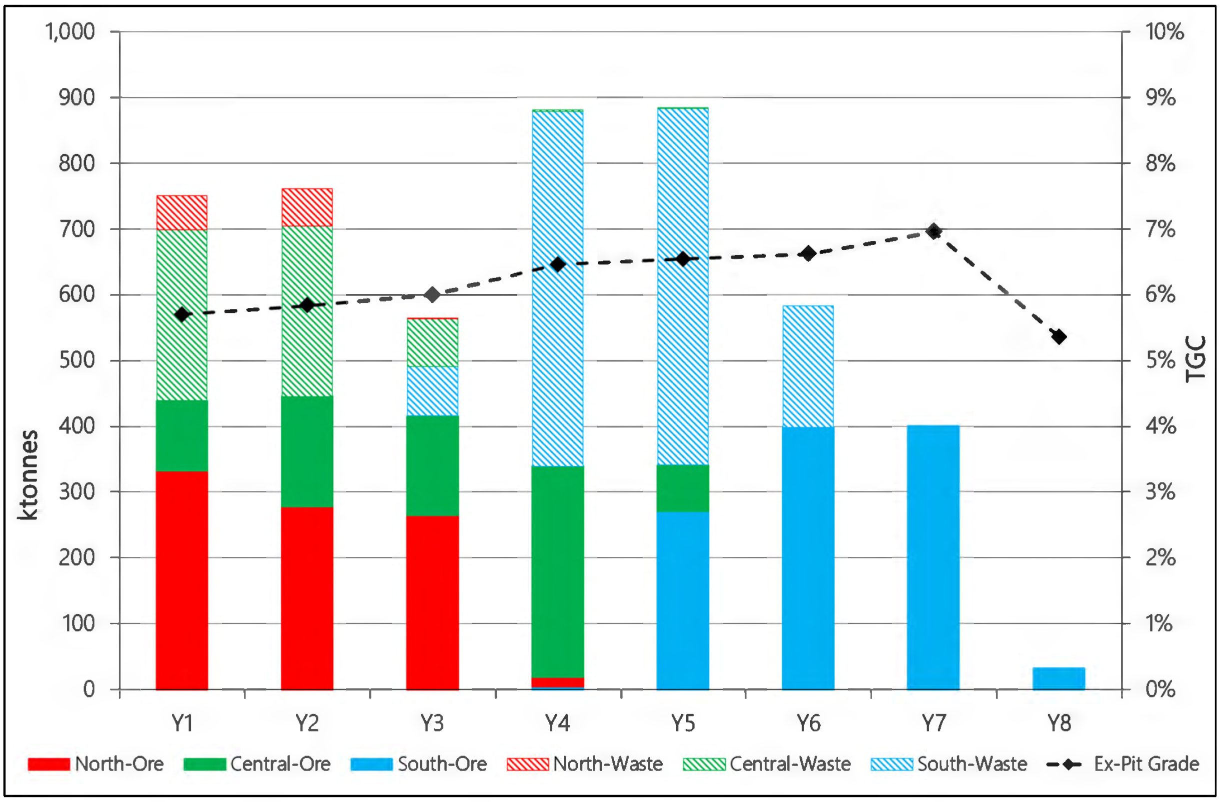


Figure 1.9 Mining sequence by year



1.4 Metallurgical Testwork

In 2016 a PFS metallurgical testwork program was conducted on the Bunyu 1 (then "Namangale 1") deposit using composite samples produced from drill core. The program included variability drill core samples comprising oxide and fresh ore types and bulk oxide trench samples. A bulk flotation test conducted on the trench oxide sample produced 31 kg final concentrate suitable for use as initial marketing samples.

In late 2017 an additional drilling program was undertaken as part of the Feasibility Study (FS) to further refine the resource understanding at Bunyu 1 with a focus on the targeted Stage 1 pit area. This program included drill holes for metallurgical variability samples as well as resource development.

The PFS data refers to composites as Namangale 1, the current program and results refers to composites as Bunyu 1 for the FS.

1.4.1 Flotation testing

The most important part of the FS test program was flotation and regrind milling testwork on drill core samples from the targeted Stage 1 pit area. This was preceded by extensive PFS testwork, including variability testing, and by an optimisation program in early 2018 which was used to refine the test conditions and flowsheet for the FS drill core samples.

There was also a program in 2018 to test variability across the ore domains which were identified in the geological Resource study. Four domains were nominated for testing to provide inputs to the Resource estimate which would support compliance with JORC requirements. It was concluded from this work that recovery and grades were comparable with prior variability testwork; that slight variations in mass distribution would likely be resolved by further testwork; and that the products were within typical size and grade specifications for traded graphite products.

The FS drill core test program was conducted initially using the Master Composite, with a flowsheet based on previous optimisation testing with the basic conditions described below.

The primary grind comprised of stage rod milling the material to P_{100} of 1000 µm for the rougher circuit. Generally, the test procedure involved rougher flotation and a polishing regrind followed by four to five stages of stirred milling/cleaning, aimed to increase graphite particle liberation while avoiding the break-up of coarser flakes.

The flotation reagent scheme consisted of kerosene as the collector, and a frother (Teric®402 or POLYFROTH®W24) supplied by Huntsman. Sodium silicate was used as a silica depressant in cleaner tests. Lime was added in the rougher stages if the natural pH was below 7.5 as previously a low natural pH was found to reduce the graphite recovery in the rougher stages. Tests were performed with a 1 kg sample, using a Denver float machine. Rougher tests were performed in a 4L cell with cleaners being conducted initially in 2L cell before being changed to a 1L cell.

As the program progressed the conditions were modified based on results.

FS master composite optimisation results

From the testwork results the following most important observations and findings were:

- The addition of sodium silicate (Na_2SiO_3) does not appear to help in depressing the silicates. There are no viscosity issues either therefore any advantages of the use as a dispersant is minimal.
- An attritioning stage should accompany each cleaner stage to liberate the gangue
- Increasing the rougher pulp density to 35% (w/w) produced a dirtier concentrate, and froth less stable.
- Testing with site water, Perth tap water and recycled water (to observe the effects of “process” water during flotation) found no material impacts from the water used.
- Screening at 150 µm, after 3 stages of cleaning achieved an acceptable TGC grade. The -150 µm required further 2 to 3 regrind/cleaning stages to achieve acceptable TGC grades

- Substituting the kerosene with diesel, at the same dosage rates, appeared to make no difference to results
- The overall TGC grades that were finally achieved were 92-93% with recoveries 93-95%.

A total of 24 flotation tests were run with varying conditions with the best results summarised in Table 1.8.

Table 1.8 Final master composite flotation results

Final PSD P_{80} (µm)	Combined Cleaner Concentrate [1]					
	Overall TGC		TGC +150 µm		TGC-150 µm	
	% Grade	% Rec.	% Grade	% Dist'n.	% Grade	% Dist'n
282	92.8	94.1	92.4	56.1	93.4	43.9

(1) Results averaged from 6 tests (BF1105, BF1106, BF1107, BF1109, BF1110 and BF1111).

1.4.2 Product characterisation

The average flake size distributions and grades, for the earlier PFS testwork and latter FS Master Composite are shown in Table 1.9. The recent FS testwork has produced a higher proportion of coarse graphite flakes whilst keeping the TGC grades higher than 90%.

Table 1.9 Grade and distribution of final concentrate

Sieve Size µm	PFS Namangale 1 Oxide		PFS Namangale 1 Fresh		Bunyu 1 Master Composite	
	Mass Dist'n (%)	TGC Grade (%)	Mass Dist'n (%)	TGC Grade (%)	Mass Dist'n (%)	TGC Grade (%)
+150	45.3	95.8	54.5	95.3	56.1	91.8
-150	54.8	91.2	45.6	90.3	43.9	93.1

1.4.3 Conclusions

The flotation testwork has demonstrated that high grade graphite concentrates, at coarse flake sizes, can be produced using a relatively simple flotation recovery process. The rougher flotation test results were particularly robust with high recoveries of graphite to relatively low mass concentrates. Cleaner flotation testwork used multiple-stage polishing and cleaning. Polishing was achieved with either a rod mill or stirred mill grind prior to each cleaner step.

The Bunyu 1 deposit has shown a degree of variability with different reagent consumptions required, to achieve TGC grade and recovery, throughout the Bunyu 1 deposit, and where required pH controlled to neutral to maintain high recovery.

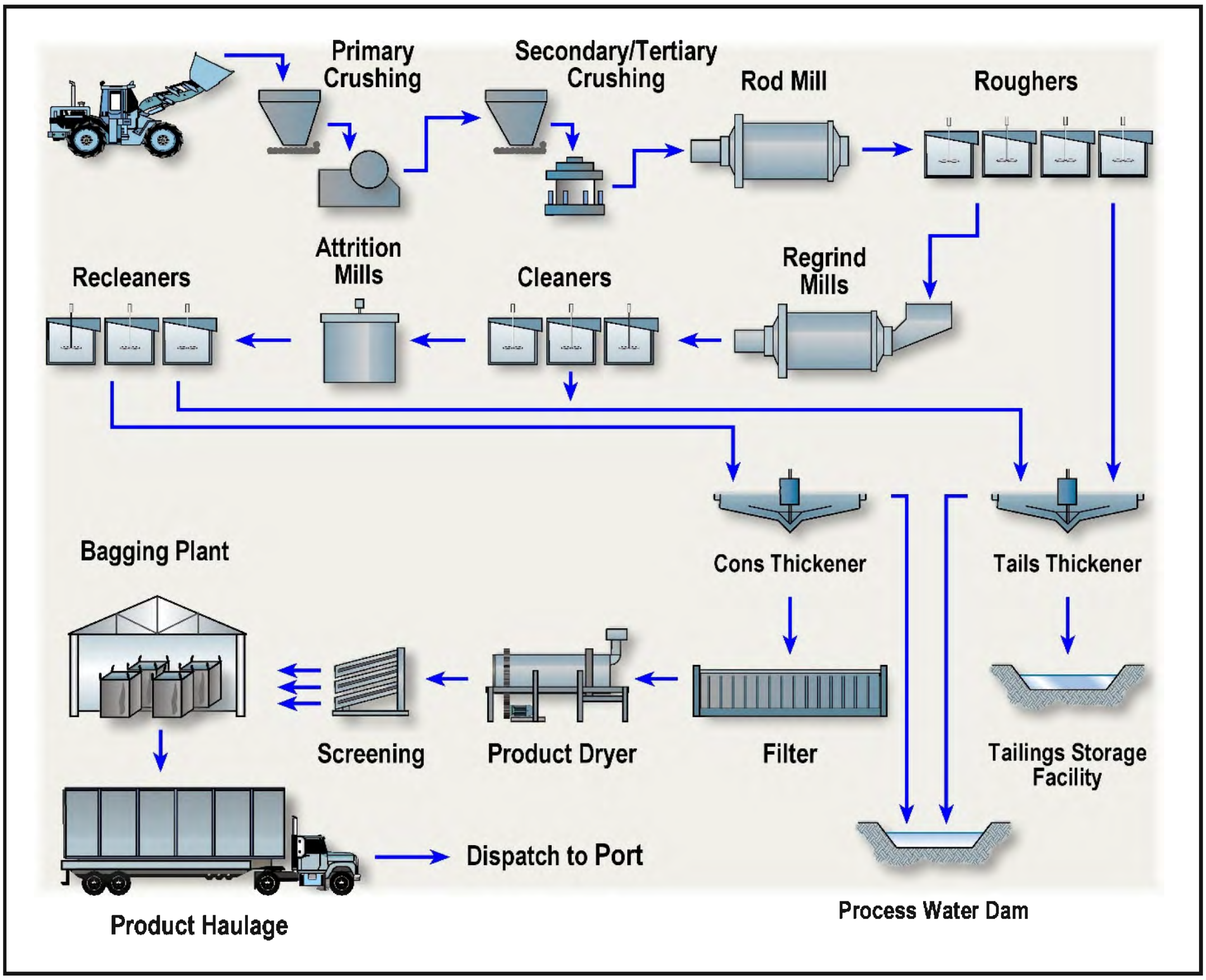
Splitting the circuit after 3 stages of cleaning and screening out the >150 µm has protected the coarse flakes and increased the proportion of >150 µm in the final concentrate.

A further 2 stages of intense stirred milling/attritioning and cleaner stages are required on the <150 µm to achieve TGC grades of 93-94%. Grades above 95% TGC, in the <150 µm fractions were not consistently achieved and to achieve this would require further flotation optimisation, including the potential use of column flotation to reduce the entrained gangue in the -25 µm size fraction.

1.5 Processing, Infrastructure and Logistics

Processing will be by well-proven crushing, grinding and flotation methods (Figure 1.10). Ore will be fed to the processing plant, located at Bunyu 1, at a nominal rate of 400,000 t/y to produce a nominal 20,000 - 24,000 t/y graphite product averaging 92-95% TGC at a nominal 93% recovery.

Figure 1.10 Outline of ore processing to produce final graphite product



The process plant consists of two-stage crushing, coarse rod milling, flotation and regrind facility, and a product drying, screening and bagging facility for the screened graphite products.

Volt will operate the processing and power plant, and manage contractor services for mining contractor, product fleet transport and logistics functions.

Additional infrastructure to support the processing plant will include:

- Tailings storage facility and process water dam
- Bores and water storage reservoir for water supply
- Office and workshop facilities
- Generators for process plant and ancillary power
- Access roads within the plant and the Project site
- Camp facilities.

A 3 MW generator plant using diesel fuel will supply power to the plant.

Water will be collected and held in reservoir storage on the mining lease. This will be supplied from wet season run off, supplemented by local bores. Water will be recovered for re-use from plant thickeners, from pit seepage and inflow, and from the tailings storage facility.

There will be a product dispatch and storage centre on site and a larger warehouse facility in Dar es Salaam (DAR). The product will be loaded into 1t bags at the Project site and transported by truck in 30 tonne lots to a warehouse adjacent to the DAR port. The bags will then be packed into 20-foot shipping containers and stored in preparation for export. Each container will likely contain 20 bags of graphite product.

1.6 Regulatory, Environment, Social, Community and Human Resources

1.6.1 Regulatory

The Bunyu Prospecting Licences for the Project were granted in 2015/16 and remain valid until 2019/20. Under the Tanzanian Mining Act (2010), administered by the Ministry of Minerals, a Mining Licence (ML) may be issued after the applicant has submitted the following items:

- Development plans and reports
- Environmental certificate after approval of an Environmental and Social Impact Assessment (ESIA)
- Plans for local procurement of goods and services
- Plans for the employment and training of Tanzanians.

Regulatory changes in July 2017 have been assessed by Volt and it is believed these changes will not prevent VGT and Volt from progressing with the current business strategy and plans for development of the Bunyu Project.

1.6.2 Environment, social and community resources

The Project was registered with the Tanzanian Government and a Rapid Social and Environmental Assessment Report (RAR) has been conducted, with the objective being to form a basis for developing Terms of Reference for the ESIA. The RAR was prepared and submitted in early December 2016.

During the first quarter of 2018, Volt & VGT lodged its Environmental and Social Impact Study (ESIS) with the National Environmental Management Council. The lodgement of the ESIS follows the completion of a significant body of work including flora and fauna surveys, heritage surveys, and stakeholder identification, including public consultation and the development of environmental and social monitoring and management plans.

The ESIS covers the area required for the Stage 1 and Stage 2 expansion projects at Bunyu 1. The ESIS is a key component of Volt's near-term development plan, and following assessment by NEMC, will be lodged with the Environment Minister for approval, for issuing the Environmental Certificate.

Following the issue of the environmental certificate, the ML application that has been lodged can be progressed, and other secondary approvals obtained.

1.6.3 Human resources

VGT and Volt is likely to implement an operating strategy based on mining by contractor, and management, processing, and administration by Volt.

The Mining Regulations require the developer to present a Local Content Plan and comprehensive training program. As such there will be a training program that ensures on-the-job training and employment opportunities for Tanzanian citizens.

Expatriate labour will be employed only if fully trained and certified with mining experience. Working permits will be valid for 24 months with possible renewals of a further 36 months, or longer under certain circumstances. A localisation program will be developed to ensure a smooth transition to local employment. Volt intends to maximise local employment as per its commitment to be a responsible employer to offset the impacts of potential physical and economic displacement.

The total Volt workforce excluding contractors is estimated at 61 people with up to 60 additional contractors.

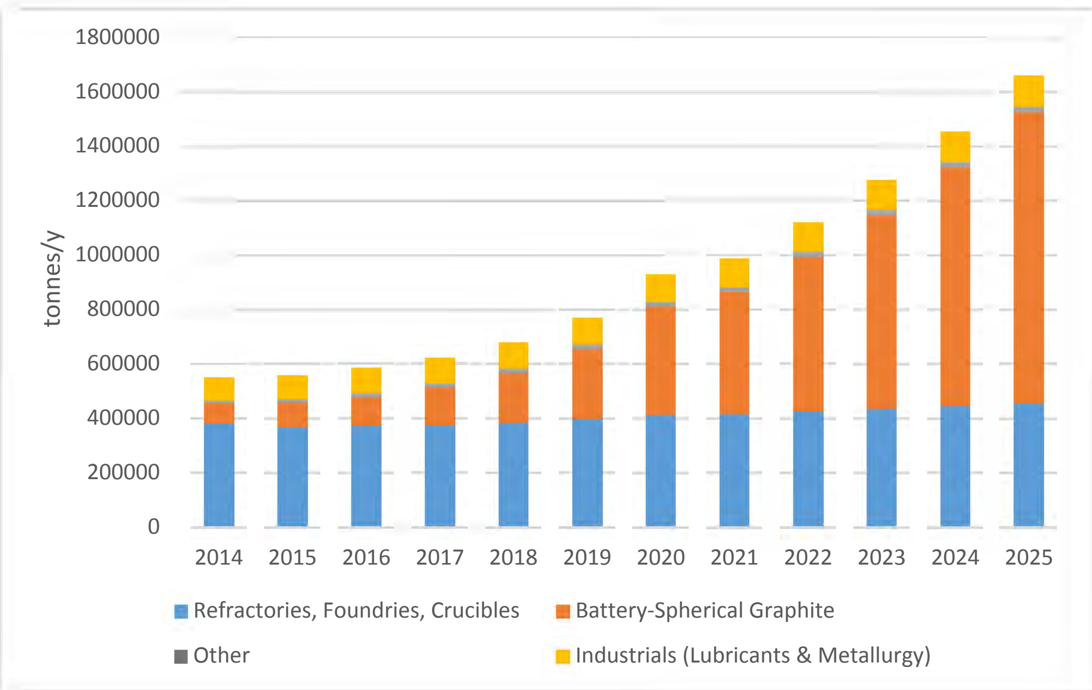
1.7 Marketing and Sales

Currently natural and synthetic graphite production is around 2.5 million tonnes per annum. However, two industries that use natural and synthetic graphite have the potential to more than double global demand over the next five years - lithium-ion batteries and fire-retardant building materials.

The forecast growth in flake graphite demand is shown in Figure 1.11.

For the growth sectors of lithium-ion batteries and fire-retardant building materials, it is expected most new supply will be naturally-sourced graphite, which is materially beneficial to Volt.

Figure 1.11 Industrial Minerals: flake graphite demand forecast 2014-2025



Volt has had dialogue with end users, traders and intermediaries across China, Japan, Korea, Europe and North America. Due to the size of the Chinese graphite market, China was identified and targeted for VGT's product from Stage 1.

China has ample small/medium flake graphite reserves in the ground. However, it has limited reserves of coarse flake sizes. With this market background, Volt has signed Cooperation Agreements and Term Sheets with leading end-user groups in China in 2017:

- CNBMGM – Cooperation Agreement
  - SOE - largest building materials group with net assets exceeding US$ 80 B
  - 10,000 - 15,000 t/y for 5 years with a further 5 years mutual option
- AOYU – Cooperation Agreement
  - One of China's leading Graphite miners and processors
  - 10,000 - 20,000 t/y off-take for 5 years with a further 5 years mutual option
- Tianshengda – Term Sheet
  - Major graphite processor and distributor, specialising in expandable graphite
  - 10,000 t/y off-take for 5 years with a further 5 years mutual option

- GEM – Term Sheet
  - Major graphite processor and distributor, specialising in expandable graphite
  - 5,000 t/y off-take for 5 years with a further 5 years mutual option.

In addition, Volt has an agreement with NanoGraphene Inc (NGI) which is based in New York and has commenced commercial production of Graphene. The Agreement is for an initial 5-year period, extendable for a further 5 years by mutual agreement. Tonnage is for a total of 5,000t with a fixed price of US$ 1,800 /t for the first 5 years.

Volt will produce a nominal 20,000 - 24,000 t/y of natural flake graphite product in Stage 1 and is currently negotiating binding offtakes for the majority of the Bunyu 1 graphite product, with size distribution as shown in Table 1.10.

Table 1.10 Graphite product size distribution

Size (µm)	Size (#)	% Distribution
+300	+50	12
+180	+80	27
+150	+100	15
-150	-100	46

Expected average Graphite product basket price for stage 1 is US$ 1,194/t (CIF).

By Year 3 the Company plans to develop a third party SPG (Spheroidised Purified Graphite) processing arrangement whereby fines products below 106 µm will be treated to produce uncoated spheroidised and purified (SPG) anode feedstock for marketing to battery cell manufacturers. It is assumed SPG product recovery of 50% will be achieved with the remaining 50% sold into the recarburiser and other existing and developing micro carbon product markets. The processing cost assumptions have been based on the AOYU cooperation agreement, discussions and site visits in mid-2017. Further discussions with third parties have identified other opportunities for toll processing or SPG joint venture or profit sharing arrangements.

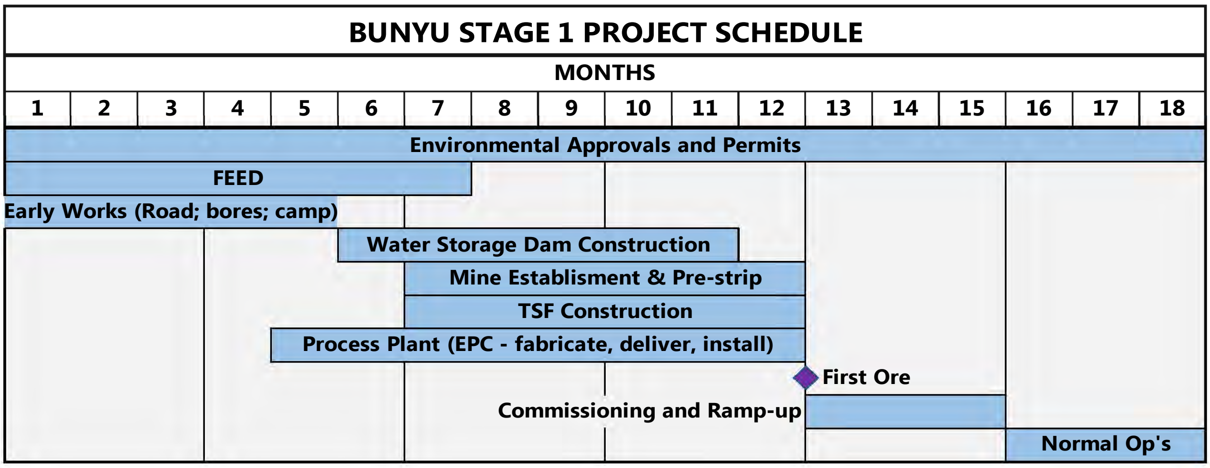
1.8 Implementation Schedule

The staged approach to project development starting with the smaller scale Stage 1 enables establishing local relationships, project development and logistics paths, provides commercial quantities for marketing, developing downstream processing options and enable the settlement of offtake contracts for the main Stage 2 development. The DFS for Stage 2 will likely proceed concurrently with Stage 1 Project development.

A high-level project schedule for stage 1 has been developed as shown in Figure 1.12.

The projected timeline from funding to first ore into the processing plant is 53 weeks with first shipment of product anticipated during the commissioning period.

Figure 1.12 Project implementation schedule



The likely contracting strategy will be an EPC contract for the main plant, and multiple contracting strategies will be utilised in the construction of the infrastructure for the Project. The construction on this basis will require additional preparatory work by VGT in the development of detailed scopes of work, and adequate time has been allowed in the implementation schedule.

1.9 Capital and Operating Cost Estimate Breakdown

The capital and operating cost estimates have been prepared to an accuracy of ±15%. The capital cost estimate summary is shown in Table 1.1. The capital cost estimate is US$ 31.8M.

Table 1.11 Capital cost estimate summary Stage 1

Description	Capital Cost (US$'000)	% of Total
Process Plant		
Plant facility	7,587	24
Process Plant - Infrastructure	2,669	8
Total Process Plant	10,256	32
Project Infrastructure		
Infrastructure	8,827	28
Mine site establishment	747	2
Total Infrastructure	9,575	30
Indirect costs		
Mobilisation costs, temp facilities, construction expenses, commissioning	2,001	6
Engineering, procurement, construction management	2,738	9
Pre-strip	749	2
Pre-production Labour	1,229	4
Owners' costs	2,246	7
Contingency	2,978	9
Total Indirect Costs	11,941	38
Grand Total	**31,771**	**100**

Not including costs associated with VGT costs and Relocation Action Plan

The operating cost estimate is US$ 663 /t graphite product (FOB) average for the life of mine (LOM), as summarised in Table 1.12.

Table 1.12 Average operating cost estimate summary

Annual Operating Costs	Av. Total (US$ k/y)	Total Cost (%)	Feed (US$/t)	Product (US$/t)
Technical Services & Mining	3,091	19	7.8	125
Processing	6,770	41	17.09	273
Maintenance	591	4	1.49	24
General & Administration	2,987	18	7.54	120
Product Logistics (FOB)	3,022	18	7.63	122
Total	**16,463**	**100**	**41.55**	**663**

1.10 Financial Analysis

The financial analysis indicates a net present value (NPV) @ 10% (real, before tax) of US$ 19M and an NPV @ 10% (real, after tax) of US$ 15M for the base case production profile and price assumptions, which provide for an internal rate of return (IRR) of 21.0% (real, before tax) and 19.3% (real, after tax).

The Stage 1 Project life is seven years from first ore to the process plant ("first ore"). The financial performance of the Project is summarised in Table 1.13, and is based on the sale of both graphite products and toll processed PSGBAP material.

Table 1.13 Stage 1 investment performance summary

Financial Performance Summary	Unit	Stage 1
Project Life - from first ore	(years)	7.1
Total LOM Net Revenue	(US$ M, real)	268.6
Total LOM EBITDA	(US$ M, real)	93.6
Total LOM EBIT	(US$ M, real)	50.1
Total LOM NPAT	(US$ M, real)	47.3
Total LOM Net Cash Flows Before Tax	(US$ M, real)	50.1
Total LOM Net Cash Flows After Tax	(US$ M, real)	42.6
IRR - before tax	(%, real)	21.0
IRR - after tax	(%, real)	19.3
NPV @ 10.0% - before tax	(US$ M, real)	18.6
NPV @ 10.0% - after tax	(US$ M, real)	14.7
Maximum Cash Draw - before tax	(US$ M, real)	31.8
Maximum Cash Draw Period - from construct. Start	(years)	1.0
Payback Period - after tax - from first ore	(years)	4.4

1.11 Project Risks and Opportunities

The staged development strategy that provides a pathway to development and reduce a number of risks for the large scale Bunyu Project (Stage 2).

Risks relating directly to Stage 1 are limited by the modest size of the investment. Current priority corporate risks are:

- Sovereign Risk
- Development Schedule
- Project Funding
- Operating Cost
- Water Supply: (Stage 1)
- Security of Tenure

- Workforce Skills
- Cost Product Transport
- Theft Critical Items.

Current priority safety risks are:

- Disease and Other Sicknesses/Bites
- General Site Safety
- Road Safety Risk-Volt
- Road Safety Risk – General.

Once proposed treatment actions are implemented, *priority corporate risks* remaining are safety risks plus:

- Development Schedule
- Project Funding
- Sovereign Risk.

Development schedule remains a risk until the project is being implemented and VGT demonstrates to the graphite industry that it is a market leader and can fulfil offtake contracts. This then places VGT and Volt in a strong position to expand its business and become a force in the supply of quality graphite flake.

Project funding risk has reduced with the staged development because of the requirement to fund a significantly smaller starter project but remains a priority for Volt and then the implementation with VGT.

Sovereign risk resulting from the changes in Tanzanian regulations in 2017 and needs to be continuously monitored and ensuring compliance.

1.12 Conclusions and Recommendations

Conclusions are:

- The strategy for a small-scale Stage 1 development is to establish infrastructure, mining and mineral processing experience and market position in support of the development of the significantly larger Stage 2 expansion project, positioning Volt as a meaningful participant in the global flake graphite market
- The Bunyu Graphite Project has adequate resources to support a large-scale project multi-decade mine life. The Stage 1 development is being considered to provide a

practical path to mitigate risk, assist funding and facilitate the execution of the large-scale Stage 2 project

- The Stage 1 Project is planned to mine and process 400,000 t/y ore at an average 6.26% TGC with an average waste to ore ratio of 0.73 to produce between 20,000 - 24,000 t/y graphite product. The Stage 1 Project shows commercial viability, with an IRR of 21.0% (real, before tax) and NPV (real, at 10% discount rate) of US$ 19M before tax
- This requires Capex of US$ 31.8M and will produce graphite product at an Opex (FOB) equivalent to US$ 663/t product (US$ 678/t CIF)
- By Year 3 the Company plans to develop a third party SPG processing arrangement whereby fines products below 106 μm will be treated to produce uncoated Spheroidised Purified Graphite (SPG) anode feedstock to market to battery cell manufacturers, with the un-spheroidised product sold into the recarburiser and other existing and developing micro carbon product markets. Discussions with third parties have identified opportunities for toll processing, SPG joint venture or profit-sharing arrangements
- The process plant design is based on proven technology and has been supported with a program of metallurgical testwork on the Bunyu ore
- Infrastructure requirements include normal mining project infrastructure as well as road upgrades, a borefield and a water storage dam, and a tailings storage facility. These have been considered in the capital cost estimates. A significant portion of the infrastructure, utilities and mine development work benefit the Stage 2 development
- The Company has completed the development of the Resettlement Action Plan and received all approvals for the compensation arrangements with approximately 1,100 people either farming and/or living within the mining licences area, incorporating both Stage 1 and Stage 2 development
- Legislative changes were enacted by the Tanzanian Parliament effective 1 July 2017 over the legal framework governing the natural resources sector in Tanzania. Based on a review of the changes, Volt remains of the view that the legislative changes will not cause or prevent Volt from progressing with its current business strategy and plans for development of the Bunyu Project
- The key risks are mostly those typically associated with a mining project, such as the risk of cost overruns, delays or metallurgical underperformance. The more notable, project-specific risks relate to sourcing low-cost equipment, remote-area staffing skills, securing offtake agreements which are consistent with assumed prices, obtaining finance, securing all necessary approvals and establishing a reliable water

source. These risks are more readily managed in the Stage 1 development because of the modest scale, and risks are ultimately limited by the investment size. A key benefit of the Stage 1 development is that it will reduce the Stage 2 development individual risks' levels.

It is recommended that:

- Volt and VGT proceeds with the project via a FEED study
- All technical and engineering aspects of the project including the mining, metallurgy, hydrology, geotechnical, process design and process plant engineering, schedule and infrastructure are developed to a greater level of detail and certainty concurrent with other project development activities. This should include:
  - Revising the starter TSF design in the context of schedules for other pre-production activities to ensure that the TSF starter cell can be constructed from limited mine waste in time for commissioning
  - Review mining strategy and schedule to optimise feed grade in in years 1 and 2, and manage costs
  - Confirmation of the scope of equipment supply for the plant vendor and confirming supply and lead times of all process equipment including utilities
  - Developing infrastructure package sub-schedules and explore opportunities for amalgamating or integrating packages to optimise use of construction equipment and project resources
  - Further investigate opportunities for Mtwara to become the preferred economic solution for Stage 1, rather than Dar es Salaam
- Volt maintains its focus on the environmental and community work leading to the granting of approvals and permits in line with the project development schedule
- The current intensive product marketing program is continued to place product from the Stage 1 production in the form of binding offtake agreements and progress the development of concepts and plans with third parties for opportunities for toll processing, SPG joint venture or profit-sharing arrangements planned to coincide with year 3
- The risk profile should be an input to the FEED study for Stage 1, and the outputs used to update the risk profile and to implement on-going risk mitigation for the project.

ANNEXURE 2 – AUDITED FINANCIAL STATEMENTS

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NACHI RESOURCES LIMITED

FINANCIAL STATEMENTS FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016

May 2017

INNOVEX

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

BFS	Bankable Feasibility Study
DH	Diamond Hole
EM	Electromagnetic
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
ISA	International Standards in Auditing
NBAA	National Board of Accountants and Auditors
PFS	Pre-Feasibility Study
PL	Prospecting Licence
RC	Reverse Circulation
TFRS	Tanzania Financial Reporting Standards
TZS	Tanzanian Shillings
US$	United States Dollars

COMPANY INFORMATION

Principal Officers	Mr. Matt Bull – Director Mr. Asimwe Kabunga – Director
Management in Tanzania	Afrika Kazi Ltd Golden Heights 1st Floor, Wing B, Unit 1/B/102 Chole Road PO Box 80003 Dar es Salaam Tanzania Email: kineneko@afrikakazi.com Web: www.afrikakazi.com
Auditors	INNOVEX Auditors Certified Public Accountants 8 Kilimani Road PO Box 75297 Dar es Salaam Tanzania Email: info@innovexdc.com Web: www.innovexdc.com
Principal Banker	CRDB Bank Plc Lumumba Branch Dar es Salaam Tanzania
Company Secretary	Ms. Leticia Herman Kabunga PO Box 35061 Dar es Salaam Tanzania

30 JUN 2017
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DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016

1. INTRODUCTION

The Directors of Nachi Resources Limited submit their report and financial statements which disclose the state of affairs of the company for the 14 months period ended 30 June 2016. This Report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1.

2. NACHI RESOURCES LIMITED COMPANY PROFILE

Nachi Resources Limited is a newly established company registered under the Tanzania's Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015. Nachi Resources Limited is owned by Volt Resources Limited who holds 99% of the company's shares. Volt Resources Limited (formerly Mozambi Resources Limited) is an Australian registered company. Volt acquired shares of Nachi Resources Limited from its original founders in September 2015.

Subsequently, on 18th April 2017, Nachi Resources Limited changed its name to Volt Graphite Tanzania Limited.

Vision statement

Nachi Resources vision is to become a significant supplier of high quality flake graphite concentrate to a range of end user groups. The company has a strong policy of using local staff and contractors wherever possible and an active program of community development to ensure that the community benefits from the development of a mining operating in the region.

3. PRINCIPAL ACTIVITIES OF NACHI RESOURCES LIMITED

The company's main activity is to develop and carry out mining activities. Currently, Nanchi Resources Limited is focused on the exploration and development of graphite at the Namangale Graphite Project located in Mtwara, Tanzania. As at 30 June 2016, the company had been granted eleven (11) prospecting licences by the Ministry of Energy and Minerals to conduct exploration activities in various parts of Mtwara.

4. ACCOUNTING PERIOD

The financial statements cover a period of 14 months from May 2015 to June 2016 which is regarded as the company's first accounting period. As per Section 152 of the Companies Act, 2002, "a company's first accounting period shall be the period of more than six months, but not more than eighteen months, beginning with the date of its incorporation."

5. RESULTS AND DIVIDENDS

The net loss for the period is TZS 924,786,612, the directors do not recommend the declaration of a dividend for the period.

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6. COMPOSITION OF THE NACHI RESOURCES LIMITED BOARD OF DIRECTORS

The company had two (02) directors in the period under review. Directors who served are:

S/n	Name	Position	Age	Qualification	Nationality	Date of appointment
1.	Mr. Matthew Bull	Director	38	Bsc. Geology and Geophysics	Australian	22-Nov-2015
2	Mr. Asimwe Kabunga	Director	45	Bsc. Mathematics and Physics	Australian	13-May-2015

DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016 (Continued)

7. MANAGEMENT

Volt Resources Limited has entered a professional service agreement with Afrika Kazi Limited for the management of Nachi Resources Limited in Tanzania. As per this agreement, Afrika Kazi Limited is responsible for:

- Provision of accounting and taxation services including but not limited to:
  - Keeping financial records and preparation of financial statements in accordance with International Financial Reporting Standards (IFRS);
  - Following up matters arising with the Tanzanian government and its regulatory authorities
  - Processing payments to suppliers
- Management of human resources and provision of candidates for employment

8. CORPORATE GOVERNANCE

Nachi Resources Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the company currently complies with principles of good corporate governance.

The Board of Directors

The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles.

The Board is confident that its members have the knowledge, talent and experience to lead the company.

The Board is required to meet and oversee the management of the business. The table below summarizes the participation of Board members in the meetings held during the period.

Name of Board member	Position	Meeting held on 15/10/2015	Meeting held on 16/12/2015	Meeting held on 23/03/2016	Meeting held on 12/06/2016
Mr. Matthew Bull	Director	√	√	√	√
Mr. Asimwe Kabunga	Director	√	√	√	√

√ = Attended

Board committees

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016 (Continued)

9. CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

The capital structure is made up of 2,000 ordinary shares of TZS 1,000 each. Below is the analysis of authorised and fully paid share capital as at 30 June 2016

	TZS
Authorised	
2,000 ordinary shares of TZS 1,000 each	**2,000,000**
Issued and fully paid	
100 ordinary shares of TZS 1,000 each	**100,000**

Volt Resources Limited in Australia is the majority shareholder of Nachi Resources Limited. As at 30 June 2016, the shareholding structure was as follows:

S/n	Shareholder	No. of shares	Percentage of ownership
1.	Volt Resources Limited	99	99%
2.	Mozambi Graphite Pty Limited	1	1%
		100	**100%**

10. DIRECTORS INTEREST

The directors who served during the year under review have no interest in the issued and paid up shares of the company.

11. SOLVENCY

The board of directors confirms that applicable International Financial Reporting Standards have been followed in the preparation of financial statements and that the financial statements have been prepared on a going concern basis. The directors have reasonable expectation that Nachi Resources Limited has adequate resources to continue its operational existence in the foreseeable future.

12. RISK MANAGEMENT AND INTERNAL CONTROLS

The board of directors accepts final responsibility for the risk management and internal control systems of Nachi Resources Limited. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of company's assets;
- Compliance with applicable laws and regulations;
- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is depended on the strict observance of prescribed measures, however there is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the year and is of the opinion that they met the accepted criteria.

14. PRINCIPAL RISKS AND UNCERTAINITIES

Nachi Resources has now defined a graphite deposit large enough to underpin a large scale long life mining operation. Therefore, the principle risk facing Nachi Resources is the risk of being unable to obtain finance to develop the mine to economic levels of production, and the potential for adverse regulatory changes to the mining laws in Tanzania could impact the ability of the company to produce graphite at an acceptable cost.

15. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW

During the 14 months period under review, the company was able to achieve the following:

Quarter Ended 30 September 2015

- Prospecting Licence PL 10718/2015 (Namangale 1) was granted late during the quarter with reconnaissance geological activities being done during the last days of the quarter.
- 11 Prospecting Licences totalling 1,955km^2 were granted.
- Geological mapping, sampling and ground EM (electromagnetic) surveys completed at Namangale 1, Namangale 2 and Namangale 3.
- A total of 21 holes totalling 1,156 Reverse Circulation (RC) meters were drilled at Namangale 2 PL. Commenced Diamond Hole drilling (DH) in the PL.
- A total of 12 holes totalling 1,365 RC meters were drilled at Namangale 1.
- Samples assay work.

Quarter Ended 31 December 2015

- Mineral resources estimate.
- Increased tenements holding to a total of 12 PLs, and 2,105.4km^2.
- Appointed a new Non-Executive Chairman.
- Completed the first drilling program of on Namangale 1 for a total of 3,259m (RC) and 326m (DH).
- A total of 31.6 line-km covering 8km^2 of EM survey done at Namangale 2.
- A total of 21 holes totalling 1,213 RC meters were drilled at Namangale 2 PL. The DD drilling commenced in the previous quarter was completed with 2 holes.
- Activities at Namangale 3 were limited to 2 DH drilling.

Quarter Ended 31 March 2016

- PFS commenced with the appointment of Battery Limits Pty Ltd to manage the process.
- Optiro were doing the PFS Resource work.
- Bulk sampling activities in order to identify the optimal mine pit location as well as to provide additional feedstock for metallurgical test work.
- Extensive metallurgical test work program for the Lithium Ion battery market.
- Planning and preparations for the 2016 drilling program.

Quarter Ended 30 June 2016

- Updated Namangale Project JPRC Resource estimate.
- Completed the metallurgical testwork results.
- Resource infill drilling and sampling at Namangale 1. A total of 4 DH and 9 RC holes were drilled. A total of 4,054 samples were collected.

DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016 (Continued)

15. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW (Continued)

Quarter Ended 30 June 2016 (Continued)

- Resource infill drilling and sampling at Namangale 2. A total of 4 DH holes were drilled. A total of 4,054 samples were collected
- Resource infill drilling and sampling at Namangale 3. A total of 3 DH and 9 RC holes were drilled. A total of 182 samples were collected
- Assistance to maintain an elementary/kindergarten school classroom at the Utimbula Village in Namangale 1
- Provided desks for Chiwata primary school in Namangale 2

16. FINANCIAL PERFOMANCE

Financial position
The Company's assets mainly comprise of exploration and evaluation assets at TZS 4,025 million (99% of total assets) which are a result of drilling and other exploration activities which took place in the period under review. These costs have been funded by the parent company i.e. Volt Resources in Australia hence the liability due to related parties which stood at 4,935 million as at the reporting date.

Financial results
The Company made a loss of TZS 925 million during the period under review. Nachi Resources Limited is still on the exploration stage and has not begun trading; no revenue was recorded during the period. Nachi Resources Limited obtained financing from by the parent company i.e. Volt Resources in Australia to cover the said expenses.

17. GENDER PARITY
As at 30 June 2016, Nachi Resources Limited did not staff employed directly by the company. All human resource is vested under the agency i.e. Afrika Kazi Limited.

18. RELATED PARTY TRANSACTIONS AND BALANCES
All related party transactions and balances are disclosed in Note 13.

19. EMPLOYEES WELFARE
As at 30 June 2016, Nachi Resources Limited did not staff employed directly by the company.
All human resource is vested under the agency i.e. Afrika Kazi Limited.

20. ACCOUNTING POLICIES
A summary of key accounting policies is in Note 2 to the financial statements and were consistently applied during the year under review.

21. ENVIRONMENT
Nachi Resources Limited has been taking measures to strengthen preparedness for natural and occupational disasters and protection of the environment and it continues to observe environmental requirements in all implemented projects.

DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016 (Continued)

22. COMPLIANCE WITH LAWS AND REGULATIONS

Nachi Resources Limited is in compliance with statutory laws and regulations. There are no known incidences of breach of law that resulted to fines or penalties in the period under review.

23. POLITICAL AND CHARITABLE DONATIONS

Nachi Resources Limited did not make any political donations during the period under review. The Company however, supplied 69 desks for the Chiwata and Chidya Primary Schools.

24. PREJUDICIAL ISSUES

In the opinion of the directors, there are no serious unfavourable matters that can adversely affect Nachi Resources Limited.

25. CORPORATE SOCIAL RESPONSIBILITIES

From June 2015 to June 2016, the company has been employing casual laborers i.e.an average of 20 field assistants per month, being paid TZS13,500/day, and supplied 69 desks for the Chiwata and Chidya Primary Schools.

Also, we supported the small business people around the project areas, we have been buying food for field assistants from the small restaurants and vehicle fuel fillings from the filling stations around the project area. The company employee's stay at Vienna Inn and other guest houses has ensured their income since we come in.

With the progression of the company Nachi Resource has appointed a community relations manager subsequent to the end of the reporting period. This is aimed to significantly increase the engagement with the community and expand the financial commitment in the local communities surrounding the project as the development of mining operation approaches.

26. FIDUCIARY RESPONSIBILITY

Members of the Board of Directors as stewards of public trust always acted for the good of the Company rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Company without placing the Company under unnecessary risks.

30 JUN 2017

27. FUTURE DEVELOPMENT PLANS

Nachi Resources completed a PFS study in late 2016 and has now progressed to a BFS study that will be used to underpin financing of the mine development. The Project is planned to produce at an annual rate of 170,000 ktpa of graphite concentrate. There is also consideration for a smaller scale processing plant to provide initial material for marketing and to confirm the potential of the project to produce commercially acceptable graphite concentrates before the company commits to development of a larger scale project.

28. EVENTS AFTER THE REPORTING DATE

On 18th April 2017, the company changed its name from Nachi Resources Limited to Volt Graphite Tanzania Limited. There are no other significant subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

DIRECTORS' REPORT FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016 (Continued)

29. AUDITORS

INNOVEX Auditors was appointed as the company's auditor for the 14 months period ended 30 June 2016 and has expressed its willingness to continue in office in accordance with Section 159 (2) of the Tanzanian Companies Act 2002.

By order of the Board

Mr. Matthew Bull
Director

25/5/17
Date

REGIONAL MANAGER
30 JUN 2017
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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under the Tanzanian Companies Act, 2002, to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the statement of income and expenditure of the company for the period.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Mr. Matthew Bull
Director

Date

MANAGER
30 JUN 2017
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DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditor (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors under the Statement of Director's responsibility on an earlier page.

I, **Ashraf Mkumbwa** on behalf of Afrika Kazi Limited being management consultants who supervised preparation of financial statements of Nachi Resources Limited, hereby acknowledge my responsibility of ensuring that financial statements for the 14 months period ended 30 June 2016 have been prepared in compliance with applicable standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Nachi Resources Limited as on that date and they have been prepared based on properly maintained financial records.

Signed by: ....

Position: **Accountant**

NBAA Membership No.: **GA – 7028**

Date: **29/05/2017**

REGIONAL MANAGER
30 JUN 2017
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INNOVEX

INNOVEX Auditors
8 Kilimani Road
Ada Estate (Near the French Embassy)
P.O. Box 76297
Dar es Salaam, Tanzania
Mobile: +255 715 540 949
Landline: +255 22 2664099
Fax: +255 22 2664098
Email: [illegible]
Website: [illegible]

Nachi Resources Limited
Plot No. 431, Mahando Street
Msasani Peninsula
PO Box 105589
Dar es Salaam

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NACHI RESOURCES LIMITED

We have audited the accompanying financial statements of Nachi Resources Limited, set out on pages 12 to 35 which comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and the statement of cash flows for the 14 months period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an independent opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depended on our professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we considered the internal controls relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the company's internal controls.

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF NACHI RESOURCES LIMITED (Continued)

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

- There are unsupported expenditures amounting to TZS 238,997,995. We were not availed with third party supporting documents and we are therefore unable to verify the occurrence, accuracy and validity of these expenditures.
- There is an unreconciled difference of TZS 207,171,529 on the amount of liability due to parent company disclosed under Note 10. The supporting documents provided and disclosed in the financial statements amount to TZS 4,935,125,453 (US$ 2,265,004) while the amount confirmed by the parent company i.e. Volt Resources Limited is US$ 2,360,086 which is equivalent to TZS 5,142,296,982. The completeness and accuracy of the liability due to parent company is thus questionable and therefore we are not able to ascertain whether the liability due to parent company is fairly stated in the financial statements for the year ended 30 June 2016.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Nachi Resources Limited as at 30 June 2016, and its financial performance and its cash flows for the 14 months then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

In our opinion, Nachi Resources Limited did not maintain adequate accounting records in the period under review. Except for matters mentioned in the basis of qualification paragraph, the financial statements referred to in the preceding paragraph are in agreement with the accounting records and have generally complied with the requirements of Companies Act, 2002.

INNOVEX Auditors
Certified Public Accountants
Dar es Salaam
Per Christopher Mageka, CPA-PP

Date: 2/06/ 2017

30 JUN 2017
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016

	Notes	2016 TZS
Revenue	4	-
Expenditure		
Administrative expenses	5	805,125,300
Loss on foreign exchange		119,661,312
Total expenditure		**924,786,612**
Loss before tax		**(924,786,612)**
Income tax expense	12a	-
Loss for the period		**(924,786,612)**

The notes on pages 16 to 35 form an integral part of these financial statements. The Financial Statements on pages 12 to 15 were approved by the board of directors and authorised for issue on..25/5............ 2017 and were signed on its behalf by:

Mr. Matthew Bull
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 10 to 11.

30 JUN 2017

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Notes	2016 TZS
Assets		
Non-current assets		
Exploration and evaluation assets	6	4,026,115,283
Current assets		
Trade and other receivables	7	11,128,113
Cash and cash equivalents	8	12,027,307
		23,155,420
Total Assets		4,049,270,703
Equity and liabilities		
Equity		
Share capital	9	100,000
Retained earnings		(924,786,612)
Total equity		(924,686,612)
Liabilities		
Non-current liabilities		
Liability due to related parties	10	4,935,125,453
Current liabilities		
Trade and other payables	11	38,831,862
Total liabilities		4,973,957,315
Total equity and liabilities		4,049,270,703

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30 JUN 2017
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The notes on pages 16 to 35 form an integral part of these financial statements. The Financial Statements on pages 12 to 15 were approved by the board of directors and authorised for issue on 25/5 2017 and were signed on its behalf by:

Mr. Matthew Bull
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 10 to 11

STATEMENT OF CHANGES IN EQUITY
FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016

	Share capital TZS	Retained earnings TZS	Total TZS
Paid up capital	100,000	-	100,000
Loss for the period	-	(924,786,612)	(924,786,612)
	100,000	**(924,786,612)**	**(924,686,612)**

The notes on pages 16 to 35 form an integral part of these financial statements. The Financial Statements on pages 12 to 15 were approved by the board of directors and authorised for issue on .... 2017 and were signed on its behalf by:

Mr. Matthew Bull
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 10 to 11

STATEMENT OF CASH FLOWS FOR THE 14 MONTHS PERIOD ENDED 30 JUNE 2016

	Notes	2016 TZS
Operating activities		
Loss for the period		(924,786,612)
Adjustments for working capital:		
Increase in trade and other receivables		(11,128,113)
Increase in trade and other payables		38,831,862
Cash flow used in operating activities		**(897,082,863)**
Investing activities		
Exploration and evaluation assets	6	(4,026,115,283)
Cash flow used in investing activities		**(4,026,115,283)**
Financing activities		
Paid share capital		100,000
Funds from the parent company	10	4,935,125,453
Cash flow from financing activities		**4,935,225,453**
Cash and cash equivalents as at 30 June 2016	8	**12,027,307**

The notes on pages 16 to 35 form an integral part of these financial statements. The Financial Statements on pages 12 to 15 were approved by the board of directors and authorised for issue on......25/5........... 2017 and were signed on its behalf by:

Mr. Matthew Bull
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 10 to 11.

REGIONAL MANAGER
30 JUN 2017
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NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nachi Resources Limited is a newly established company registered under the Tanzania's Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015. As of September 2015, the Company's majority shareholder was Mozambi Resources Limited in Australia after acquisition of 99% of the shares from its original founders. (Mozambi Resources Limited changed its name Volt Resources Limited on 29th March 2016). The remaining 1% is held by Mozambi Graphite Pty Limited.

Directors of Nachi Resources reside in Australia and have vested management of activities in Tanzania to Afrika Kazi Limited at the below address:

Afrika Kazi Ltd
Golden Heights
1st Floor, Wing B, Unit 1/B/102
Chole Road
PO Box 80003
Dar es Salaam
Tanzania

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Tanzania Shillings (TZS). The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and explanatory notes.

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The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 3.

2.3 Improvements to IFRSs

i. Accounting standards and interpretations adopted impacting the financial statements
The company did not adopt any new or revised accounting standards or interpretations in the current year that would have had an impact on the amounts or disclosures reported in these financial statements.

ii. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year
The following new or revised IFRSs were mandatorily effective and adopted by the company as at the end of the reporting period, however, they did not have a material effect on the reported financial performance or financial position.

Name of standard	Details of the changes
IAS 19 *Defined Benefit Plans: Employee* *Contributions — Amendments to IAS 19*	IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. Effective for annual periods beginning on or after 1 July 2014. **Impact** These changes provide a practical expedient for simplifying the accounting for contributions from employees or third parties in certain situations.
IFRS 7 – Financial Instruments: Disclosures	Amendments requiring disclosures about the initial application of IFRS 9. (Effective for annual periods beginning on 1 January 2015).

iii. Standards and interpretations in issue but not yet effective
At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective. The Company has not yet assessed the impact of these changes on their financial statements when they become effective.

Name of standard	Changes made to the standard
IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	The amendments to IAS 16 and IAS 41 *Agriculture* change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16,

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	including the choice between the cost model and evaluation model for subsequent measurement. Effective for annual periods beginning on or after 1 January 2016. **Impact** The requirements will not entirely eliminate the volatility in profit or loss as produce growing on bearer plants will still be measured at fair value. Furthermore, entities will need to determine appropriate methodologies to measure the fair value of these assets separately from the bearer plants on which they are growing, which may increase the complexity and subjectivity of the measurement.
IAS 16 and IAS 38 Clarification of Acceptable Methods of depreciation and amortization – Amendments to IAS 16 and IAS 38	The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. Effective for annual periods beginning on or after 1 January 2016. **Impact** Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life.
IAS 1 Disclosure Initiative – Amendments to IAS 1	The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	• That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. **Impact** These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.
IFRS 15 Revenue from Contracts with Customers	IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. Effective for annual periods beginning on or after 1 January 2018. **Impact** IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting, systems and processes.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28	The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Effective for annual periods beginning on or after 1 January 2016. **Impact** The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multilayered group structure.
IFRS 9 Financial Instruments	**Key requirements** *Classification and measurement of financial assets* All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL). *Classification and measurement of financial liabilities* For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. *Impairment* The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 *Leases*. *Hedge accounting* Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. Effective for annual periods beginning on or after 1 January 2018. **Impact** The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.
IFRS 14 Regulatory Deferral Accounts	IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

iv. Early adoption of standards
The company did not early-adopt any new or amended standards or interpretations during the financial period under review.

2.3 Current versus non-current classification
The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Current versus non-current classification (Continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 Exploration and evaluation assets

The company's exploration and evaluation assets comprise of exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and pre-development stage. These assets are transferred to mine development assets, after testing for impairment, upon the commencement of mine development. Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition
- Surveying, geological, geochemical and geophysical
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability

Capitalized exploration and evaluation expenditure related to an area of interest where the company has tenure are recorded at cost less impairment.

No amortization charge is recognized in respect of exploration and evaluation assets.

Impairment

Exploration and evaluation assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining whether the assets are impaired, management assesses several factors including the intention to continue to developing the areas of interest.

2.5 Translation of foreign currencies

Functional currencies

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Tanzania Shilling which is the company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Translation of foreign currencies (Continued)

Transactions and balances
Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.6 Financial instruments
The company classifies its financial instruments into the following categories:

i. **Financial assets and financial liabilities at fair value through profit or loss,** which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit.

ii. **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss.

iii. **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

2.6.1 Financial assets
Financial assets comprise of loans and other receivables. Loan and receivables are non-derivatives financial assets with fixed determinable payments that are not quoted in the active market. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

Financial assets carried at fair value through profit or losses are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

The company assesses at each year end whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

2.6.2 Financial liabilities
All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial instruments (Continued)

2.6.2 Financial liabilities (Continued)

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the year ended and those which the company does not have an unconditional right to defer settlement for at least 12 months after the year end.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expire.

2.7 Trade and other receivable

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.8 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Impairment of financial assets (Continued)

Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.9 De-recognition of financial assets

Nachi Resources Limited derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.10 Provision

Provisions are recognized when Nachi Resources Limited has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and demand and short term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates their fair value

2.12 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Nachi Resources Limited.

2.13 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.14 Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the statement of profit or loss and other comprehensive income account.

Current tax:

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act Cap 332 as revised from time to time.

Deferred income tax:

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities as well as the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affect in future period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

In the process of applying the company's accounting policies, management has used its judgments and made estimates in determining the amount recognized in the financial statements.

Although these estimates are based on the management's knowledge of current events and actions, actual result ultimately may differ from these estimates. The most significant use of judgments and estimates are follows:

a. Income taxes

The company is subject to various government taxes under the Tanzanian tax laws. Significant estimates and judgments are required in determining the provision for income taxes on certain transactions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b. Exploration and evaluation expenditure

The company's accounting policy for exploration and evaluation expenditure results in the capitalisation of the exploration expenditure. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. The company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

4. REVENUE

No revenue was earned during the 14 months period ended 30 June 2016. Nachi Resources Limited is still in the exploration phase and thus did not conduct activities that generated income in the period under review.

5. ADMINISTRATIVE EXPENSES	2016 TZS
Accounting services	2,921,851
Audit fees	24,682,126
Legal expenses	61,317,170
Application fees	7,121,990
Annual rent for holding the prospecting licences	276,359,709
Car parking	50,500
Casual labour	37,794,410
Community cost	11,628,000
Compensation fees	2,943,000
Stamp duty	340,000
Electricity	155,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. ADMINISTRATIVE EXPENSES (Continued)	2016 TZS
Importation costs	2,720,000
Export permit	1,675,100
Factory cost	10,980,000
Field supplies	57,822,345
Fuel expenses	54,847,248
Immigration	1,339,200
Internet charge	125,000
Consultancy fees – Company secretary	32,265,366
Meals and accommodation	107,372,200
Medical	297,000
Motorbike hire	164,000
Postage and courier	8,253,025
Registration fees-BRELA	44,000
Road permit	146,300
Royalty	424,700
Labour hire	52,799,289
Security charges	1,568,900
Stationery	3,485,100
Telephone charges	527,200
Bank charge	10,644,275
Travel and taxis	23,971,936
VAT expense	8,339,400
	805,125,300

6. EXPLORATION AND EVALUATION ASSETS	
Beginning balance	-
Costs incurred during the period:	
Bulldozer hiring costs	82,510,000
Geographical survey	170,697,332
Geophysical survey	176,908,804
Electromagnetic survey	36,411,702
Exploration activities	812,957,210
Lowbed hiring	3,920,000
Core trays	41,786,538
Hire of transport	157,053,490
Drilling cost	1,671,195,741
Sample preparation, analysis and courier	545,220,639
Consultancy fees - geologists	327,453,827
Ending balance as at 30 June 2016	**4,026,115,283**

Capitalized exploration expenditure represents the accumulated cost of the holding and exploration of the Namangile Project in Mtwara. Ultimate recovery of these costs is dependent on the successful development and commercial exploitation of the project and its areas of interest.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2016 TZS
7. TRADE AND OTHER RECEIVABLES	
Imprest advances	11,128,113
8. CASH AND CASH EQUIVALENTS	
Cash at bank	12,027,307
9. SHARE CAPITAL	
Authorised	
2,000 ordinary Shares of TZS 1,000 each	**2,000,000**
Issued and fully paid	
Called up and fully paid	
100 ordinary shares of TZS 1,000 each	**100,000**

As at 30 June 2016, Volt Resources Limited held 99 ordinary shares of the company while Mozambi Graphyte Pty Limited held 1 ordinary share.

	2016 TZS
10. LIABILITY DUE TO RELATED PARTIES	
Volt Resources Limited	4,935,125,453

Volt Resources Limited, a company incorporated in Australia owns 99% of Nachi Resources Limited. The balance due refers to funds that Volt Resources Limited has advanced the company in execution of its activities. Repayment of the liability is dependent on the discovery of economic reserves including the ability of the company to raise sufficient finances. The balance do not carry any interest and none of the company's assets are pledged against this balance.

	2016 TZS
11. TRADE AND OTHER PAYABLES	
Audit fee payable	24,682,126
Withholding tax payable	14,149,736
	38,831,862

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12. TAXATION

a. Income tax expense

Corporate tax is not charged in lieu of the loss made by the company during the reporting period. However, the company's tax affairs are subject to assessment and agreement with the Tanzania Revenue Authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. TAXATION (Continued)

b. Deferred tax

Directors have not recognized deferred tax asset or liability since there are no assets or liabilities resulting to temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

13. RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the party in making financial and operating decisions.

The company's related parties consist of holding companies and key management personnel. Key management personnel, as defined by IAS 24, *Related Party Disclosures*, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Transactions	**2016**
Transactions with Volt Resources Limited	**TZS**
Direct expenses paid on behalf	3,528,362,186
Financing received during the period	1,406,763,267
	4,935,125,453

Remuneration to key management personnel

Key management personnel of the company comprise of its directors. During the 14 months period ended 30 June 2016, directors did not receive any financial or non-financial benefit from the company.

Balances	**2016 TZS**
Liability due to Volt Resources Limited	**4,935,125,453**

14. FINANCIAL ASSETS AND LIABILITIES

14.1 Fair values of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the company's financial instruments.

	Carrying amounts 2016 TZS	**Fair values 2016 TZS**
Financial assets		
Trade and other receivables	11,128,113	11,128,113
Cash and cash equivalents	12,027,307	12,027,307
	23,155,420	**23,155,420**

14. FINANCIAL ASSETS AND LIABILITIES (Continued)

14.1 Fair values of financial instruments (Continued)

	Carrying amounts 2016 TZS	Fair values 2016 TZS
Financial liabilities		
Trade and other payables	38,831,862	38,831,862
Liability due to related parties	4,935,125,453	4,935,125,453
	4,973,957,315	**4,973,957,315**

Carrying values of the financial instruments approximates the fair values no adjustments needed.

14.2 Financial instruments by category

	Loans and receivables 2016 TZS	At fair value through P&L 2016 TZS
Financial assets		
Trade and other receivables	11,128,113	-
Cash and cash equivalents	-	12,027,307
	11,128,113	**12,027,307**

	At amortized cost 2016 TZS
Financial liabilities	
Trade and other payables	38,831,862
Liability due to related parties	4,935,125,453
	4,973,957,315

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30 JUN 2017
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14.3 Fair value hierarchy and measurement

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

(i) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active in active markets for identical assets or liabilities.
(ii) Level 2: Fair value measurements are those derived from inputs other than quoted price included within level 1 that are observable for the assets or liabilities, either directly (i.e.as a price) or indirectly (i.e. derived from prices); and
(iii) Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

14. FINANCIAL ASSETS AND LIABILITIES (Continued)

14.3 Fair value hierarchy and measurement (Continued)

	Level 1 TZS	Level 2 TZS	Level 3 TZS	Total TZS
30 June 2016				
Financial assets				
Trade and other receivables	-	11,128,113	-	11,128,113
Cash and cash equivalents	-	12,027,307	-	12,027,307
	-	**23,155,420**	-	**23,155,420**
Financial liabilities				
Trade and other payables	-	38,831,862	-	38,831,862
Liability due to related parties	-	4,935,125,453	-	4,935,125,453
	-	**4,973,957,315**	-	**4,973,957,315**

15. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The main risks arising from the company's financial instruments are credit risk, foreign exchange risk and liquidity risk. Information about the company's exposure to each of these risks, its objectives, policies and processes for measuring and managing the risks is summarised below.

(i) Credit risk

Credit risk is the risk of financial loss to the company in an event where a counterparty to a financial instrument fails to meet its contractual obligations, the risk arises principally from trade and other receivables. As the company does not have any sales yet, this risk is limited.

The company's financial assets comprise of cash and cash equivalents as well as other receivables. The credit risk on cash and cash equivalents is limited because the company banks with reputable banks that have high credit-ratings.

30 JUN 2017

(ii) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies and exposures to exchange rate fluctuations therefore arise. The currency changes can result in unpredictable gains or losses to the company. Nachi Resources Limited does not hedge against foreign currency risks as management holds most of its cash in a stable currency which is US$.

As at the reporting date the company had a foreign currency exposure resulting mainly from the liability due to related parties and audit fee payable which are denominated in US$. The net foreign monetary liability stood at US$ 2,270,812; an equivalent of TZS 4,947,780,272 as translated at an exchange rate of TZS 2,178.86/US$ which was ruling as at reporting date.

If Tanzanian Shillings strengthened or weakened by 5% the reported gain or loss on foreign exchange would be higher or lower by TZS 247,389,014 as seen below:

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

	2016 TZS	2016 US$
Assets		
Cash and cash equivalents	**12,027,307**	**5,520**
Liabilities		
Trade and other payables	24,682,126	11,328
Liability due to related parties	4,935,125,453	2,265,004
	4,959,807,579	**2,276,332**
Net foreign denominated monetary liability	**(4,947,780,272)**	**(2,270,812)**
Gain or loss when TZS strengthens or weakens by 5%	**247,389,014**	

(iii) Liquidity risk

Liquidity is the capacity to meet cash and collateral obligations without incurring unacceptable losses. Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Liquidity is further managed by monitoring cash flows forecast to ensure that the company has adequate cash resources to meet its short-term commitments.

15. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

(iii) Liquidity risk (Continued)

The table below is an undiscounted cash flow analysis for both financial assets and financial liabilities that are presented in the statements of financial position according to their contractual maturities at the statement of financial position date.

	Contractual cash flows					
30 June 2016	0-1 months TZS	1-3 months TZS	3-6 months TZS	6-12 months TZS	Above 12 months TZS	Carrying amounts TZS
Assets						
Trade and other receivables	11,128,113	-	-	-	-	11,128,113
Cash and bank balances	12,027,307	-	-	-	-	12,027,307
	23,155,420	-	-	-	-	**23,155,420**
Liabilities						
Trade and other payables	38,831,862	-	-	-	-	38,831,862
Liability due to related parties	-	-	-	-	4,935,125,453	4,935,125,453
	38,831,862	-	-	-	**4,935,125,453**	**4,973,957,315**
Liquidity risk gap	**(15,676,442)**	-	-	-	**(4,935,125,453)**	**(4,950,801,895)**

16. COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2016, directors were committed to payment of annual rents for prospecting licences as follows:

	2016
	TZS
Within 1 year	242,465,709
More than 1 year but less than 5 years	268,043,506
	510,509,215

17. OPERATING LEASE

The company did not have any lease arrangement during the period under review.

18. EVENTS AFTER REPORTING PERIOD

- **Surrender of prospecting licences**

In August 2016, directors surrendered five (5) out twelve (12) prospecting licences to the Ministry of Energy and Minerals in Tanzania. Although surrender certificates are yet to be issued by the Ministry, exploration activities in areas covered under these licences have ceased.

- **Change of name**

On 18th April 2017, the company changed its name from Nachi Resources Limited to Volt Graphite Tanzania Limited. The company was issued with a certificate of change of name no 117231 by the Registrar of Companies in Tanzania.

Directors are not aware of any further events since the date of the end of the reporting period not otherwise dealt with in these financial statements.

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30 JUN 2017
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VOLT GRAPHITE TANZANIA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

March 2018

INNOVEX

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

TABLE OF CONTENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

LIST OF ABBREVIATIONS

ASX	Australian Securities Exchange
FS	Feasibility Study
DH	Diamond Hole
DSE	Dar es Salaam Stock Exchange
DSRA	Debt Service Reserve Account
EM	Electromagnetic
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
ISA	International Standards in Auditing
NBAA	National Board of Accountants and Auditors
PFS	Pre-Feasibility Study
PL	Prospecting Licence
RC	Reverse Circulation
TFRS	Tanzania Financial Reporting Standards
TZS	Tanzanian Shillings
US$	United States Dollars

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

COMPANY INFORMATION

Principal Officers	Mr. Matt Bull – Director Mr. Asimwe Kabunga – Director Mr. Trevor Mathews – Director
Registered Office	Volt Graphite Tanzania Limited Plot No. 1826/17 Golden Heights Building, Level 1 Chole Road, Masaki P. O. Box 80003 Dar es Salaam
Management in Tanzania	Afrika Kazi Ltd Golden Heights 1st Floor, Wing B, Unit 1/B/102 Chole Road PO Box 80003 Dar es Salaam Tanzania Email: kineneko@afrikakazi.com Web: www.afrikakazi.com
Auditors	INNOVEX Auditors Certified Public Accountants 8 Kilimani Road PO Box 75297 Dar es Salaam Tanzania Email: info@innovexdc.com Web: www.innovexdc.com
Principal Banker	CRDB Bank Plc Lumumba Branch PO Box 268 Dar es Salaam Tanzania
Company Secretary	Ms. Leticia Herman Kabunga PO Box 35061 Dar es Salaam Tanzania

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. INTRODUCTION

The Directors of Volt Graphite Tanzania Limited submit their report and financial statements which disclose the state of affairs of the company for the year ended 30 June 2017. This Report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1.

2. VOLT GRAPHITE TANZANIA LIMITED COMPANY PROFILE

Volt Graphite Tanzania Limited is a company registered under the Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015 issued by BRELA. The company was initially registered as Nachi Resources Limited but on 18th April 2017, it changed its name to Volt Graphite Tanzania Limited. Volt Graphite Tanzania Limited is owned by Volt Resources Limited, an Australian company which indirectly holds 100% of the total issued shares

The Company's main activity is to develop and carry out mining activities and is currently exploring mining of graphite in the Lindi and Mtwara region of Southern Tanzania.

Vision statement

Volt Graphite Tanzania Limited's vision is to be in the top 3 global suppliers of flake graphite by 2020. The company has a strong policy of using local staff and contractors wherever possible and an active program of community development to ensure that the community benefits from the development of a mining operating in the region.

3. PRINCIPAL ACTIVITIES OF VOLT GRAPHITE TANZANIA LIMITED

The company's main activity is to develop and carry out mining activities. Currently, Volt Graphite Tanzania Limited is focused on the exploration and development of graphite at the Bunyu Graphite Project located in Mtwara, Tanzania. As at 30 June 2017, the company had been granted seven (7) prospecting licences by the Ministry of Energy and Minerals to conduct exploration activities in various parts of Mtwara.

4. RESULTS AND DIVIDENDS

The net loss for the year is TZS 2,625,336,600 (2016: TZS 924,786,611). The directors do not recommend the declaration of a dividend for the year.

5. COMPOSITION OF THE VOLT GRAPHITE RESOURCES LIMITED BOARD OF DIRECTORS

The company had three (03) members of the board in the year under review. Members who served during the year are:

S/n	Name	Position	Age	Qualification	Nationality	Date of appointment
1.	Mr. Matthew Bull	Member	37	B.Sc. Geology and Geophysics	Australian	22-Nov-2016
2.	Mr. Asimwe Kabunga	Member	47	BSc. Mathematics and Physics	Australian	13-May-2015
3.	Mr. Trevor Matthews	Member	58	PGD Applied Finance and Investment	Australian	22-May-2017

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Continued)

6. MANAGEMENT

Volt Resources Limited has entered a professional service agreement with Afrika Kazi Limited for the management of Volt Graphite Tanzania Limited in Tanzania. As per this agreement, Afrika Kazi Limited is responsible for:

- Provision of accounting and taxation services including but not limited to:
    - Keeping financial records and preparation of financial statements in accordance with International Financial Reporting Standards (IFRS);
    - Following up matters arising with the Tanzanian government and its regulatory authorities
    - Processing payments to suppliers
- Management of human resources and provision of candidates for employment

7. CORPORATE GOVERNANCE

Volt Graphite Tanzania Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the company currently complies with principles of good corporate governance.

The Board of Directors

The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles.

The Board is confident that its members have the knowledge, talent and experience to lead the company.

The Board is required to meet and oversee the management of the business. The table below summarizes the participation of Board members in the meetings held during the period.

S/n	Name of Board member	Position	Meeting held on 19/10/2016	Meeting held on 21/12/2016	Meeting held on 15/02/2017	Meeting held on 10/06/2017
1	Mr. Matthew Bull	Director	√	√	√	√
2	Mr. Asimwe Kabunga	Director	√	√	√	√
3	Mr. Trevor Matthews	Director	N/A	N/A	N/A	X

√ - Attended
X – Absent with apology
N/A – Was not yet a Board member when meeting was held

Board committees

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Continued)

8. CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

The capital structure is made up of 2,000 ordinary shares of TZS 1,000 each. Below is the analysis of authorised and fully paid share capital as at 30 June 2017.

	TZS
Authorised	
2,000 ordinary shares of TZS 1,000 each	**2,000,000**
Issued and fully paid	
100 ordinary shares of TZS 1,000 each	**100,000**

Mozambi Resources Investments Pty Limited in Australia is the majority shareholder of Volt Graphite Tanzania Limited. As at 30 June 2017, the shareholding structure was as follows:

S/n	Shareholder	No. of shares	Percentage of ownership
1.	Mozambi Resource Investments Pty Limited	99	99%
2.	Mozambi Graphite Pty Limited	1	1%
		100	**100%**

**Both companies are 100% owned by Volt Resources Limited in Australia*

9. DIRECTORS INTEREST

The directors who served during the year under review have no interest in the issued and paid up shares of the company.

10. SOLVENCY

The Directors are satisfied that the Company is a solvent going concern within the meaning described by the Companies Act No. 12 of 2002 of the laws of Tanzania and International Financial Reporting Standards (IFRSs).

11. GOING CONCERN ASSUMPTION

The Directors confirm that the applicable International Financial Reporting Standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors have reasonable expectation that Volt Graphite Tanzania Limited has adequate resources to continue its operational existence in the foreseeable future. Volt Resources Limited the ultimate parent company which is listed on the Australian Securities Exchange (ASX) has confirmed to the Directors of Volt Graphite Tanzania Limited in a letter of comfort that it will continue to finance Volt Graphite Tanzania Limited for at least the following twelve months or until such time as Volt Graphite Tanzania Limited can support itself financially, which is anticipated through the planned bond issue.

12. RISK MANAGEMENT AND INTERNAL CONTROLS

The board of directors accepts final responsibility for the risk management and internal control systems of Volt Graphite Tanzania Limited. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of company's assets;
- Compliance with applicable laws and regulations;

12. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is depended on the strict observance of prescribed measures, however there is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the year and is of the opinion that they met the accepted criteria.

13. PRINCIPAL RISKS AND UNCERTAINITIES

Volt Graphite Tanzania Limited has now defined a graphite deposit large enough to underpin a large scale long life mining operation. The principal risk facing Volt Graphite Tanzania Limited is the risk of being unable to obtain finance to develop the mine to economic levels of production, risk of not obtaining development approvals from the Tanzanian government and the potential for adverse regulatory changes to the mining laws in Tanzania to impact the ability of the company to produce graphite at an acceptable cost.

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW

Key operational highlights during the year included:

- Bunyu Project Pre-Feasibility Study (PFS) was completed with an IRR of 67% and after tax NPV_{10} of US$890 million.
- Relatively low capital development cost of US$173m and operating costs of US$[illegible] per product tonne.
- Maiden JORC Ore Reserve of 127.4Mt @4.4%TGC for 5.6Mt of contained graphite. This is the largest graphite Ore Reserve in Tanzania.
- Mineral Resource Estimate increased to 461Mt at 4.9% TGC which is the largest graphite Mineral Resource in Tanzania.
- Metallurgical testwork confirms the ability to upgrade Bunyu concentrate to meet battery anode feedstock requirements and suitability for expandable graphite market applications.
- New strategy to develop the Bunyu Graphite Project in stages. Feasibility studies being revised to focus on a Stage 1 starter project and a stage 2 expansion project.
- Execution of a number of product marketing agreements including:
  - A binding offtake agreement with Nano Graphene Inc incorporating a fixed price for a five year term;
  - A Co-operation Agreement with Aoyu Graphite Group incorporating a 1,000 tonne ore processing trial, discussions on a processing agreement to produce up to 20,000tpa of spheroinised graphite and 10,000 tonne to 20,000 tonne per annum graphite product offtake;
  - A Co-operation Agreement with China National Building Materials General Machinery which, subject to completion of certain conditions, incorporates offtake, engineering support and facilitation of Stage 1 and Stage 2 project finance and credit insurance; and

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW (Continued)

- A detailed Offtake Term Sheet with Guangxing Electrical Materials for 5,000 tonnes per annum of flake graphite concentrate. The contract period is five years with concentrate delivery planned to commence from mid-2018.

<u>Bunyu Project, Southern Tanzania</u>

A number of activities were progressed in relation to the Bunyu Project including exploration and resource definition drilling, metallurgical testwork programs to facilitate processing plant flow sheet design and product marketing, meetings to advance environmental approvals and community engagement and the preliminary engineering combined with operational planning required for the completion of the Pre-Feasibility Study.

The drilling program undertaken in 2016 comprised 7,791 metres of RC and Diamond drilling which resulted in the material upgrades in the Mineral Resource Estimate and a maiden Ore Reserve during the first half of the financial year.
The Project's close proximity to road and port infrastructure is a material benefit and has a positive impact on the capital development costs and logistics costs during the construction and operation phases. There is sufficient capacity at the Mtwara Port available to support the Project's export requirements.

Independent metallurgical testwork and customer analysis continues to consistently support the positive properties of the Bunyu graphite. Ease of graphite concentrate upgrading, excellent conductivity, low deleterious impurities and very good expansion properties provide opportunities in the entire graphite market for Bunyu graphite. Technical and commercial marketing discussions continued with key potential customers during the year resulting in the successful execution of four agreements incorporating offtake and other supporting provisions including downstream processing, engineering and financing support.
Following the completion of the Pre-Feasibility Study, securing environmental approvals, the grant of mining licences (ML's) and progressing further Feasibility Studies are now key focus areas. The process for securing the ML's is progressing, with several government departments involved with the approval process. Volt's local team and experienced consultants have been working across the various elements and expect to complete these activities in the second half of the 2017 calendar year.

In May 2017, the Company announced a new strategy to develop Bunyu in two stages. Stage 1 will now be focussed on the potential development of a 20,000tpa graphite mine and processing facility in Tanzania with exports of graphite products expected into the USA, China and other markets[1]. The Stage 2 development is an expansion of production based on the market demand for Bunyu's graphite products.

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1 Whilst the Company previously released the results of a pre-feasibility Study in relation to the development of the Bunyu Graphite Project on 15 December 2016, the Company is now revisiting that study based on the Company's revised objectives for the Stage 1 production from the project. The Company expects that all of the initial Stage 1 production will come from existing ore reserves and measured and indicated mineral resources attributable in the Project area.

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW (Continued)

Bunyu Project, Southern Tanzania (Continued)

This Stage 2 expansion is targeted to be completed by 2020 to meet expected significant increases in demand for large flake graphite in the expandable market and smaller flake size products for battery anode material and other existing and evolving industrial uses for micro carbon products.

15. FINANCIAL PERFOMANCE

Financial position

The Company's assets mainly comprise of exploration and evaluation assets reported at TZS 12.5 billion (2016: TZS 4.3 billion) forming 99% of total assets. The increase in exploration and evaluation assets was mainly attributed by increased level of exploration activities, drilling and sample testing that increased significantly during the year. These costs have been funded by the parent company i.e. Volt Resources in Australia hence the liability due to related parties which stood at TZS 16 billion as at the reporting date (2016: TZS 5.2 billion).

Financial results

During the year ended 30 June 2017, the Company made a loss of TZS 2.6 billion compared to TZS 925 million reported in the previous period. Volt Graphite Tanzania Limited is still in exploration stage and has not begun trading; no revenue was recorded during the year. The loss reported during the year was mainly attributed by increased costs in labour hire from TZS 52.8 million to TZS 1.1 billion as a result of the increase in level of activities at the sites, more labour was engaged during the year. Volt Graphite Tanzania Limited obtained financing from by the parent company i.e. Volt Resources in Australia to cover the said expenses.

16. GENDER PARITY

As at 30 June 2017, Volt Graphite Tanzania Limited did not have staff employed directly by the company. All human resource is vested under the agency i.e. Afrika Kazi Limited.

17. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions and balances are disclosed in Note 14.

18. EMPLOYEES WELFARE

As at 30 June 2017, Volt Graphite Tanzania Limited did have not staff employed directly by the company. All human resource is vested under the agency i.e. Afrika Kazi Limited.

19. ACCOUNTING POLICIES

A summary of key accounting policies is in Note 2 to the financial statements and were consistently applied during the year under review.

20. ENVIRONMENT

Volt Graphite Tanzania Limited has been taking measures to strengthen preparedness for natural and occupational disasters and protection of the environment and it continues to observe environmental requirements in all implemented projects.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Continued)

21. COMPLIANCE WITH LAWS AND REGULATIONS
Volt Graphite Tanzania Limited is in compliance with statutory laws and regulations. There are no known incidences of breach of law that resulted to fines or penalties in the period under review.

22. POLITICAL AND CHARITABLE DONATIONS
Volt Graphite Tanzania Limited did not make any political donations during the year under review. The Company made a number of donations to the communities it operates in under its Corporate Social Responsibility program.

23. PREJUDICIAL ISSUES
In the opinion of the directors, there are no serious unfavourable matters that can adversely affect Volt Graphite Tanzania Limited.

24. CORPORATE SOCIAL RESPONSIBILITIES
From July 2016 to June 2017, the Company employed casual laborers from the local communities with over three hundred separate temporary jobs created over the course of the 2016/17 financial year. In addition, the Company funded Nursery School teacher salaries, built a new village office and renovated another village office, repaired and renovated a nursery school classroom; purchased tables and office chairs for the Utimbula Nursery School and provided corrugated iron sheeting for repairing the storm damaged roof of the Muungano Primary School.

The Company continues to support small businesses in the project areas, including the purchase of food for exploration staff, fuel from local fuel suppliers. The company employee's stay at the local guest houses in Ndanda which has provided valuable income since the Company commenced exploration activities in the region.

During the financial year the Company appointed a full time Community Relations Manager and two Community Liaison Officers. This is aimed to significantly increase the engagement with the community and expand the financial commitment in the local communities surrounding the project as the development of Stage 1 of the Bunyu Project is progressed.

25. FIDUCIARY RESPONSIBILITY
Members of the Board of Directors as stewards of public trust always acted for the good of the Company rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Company without placing the Company under unnecessary risks.

26. FUTURE DEVELOPMENT PLANS
Volt Graphite Tanzania completed a PFS study in late 2016 for a large scale mine development. In May 2017 the Company strategy was changed to incorporate a Stage 1 20,000tpa graphite product development followed by a Stage 2 expansion project. The current focus for the Company is the completion of the Stage 1 Feasibility Study, obtaining the two key development approvals being the Environmental Certificate and Mining Licence and development funding to construct and commission the project.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2017 (Continued)

27. EVENTS AFTER THE REPORTING DATE

Planned bond issue US$40 million equivalent

As updated in the Volt Resources Limited (ultimate parent entity) quarterly activities report for the December 2017 quarter and as released to the Australian Securities Exchange (ASX) on 31 January 2018, Volt has engaged Exotix Capital to undertake a Tanzanian bond issue to raise the required funding for the development of Stage 1 of the Bunyu project.

Following meetings with targeted investment groups in Tanzania, Uganda and Kenya in late November/early December 2017, Exotix recommended Volt proceed with a formal bond prospectus process and listing of the bonds on the Dar es Salaam Stock Exchange (DSE) in Tanzania.

Volt and Exotix have sized the debt transaction at US$40 million which will allow net project development and working capital funding of approximately US$31 million after taking into account funding for a Debt Service Reserve Account (DSRA) and costs of the issue. The facility interest and bond maturity payments can be serviced by projected Stage 1 operating cashflows.

Importantly, the US$40 million debt sizing allows meaningful participation from Tanzanian and Ugandan Pension Funds combined with other investment groups seeking fixed income investments.

Following the preparation and issue of a prospectus by Volt Resources Limited's Tanzanian subsidiary, Volt Graphite Tanzania Limited, and to accept investment subscriptions, the bond will be listed on the Dar es Salaam Stock Exchange (DSE) in Tanzania. The estimated timeframe to complete the bond prospectus and DSE listing is March 2018.

Apart from the planned bond issue, there are no other significant subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

28. AUDITORS

INNOVEX Auditors was appointed as the company's auditor for the year ended 30 June 2017 and has expressed its willingness to continue in office in accordance with Section 159 (2) of the Tanzanian Companies Act 2002.

By order of the Board

Mr. Trevor Matthews **Director**	8 March 2018 **Date**

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under the Tanzanian Companies Act, 2002, to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the statement of income and expenditure of the company for the period.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

	8 March 2018
Mr. Trevor Matthews	**Date**
Director	

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditor (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors under the Statement of Director's responsibility on an earlier page.

I, Minami Malima on behalf of Afrika Kazi Limited being management consultants who supervised preparation of financial statements of Volt Graphite Tanzania Limited, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2017 have been prepared in compliance with applicable standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Volt Graphite Tanzania Limited as on that date and they have been prepared based on properly maintained financial records.

Signed by: ....

Position: Accountant

NBAA Membership No.: GA 5584

Date: 9/3/2018

19 APR 2018
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 Other Legal and Regulatory Requirements
This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper records, if we have not received all the information and explanation we require for our audit, or if information specified by law regarding Directors' remuneration and transaction with the company is not disclosed.

In respect of the foregoing requirements, we have no other matter to report.

The engagement partner on the audit resulting in this independent auditor's report is CPA Christopher Mageka.

INNOVEX Auditors
Certified Public Accountants
Dar es Salaam
Per Christopher Mageka, CPA-PP

Date......13/03/.. 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year ended 30-Jun-2017 TZS	14 months period ended 30-Jun-2016 TZS
Income	4	-	-
Expenses			
Administrative expenses	5	**2,155,301,609**	805,125,300
Loss on foreign exchange		**470,034,991**	119,661,311
Loss before tax		**(2,625,336,600)**	(924,786,611)
Taxation	13	-	-
Loss for the period		**(2,625,336,600)**	(924,786,611)

The notes on pages 18 to 48 form an integral part of these financial statements. The Financial Statements on pages 14 to 17 were approved by the board of directors and authorised for issue on...8.March... 2018 and were signed on its behalf by:

Mr. Trevor Matthews
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 13.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Notes	30-Jun-2017 TZS	30-Jun-2016 TZS
ASSETS			
Non-current assets			
Exploration and evaluation assets	6	12,481,787,660	4,337,862,735
Furniture and equipment	7	23,524,916	-
		12,505,312,576	4,337,862,735
Current assets			
Trade and other receivables	8	24,550,684	11,128,113
Cash and cash equivalents	9	70,286,754	12,027,307
		94,837,438	23,155,420
TOTAL ASSETS		12,600,150,014	4,361,018,155
EQUITY AND LIABILITIES			
Equity			
Share capital	10	100,000	100,000
Retained earnings		(3,550,123,211)	(924,786,611)
Total equity		(3,550,023,211)	(924,686,611)
Liabilities			
Non-current liabilities			
Liability due to related parties	11	16,099,401,003	5,246,872,904
Current liabilities			
Trade and other payables	12	50,772,222	38,831,862
Total liabilities		16,150,173,225	5,285,704,766
TOTAL EQUITY AND LIABILITIES		12,600,150,014	4,361,018,155

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Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 13.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2017

	Share capital TZS	Retained earnings TZS	Total TZS
14 months period ended 30 June 2016			
Paid up capital	100,000	-	100,000
Loss for the period	-	(924,786,611)	(924,786,611)
As at 30 June 2016	100,000	(924,786,611)	(924,686,611)
Year ended 30 June 2017			
As at 1 July 2016	**100,000**	**(924,786,611)**	**(924,686,611)**
Loss for the year	-	**(2,625,336,600)**	**(2,625,336,560)**
As at 30 June 2017	**100,000**	**(3,550,123,211)**	**(3,550,023,211)**

19 APR 2018

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Mr. Trevor Matthews
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 13.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	Notes	Year ended 30-Jun-17 TZS	14 months period ended 30-Jun-16 TZS
OPERATING ACTIVITIES			
Loss for the year/period		**(2,625,336,600)**	(924,786,611)
Adjustment for:			
Depreciation for the year		**285,372**	-
Changing in working capital			
Increase in trade and other receivables		**(13,422,570)**	(11,128,113)
Increase in trade and other payables		**11,940,360**	38,831,862
Net Cash flow used in operating activities		**(2,626,533,438)**	(897,082,862)
INVESTING ACTIVITIES			
Exploration and evaluation assets		**(8,143,924,926)**	(4,337,862,735)
Office furniture		**(23,810,288)**	-
Net Cash flow used in investing activities		**(8,167,735,214)**	(4,337,862,735)
FINANCING ACTIVITIES			
Share capital		-	100,000
Loan from parent company		**10,852,528,099**	5,246,872,904
Net Cash from financing activities		**10,852,528,099**	5,246,972,904
Net increase in cash and cash equivalent		**58,259,447**	12,027,307
Cash and cash equivalents at the start of the year/period		**12,027,307**	-
Cash and cash equivalents at the end of the year/period	9	**70,286,754**	12,027,307

The notes on pages 18 to 48 form an integral part of these financial statements. The Financial Statements on pages 14 to 17 were approved by the board of directors and authorised for issue on...8.March... 2018 and were signed on its behalf by:

Mr. Trevor Matthews
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 13

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Volt Graphite Tanzania Limited is a company registered under the Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015 issued by BRELA. The company was initially registered as Nachi Resources Limited but on 18th April 2017, it changed its name to Volt Graphite Tanzania Limited. Volt Graphite Tanzania Limited is owned by Volt Resources Limited, an Australian company which indirectly holds 100% of the total issued shares.

Directors of Volt Graphite Tanzania Limited reside in Australia and have vested management of activities in Tanzania to Afrika Kazi Limited at the below address:

Afrika Kazi Ltd
Golden Heights
1st Floor, Wing B, Unit 1/B/102
Chole Road
PO Box 80003
Dar es Salaam
Tanzania

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Tanzania Shillings (TZS). The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and explanatory notes.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2.3 Improvements to IFRSs

i. Accounting standards and interpretations adopted impacting the financial statements

The company did not adopt any new or revised accounting standards or interpretations in the current year that would have had an impact on the amounts or disclosures reported in these financial statements.

ii. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year

The following new or revised IFRSs were mandatorily effective and adopted by the company as at the end of the reporting period, however, they did not have a material effect on the reported financial performance or financial position.

Name of standard	Changes made to the standard
IAS 1 Disclosure Initiative – Amendments to IAS 1	The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing International Accounting Standards (IAS) 1 requirements. The amendments clarify: • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and Other Comprehensive Income (OCI) and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. Effective for annual periods beginning on or after 1 January 2016. **Impact** These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
IAS 16 and IAS 41 Agriculture: Bearer Plants – Amendments to IAS 16 and IAS 41	The amendments to IAS 16 and IAS 41 *Agriculture* change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16, including the choice between the cost model and evaluation model for subsequent measurement. Effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 16 and IAS 41 *Agriculture* change the scope of IAS 16 to include biological assets that meet the definition of bearer plants (e.g., fruit trees). Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. As a result of the amendments, bearer plants will be subject to all the recognition and measurement requirements in IAS 16, including the choice between the cost model and evaluation model for subsequent measurement. Effective for annual periods beginning on or after 1 January 2016. **Impact** The requirements will not entirely eliminate the volatility in profit or loss as produce growing on bearer plants will still be measured at fair value. Furthermore, entities will need to determine appropriate methodologies to measure the fair value of these assets separately from the bearer plants on which they are growing, which may increase the complexity and subjectivity of the measurement.
IAS 16 and IAS 38 Clarification of Acceptable Methods of depreciation and amortization –Amendments to IAS 16 and IAS 38	The amendments clarify the principle in IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	used in very limited circumstances to amortise intangible assets. Effective for annual periods beginning on or after 1 January 2016. **Impact** Entities currently using revenue-based amortisation methods for property, plant and equipment will need to change their approach to an acceptable method, such as the diminishing balance method, which would recognise increased amortisation in the early part of the asset's useful life.
IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28	The amendments address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Effective for annual periods beginning on or after 1 January 2016. **Impact** The amendments to IFRS 10 and IAS 28 provide helpful clarifications that will assist preparers in applying the standards more consistently. However, it may still be difficult to identify investment entities in practice when they are part of a multilayered group structure.
IFRS 14 Regulatory Deferral Accounts	IFRS 14 permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements. Applicable to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iii. Standards and interpretations in issue but not yet effective

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective. The Company has not yet assessed the impact of these changes on their financial statements when they become effective:

Name of standard	Changes made to the standard
IFRS 15 Revenue from Contracts with Customers	Key requirements IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue – Barter Transactions involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. Effective for annual periods beginning on or after 1 January 2018. **Impact** IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting, systems and processes.
IFRS 9 Financial Instruments	Key requirements Classification and measurement of financial assets All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL). Classification and measurement of financial liabilities For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. Impairment The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 Leases. Hedge accounting Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. Effective for annual periods beginning on or after 1 January 2018. **Impact** The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.
IFRS 16 Leases	Key requirements The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. Transition A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15. **Impact** The lease expense recognition pattern for lessees will generally be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics, such as earnings before interest, taxes, depreciation and amortization (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities. Lessor accounting will result in little change compared to today's lessor accounting. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	Effective for annual periods beginning on or after 1 January 2019.
IAS 7 Disclosure Initiative – Amendments to IAS 7	Key requirements The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and help users of financial statements better understand changes in an entity's debt. The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). Transition On initial application of the amendment, entities are not required to provide comparative information for preceding periods. Early application is permitted. Impact The amendments are intended to provide information to help investors better understand changes in an entity's debt. Effective for annual periods beginning on or after 1 January 2017.
IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12	Key requirements The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Transition Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. Early application is permitted. If an entity applies the amendments for an earlier period, it must disclose that fact. **Impact** The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses. Effective for annual periods beginning on or after 1 January 2017
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	Key requirements The IASB issued amendments to IFRS 2 Share-based Payment in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: • The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. • The classification of a share-based payment transaction with net settlement features for withholding tax obligations. This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature. • The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled. The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. Transition On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted. **Impact** The amendments are intended to eliminate diversity in practice, but are narrow in scope and address specific areas of classification and measurement. Effective for annual periods beginning on or after 1 January 2018.
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	Key requirements The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	Temporary exemption from IFRS 9 The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to continue to apply IAS 39 Financial Instruments: Recognition and Measurement while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also, the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures. The overlay approach The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI. Transition The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. **Impact** The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4. When applying the temporary exemption, entities

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	must still provide extensive disclosure that require the application of some aspects of IFRS 9. Effective for annual periods beginning on or after 1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	Key requirements The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Transition Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. **Impact** The amendments will eliminate diversity in practice. Effective for annual periods beginning on or after 1 January 2018.
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	Key requirements The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Transition Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after: (i) The beginning of the reporting period in which the entity first applies the interpretation. Or (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. Early application of interpretation is permitted and must be disclosed. First-time adopters of IFRS are also permitted to apply the interpretation prospectively to all assets, expenses and income initially recognised on or after the date of transition to IFRS. **Impact** The amendments are intended to eliminate diversity in practice, when recognising the related asset, expense or income (or part of it) on the derecognition of a nonmonetary asset or non-monetary liability relating to advance consideration received or paid in foreign currency. Effective for annual periods beginning on or after 1 January 2018.

2.4 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Current versus non-current classification (Continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Exploration and evaluation assets

The company's exploration and evaluation assets comprise of exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and pre-development stage. These assets are transferred to mine development assets, after testing for impairment, upon the commencement of mine development. Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to:

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Capitalized exploration and evaluation expenditure related to an area of interest where the company has tenure are recorded at cost less impairment.

No amortization charge is recognized in respect of exploration and evaluation assets.

Impairment

Exploration and evaluation assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining whether the assets are impaired, management assesses several factors including the intention to continue to developing the areas of interest.

2.6 Furniture and equipment

i. **Recognition**

Furniture and equipment are initially recorded at cost. Cost comprises of the expenditure that is directly attributable to the acquisition (purchase or construction) of the items.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Furniture and equipment (Continued)

i. Recognition (Continued)

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Volt Graphite Tanzania Limited and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

ii. Measurement after recognition

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Property and equipment of the Volt Graphite Tanzania Limited are stated at cost less accumulated depreciation and accumulated impairment loses. Replacement or major repair cost are capitalized when incurred and if it is probable that future benefits associated to with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line method so as to allocate the cost to their residual values over their estimated useful lives from the time the asset is brought into use to the time of its de-recognition as follows:

Category of noncurrent asset	Useful lives
Furniture and fittings	8 years
Computers	3 years

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is de-recognized.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Translation of foreign currencies

Functional currencies
Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Tanzania Shilling which is the company's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.8 Financial Instruments
The company classifies its financial instruments into the following categories:

i. **Financial assets and financial liabilities at fair value through profit or loss,** which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit;

ii. **Loans and receivables,** which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss.

iii. **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

2.8.1 Financial assets
Financial assets comprise of loans and other receivables. Loan and receivables are non-derivatives financial assets with fixed determinable payments that are not quoted in the active market. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

Financial assets carried at fair value through profit or losses are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

The company assesses at each year end whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Financial instruments (Continued)

2.8.2 Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the year ended and those which the company does not have an unconditional right to defer settlement for at least 12 months after the year end.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expire.

2.9 Trade and other receivable

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.10 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected. For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.
Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

2.11 De-recognition of financial assets

Volt Graphite Tanzania Limited derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company has substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.12 Provision

Provisions are recognized when Volt Graphite Tanzania Limited has a present legal or constructive obligation as a result of past events; when it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and demand and short term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Cash and cash equivalents are carried at cost which, due to their short term nature, approximates their fair value

2.14 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Volt Graphite Tanzania Limited.

2.15 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from proceeds.

2.16 Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognised in the statement of profit or loss and other comprehensive income account

Current tax:

Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act Cap 332 as revised from time to time.

Deferred income tax:

Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities as well as the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affect in future period.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

In the process of applying the company's accounting policies, management has used its judgments and made estimates in determining the amount recognized in the financial statements.

Although these estimates are based on the management's knowledge of current events and actions, actual result ultimately may differ from these estimates. The most significant use of judgments and estimates are follows:

a. Income taxes

The company is subject to various government taxes under the Tanzanian tax laws. Significant estimates and judgments are required in determining the provision for income taxes on certain transactions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

b. Exploration and evaluation expenditure

The company's accounting policy for exploration and evaluation expenditure results in the capitalisation of the exploration expenditure. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. The company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

4. REVENUE

No revenue was earned year ended 30 June 2017. Volt Graphite Tanzania Limited is still in the exploration phase and thus did not conduct activities that generated income in the period under review.

	Year ended 30-Jun-2017 TZS	Restated 14 months period ended 30-Jun-2016 TZS
5. ADMINISTRATIVE EXPENSES		
Accounting services	**29,584,091**	2,921,851
Audit fees	**31,207,026**	24,682,126
Annual rent for holding the prospecting licenses	**280,016,301**	276,359,709
Application fees	**1,981,910**	7,121,990
Bank charges	**9,163,396**	10,644,275
Car parking	**46,100**	50,500
Casual labour	**97,968,628**	37,794,410
Community cost	**16,214,000**	11,628,000
Compensation fees	**2,915,000**	2,943,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Year ended 30-Jun-2017 TZS	Restated 14 months period ended 30-Jun-2016 TZS
5. ADMINISTRATIVE EXPENSES (Continued)		
Consultancy fees-company secretary	**31,546,199**	32,265,356
Electricity	**604,000**	155,000
Export costs	**32,889,040**	-
Field supplies	**31,328,498**	57,822,345
Fuel expenses	**72,279,721**	54,847,248
Funeral	**21,153,027**	-
Immigration	**1,187,271**	1,339,200
Internet charge	**896,369**	125,000
Labour hire	**1,105,813,504**	52,799,259
Legal expenses	**100,000**	61,317,170
Licensing fee	**715,000**	-
Maintenance and repairing	**4,267,196**	-
Meal and accommodation	**205,771,031**	107,372,200
Medical	**794,179**	297,000
Notification of traffic offences	**30,000**	-
Office rent	**17,121,131**	-
Royalty	**780,100**	424,700
Stamp duty	**581,591**	340,000
Stationery	**2,022,900**	3,485,100
Tax and Duty	**200,979**	-
Telephone charges	**9,501,780**	527,200
Travel and taxis	**146,099,960**	23,971,936
Depreciation	**285,372**	-
Export permit	-	1,675,100
Factory cost	-	10,980,000
Importation costs	-	2,720,000
Motorbike hire	-	164,000
Postage and Courier	**236,308**	8,253,025
Registration fees-BRELA	-	44,000
Road permit	-	146,300
Security charges	-	1,568,900
VAT	-	8,339,400
	2,155,301,608	805,125,300

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	30-Jun-2017 TZS	30-Jun-2016 TZS
6. EXPLORATION AND EVALUATION ASSETS		
Exploration costs of Bunyu project:		
Beginning balance	4,337,862,735	-
Costs incurred during the period:		
Bulldozer hiring costs	74,859,000	82,510,000
Consultancy fees-Geologists	35,167,326	327,453,827
Core trays	20,007,000	41,786,538
Drilling cost	1,927,323,785	1,671,195,741
Electromagnetic survey	-	36,411,782
Environmental impact assessment	414,951,147	-
Exploration activities	3,257,351,368	1,021,076,028
Geographical survey	222,065,643	214,057,506
Geophysical survey	26,968,723	176,908,804
Hire of transport	466,433,753	157,053,490
Lowbed hiring	6,830,000	3,920,000
Sample preparation, analysis and courier	1,691,967,180	605,489,099
	12,481,787,660	4,337,862,735

Capitalized exploration expenditure represents the accumulated cost of the holding and exploration of the Bunyu Project in Mtwara. Ultimate recovery of these costs is dependent on the successful development and commercial exploitation of the project and its areas of interest.

7. FURNITURE AND EQUIPMENT

	Office furniture TZS	Computers TZS	Total TZS
Cost			
As at 1st July	-	-	-
Addition during the year	18,938,330	4,871,958	23,810,288
	18,938,330	4,871,958	23,810,288
Accumulated depreciation			
As at 1st July	-	-	-
Charge for the year	285,372	-	285,372
	285,372	-	285,372
NBV as at 30 June 2017	18,652,958	4,871,958	23,524,916
NBV as at 30 June 2016	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	30-Jun-2017 TZS	Restated 30-Jun-2016 TZS
8. TRADE AND OTHER RECEIVABLES		
Petty cash advances	**2,590,584**	11,128,113
Prepaid rent	**21,960,100**	-
	24,550,684	11,128,113
9. CASH AND CASH EQUIVALENTS		
Bank balance	**70,286,754**	12,027,307
10. SHARE CAPITAL		
Authorised		
2,000 ordinary Shares of TZS 1,000 each	**2,000,000**	2,000,000
Issued and fully paid		
Called up and fully paid		
100 ordinary shares of TZS 1,000 each	**100,000**	100,000

As at 30 June 2017, Mozambi Resources Investments Pty Limited held 99 ordinary shares of the company while Mozambi Graphite Pty Limited held 1 ordinary share.

	30-Jun-2017 TZS	Restated 30-Jun-2016 TZS
11. LIABILITY DUE TO RELATED PARTIES		
Volt Resources Limited (Note 14)	**16,099,401,003**	5,246,872,904

Volt Resources Limited, a company incorporated in Australia owns Mozambi Resources Investments Pty and Mozambi Graphite Pty Limited. The balance due refers to funds that Volt Resources Limited has advanced Volt Graphite Tanzania Limited in execution of its activities. Repayment of the liability is dependent on the discovery of economic reserves including the ability of the company to raise sufficient finances. The balance do not carry any interest and none of the company's assets are pledged against this balance.

	30-Jun-2017 TZS	Restated 30-Jun-2016 TZS
12. TRADE AND OTHER PAYABLES		
Audit fee payable	**31,207,026**	24,682,126
Sundry creditors	**1,078,015**	-
Withholding tax payable	**15,242,730**	14,149,736
Other payables	**3,244,451**	-
	50,772,222	38,831,862

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. TAXATION

a. Income tax expense
Corporate tax is not charged in lieu of the loss made by the company during the reporting period. However, the company's tax affairs are subject to assessment and agreement with the Tanzania Revenue Authority.

b. Deferred tax
Directors have not recognized deferred tax asset or liability since there are no assets or liabilities resulting to temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes.

14. RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties
Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the party in making financial and operating decisions.
The company's related parties consist of holding companies and key management personnel. Key management personnel, as defined by IAS 24, *Related Party Disclosures*, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

	30-Jun-2017 TZS	Restated 30-Jun-2016 TZS
Transactions		
Transactions with Volt Resources Limited		
Direct expenses paid on behalf	8,007,194,609	3,528,362,186
Financing received during the period	2,845,333,490	1,718,510,718
	10,852,528,099	5,246,872,904

Remuneration to key management personnel:
Key management personnel of the company comprise of its directors. During the year ended 30 June 2017, directors did not receive any financial or non-financial benefit from the company.

	30-Jun-2017 TZS	Restated 30-Jun-2016 TZS
Balances		
Liability due to Volt Resources Limited		
Opening balance	5,246,872,904	-
Additions during the year	10,852,528,099	5,246,872,904
As at 30 June	16,099,401,003	5,246,872,904

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. PRIOR PERIOD ADJUSTMENT

Understatement of exploration and evaluation assets
During the previous period of 14 months ended 30 June 2016, transactions amounting to TZS 311,747,452 that were paid directly by Volt Resources in Australia on behalf of Volt Graphite Tanzania Limited were not posted. As a result of this omission, exploration and evaluation assets were understated by TZS 311,747,452 and the liability amount due to Volt Resources Limited (See Note 11) was understated by the same amount.

	As previous stated	Adjustment	As restated
	TZS	TZS	TZS
Assets			
Exploration activities	812,957,211	208,118,817	1,021,076,028
Geographical survey	170,697,332	43,360,174	214,057,506
Sample preparation, analysis and courier	545,220,639	60,268,460	605,489,099
	1,528,875,182	**311,747,451**	**1,840,622,633**
Liabilities			
Liability due to related parties	**4,935,125,452**	**311,747,451**	**5,246,872,904**

16. FINANCIAL ASSETS AND LIABILITIES

16.1 Fair value of financial instruments
Set out below is a comparison by class of the carrying amounts and fair values of the company's financial instruments.

	Carrying amounts		Fair values	
		Restated		Restated
	30-Jun-2017	30-Jun-2016	30-Jun-2017	30-Jun-2016
	TZS	TZS	TZS	TZS
Financial assets				
Trade and other receivables	**24,550,684**	11,128,113	**24,550,684**	11,128,113
Cash and cash equivalents	**70,286,754**	12,027,307	**70,286,754**	12,027,307
	94,837,438	23,155,420	**94,837,438**	23,155,420
Financial liabilities				
Trade and other payables	**50,772,222**	38,831,862	**50,772,222**	38,831,862
Liability due to related parties	**16,099,401,003**	5,246,872,904	**16,099,401,003**	5,246,872,904
	16,150,173,225	5,285,704,766	**16,150,173,225**	5,285,704,766

Carrying values of the financial instruments approximates the fair values no adjustments needed.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. FINANCIAL ASSETS AND LIABILITIES (Continued)

16.2 Financial instruments by category

	Loans and receivables	
		Restated
	30-Jun-2017	30-Jun-2016
	TZS	TZS
Financial assets		
Trade and other receivables	**24,550,684**	11,128,113
Cash and cash equivalents	**70,286,754**	12,027,307
	94,837,438	23,155,420

	Financial liabilities at amortized cost	
		Restated
	30-Jun-2017	30-Jun-2016
	TZS	TZS
Financial liabilities		
Trade and other payables	**50,772,222**	38,831,862
Liability due to related parties	**16,099,401,003**	5,246,872,904
	16,166,852,685	5,285,704,766

16.3 Financial instruments by category

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

(i) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active in active markets for identical assets or liabilities.

(ii) Level 2: Fair value measurements are those derived from inputs other than quoted price included within level 1 that are observable for the assets or liabilities, either directly (i.e.as a price) or indirectly (i.e. derived from prices); and

(iii) Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs).

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. FINANCIAL ASSETS AND LIABILITIES (Continued)

16.3 Fair value hierarchy of financial instruments

	Level 1 TZS	Level 2 TZS	Level 3 TZS	Total TZS
30-Jun-2017				
Financial assets				
Trade and other receivables	-	24,550,684	-	24,550,684
Cash and cash equivalents	-	70,286,754	-	70,286,754
	-	94,837,438	-	94,837,438
Financial liabilities				
Trade and other payables	-	50,772,222	-	50,772,222
Liability due to related parties	-	16,099,401,003	-	16,099,401,003
	-	16,150,173,225	-	16,150,173,225
Restated 30-Jun-2016				
Financial assets				
Trade and other receivables	-	11,128,113	-	11,128,113
Cash and cash equivalents	-	12,027,307	-	12,027,307
	-	23,155,420	-	23,155,420
Financial liabilities				
Trade and other payables	-	38,831,862	-	38,831,862
Liability due to related parties	-	5,246,872,904	-	5,246,872,904
	-	5,285,704,766	-	5,285,704,766

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The main risks arising from the company's financial instruments are credit risk, foreign exchange risk and liquidity risk. Information about the company's exposure to each of these risks, its objectives, policies and processes for measuring and managing the risks is summarised below.

(i) Credit risk
Credit risk is the risk of financial loss to the company in an event where a counterparty to a financial instrument fails to meet its contractual obligations, the risk arises principally from trade and other receivables. As the company does not have any sales yet, this risk is limited.

The company's financial assets comprise of cash and cash equivalents as well as other receivables. The credit risk on cash and cash equivalents is limited because the company banks with reputable banks that have high credit-ratings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

(ii) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies and exposures to exchange rate fluctuations therefore arise. The currency changes can result in unpredictable gains or losses to the company. Volt Graphite Tanzania Limited does not hedge against foreign currency risks as management holds most of its cash in a stable currency which is US$. As at the reporting date the company had a foreign currency exposure resulting mainly from the liability due to related parties and audit fee payable which are denominated in US$. The net foreign monetary liability stood at US$ 7,168,531 (2016: US$ 2,413,890); an equivalent of TZS 16,066,398,385 (2016: TZS 5,259,528,365) as translated at an exchange rate of TZS 2,241.24/US$ (2016: TZS 2,178.86/US$) which was ruling as at reporting date.

If Tanzanian Shillings strengthened or weakened by 5% the reported gain or loss on foreign exchange would be higher or lower by TZS 803,319,919 (2016: TZS 262,976,418) as seen below:

	30-Jun-2017 TZS	US$	Restated 30-Jun-2016 TZS	US$
Exchange rate		**2,241.24**		2,178.86
Assets				
Cash and cash equivalents	**64,209,285**	**28,649**	12,027,307	5,520
Liabilities				
Trade and other payables	**31,207,026**	**13,924**	24,682,126	11,328
Liability due to related parties	**16,099,401,003**	**7,183,256**	5,246,873,546	2,408,082
	16,130,608,029	**7,197,180**	5,271,555,672	2,419,410
Net foreign denominated monetary liability	**(16,066,398,385)**	**(7,168,531)**	(5,259,528,365)	(2,413,890)
Gain or loss when TZS strengthens or weakness by 5%	**803,319,919**		262,976,418	

(iii) Liquidity risk

Liquidity is the capacity to meet cash and collateral obligations without incurring unacceptable losses. Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Liquidity is further managed by monitoring cash flows forecast to ensure that the company has adequate cash resources to meet its short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

(iii) Liquidity risk (Continued)

The table below is an undiscounted cash flow analysis for both financial assets and financial liabilities that are presented in the statements of financial position according to their contractual maturities at the statement of financial position date.

	Contractual cash flows					
	0-1 months	1-2 months	3-6 months	6-12 months	Above 12 months	Carrying amounts
30-Jun-2017	TZS	TZS	TZS	TZS	TZS	TZS
Assets						
Trade and other receivables	2,590,584	-	21,960,100	-	-	24,550,684
Cash and bank balances	70,286,754	-	-	-	-	70,286,754
	72,877,338	-	21,960,100	-	-	94,837,438
Liabilities						
Trade and other payables	50,772,222	-	-	-	-	50,772,222
Liability due to related parties	-	-	-	-	16,099,401,003	16,099,401,003
	50,772,222	-	-	-	16,099,401,003	16,150,173,225
Liquidity risk gap	22,105,116	-	21,960,100	-	(16,099,401,003)	(16,055,335,787)
Restated						
30-Jun-2016						
Assets						
Trade and other receivables	11,128,113	-	-		-	11,128,113
Cash and bank balances	12,027,307	-	-	-	-	12,027,307
	23,155,420	-	-	-	-	23,155,420
Liabilities						
Trade and other payables	38,831,862	-	-	-	-	38,831,862
Liability due to related parties	-	-	-	-	5,246,872,904	5,246,872,904
	38,831,862	-	-	-	5,246,872,904	5,285,704,766
Liquidity risk gap	(15,676,442)	-	-	-	(5,246,872,904)	(5,262,549,346)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. COMMITMENTS AND CONTINGENT LIABILITIES

There were no commitments and contingent liabilities as at the reporting date (2016: Nil)

19. OPERATING LEASE

- On 1st March 2017, the company entered a lease agreement with Golden Height for the purpose of renting office premises. The agreement is valid for one year at US$ 2,184 per month. Volt Graphite Tanzania Limited has paid the lease agreement to the end of the operating lease period and this did not have any outstanding lease amount as at 30 June 2017.

- As at 30 June 2017, directors were committed to payment of annual rents for prospecting licences as follows:

	30-Jun-2017 TZS	30-Jun-2016 TZS
Within 1 year	249,407,428	242,465,709
More than 1 year but less than 5 years	26,310,082	268,043,506
	275,717,510	510,509,215

20. EVENTS AFTER REPORTING PERIOD

Planned bond issue US$40 million equivalent

As updated in the Volt Resources Limited (ultimate parent entity) quarterly activities report for the December 2017 quarter and as released to the Australian Securities Exchange (ASX) on 31 January 2018, Volt has engaged Exotix Capital to undertake a Tanzanian bond issue to raise the required funding for the development of Stage 1 of the Bunyu project.

Following meetings with targeted investment groups in Tanzania, Uganda and Kenya in late November/early December 2017, Exotix recommended Volt proceed with a formal bond prospectus process and listing of the bonds on the Dar es Salaam Stock Exchange (DSE) in Tanzania.

Volt and Exotix have sized the debt transaction at US$40 million which will allow net project development and working capital funding of approximately US$31 million after taking into account funding for a Debt Service Reserve Account (DSRA) and costs of the issue. The facility interest and bond maturity payments can be serviced by projected Stage 1 operating cashflows.

Importantly, the US$40 million debt sizing allows meaningful participation from Tanzanian and Ugandan Pension Funds combined with other investment groups seeking fixed income investments.

Following the preparation and issue of a prospectus by Volt Resources Limited's Tanzanian subsidiary, Volt Graphite Tanzania Limited and to accept investment subscriptions, the bond will be listed on the Dar es Salaam Stock Exchange (DSE) in Tanzania. The estimated timeframe to complete the bond prospectus and DSE listing is March 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. EVENTS AFTER REPORTING PERIOD (Continued)

Apart from the planned bond issue, there are no other significant subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

22. COMPERATIVE FIGURES

Whenever necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

VOLT GRAPHITE TANZANIA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

October 2018

INNOVEX

TABLE OF CONTENTS

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

LIST OF ABBREVIATIONS

ASX	Australian Securities Exchange
FS	Feasibility Study
DH	Diamond Hole
DSE	Dar es Salaam Stock Exchange
DSRA	Debt Service Reserve Account
EM	Electromagnetic
IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
ISA	International Standards in Auditing
NBAA	National Board of Accountants and Auditors
PFS	Pre-Feasibility Study
PL	Prospecting Licence
RC	Reverse Circulation
TFRS	Tanzania Financial Reporting Standards
TZS	Tanzanian Shillings
US$	United States Dollars
NPV	Net present Value
IRR	Internal rate of Return
CMSA	Capital Market and Security Association
IM	Information Memorandum
ESIS	Environment and Social Impact Statement
RAP	Resettlement Action Plan
FOB	Free on Board

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018

COMPANY INFORMATION

Principal Officers	Mr. Matt Bull – Director (Resigned 9th July 2018) Mr. Asimwe Kabunga – Director Mr. Trevor Mathews – Director
Registered Office	Volt Graphite Tanzania Limited Plot No. 1826/17 Golden Heights Building, Level 1 Chole Road, Masaki P. O. Box 80003 Dar es Salaam
Management in Tanzania	Afrika Kazi Ltd Golden Heights 1st Floor, Wing B, Unit 1/B/102 Chole Road PO Box 80003 Dar es Salaam Tanzania Email: kineneko@afrikakazi.com Web: www.afrikakazi.com
Auditors	INNOVEX Auditors Certified Public Accountants 8 Kilimani Road PO Box 75297 Dar es Salaam Tanzania Email: info@innovexdc.com Web: www.innovexdc.com
Principal Banker	CRDB Bank Plc Lumumba Branch PO Box 268 Dar es Salaam Tanzania
Company Secretary	Ms. Leticia Herman Kabunga PO Box 35061 Dar es Salaam Tanzania

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

1. INTRODUCTION

The Directors of Volt Graphite Tanzania Limited submit their report and financial statements which disclose the state of affairs of the company for the year ended 30 June 2018. This Report has been prepared in accordance with the Tanzania Financial Reporting Standards (TFRS) No. 1, *Directors Report*.

2. VOLT GRAPHITE TANZANIA LIMITED COMPANY PROFILE

Volt Graphite Tanzania Limited is a company registered under the Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015 issued by BRELA. The company was initially registered as Nachi Resources Limited but on 18th April 2017, it changed its name to Volt Graphite Tanzania Limited. Volt Graphite Tanzania Limited is owned by Volt Resources Limited, an Australian company which directly and indirectly holds 100% of the total issued shares.

The Company's main activity is to develop and carry out mining activities and is currently exploring mining of graphite in the Lindi and Mtwara region of Southern Tanzania.

Vision statement

Volt Graphite Tanzania Limited's vision is to be in the top 3 global suppliers of flake graphite by 2020. The company has a strong policy of using local staff and contractors wherever possible and an active program of community development to ensure that the community benefits from the development of a mining operating in the region.

3. PRINCIPAL ACTIVITIES OF VOLT GRAPHITE TANZANIA LIMITED

The company's main activity is to develop and carry out mining activities. Currently, Volt Graphite Tanzania Limited is focused on the exploration and development of graphite at the Bunyu Graphite Project located in Lindi and Mtwara, Tanzania. As at 30 June 2018, the company had been granted seven (7) prospecting licences by the Ministry of Minerals to conduct exploration activities in various parts of Lindi and Mtwara.

4. RESULTS AND DIVIDENDS

The net loss for the year is TZS 2,778,538,613 (2017: TZS 2,825,336,600). The directors do not recommend the declaration of a dividend for the year.

5. COMPOSITION OF THE VOLT GRAPHITE RESOURCES LIMITED BOARD OF DIRECTORS

The company had three (03) members of the board in the year under review. Members who served during the year are:

S/n	Name	Position	Age	Qualification	Nationality	Date of appointment
1.	Mr. Matthew Bull	Member	38	B.Sc. Geology and Geophysics	Australian	22-Nov-2015 (Resigned 9th July 2018)
2.	Mr. Asimwe Kabunga	Member	48	BSc. Mathematics and Physics	Australian	13-May-2015
3.	Mr. Trevor Matthews	Member	59	PGD. Applied Finance and Investment	Australian	22-May-2017

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

6. MANAGEMENT

Volt Resources Limited has entered into a professional service agreement with Afrika Kazi Limited for certain management services for Volt Graphite Tanzania Limited in Tanzania. As per this agreement, Afrika Kazi Limited is responsible for:

- Provision of accounting and taxation services including but not limited to:
  - Keeping financial records and preparation of financial statements in accordance with International Financial Reporting Standards (IFRS);
  - Following up matters arising with the Tanzanian government and its regulatory authorities
  - Processing payments to suppliers
- Management of human resources and provision of candidates for employment.

7. CORPORATE GOVERNANCE

Volt Graphite Tanzania Limited is committed to the principles of effective corporate governance and the Board is of the opinion that the company currently complies with principles of good corporate governance.

The Board of Directors

The Board takes overall responsibility for the Company, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive system of internal control policies and procedures is operative for compliance with sound corporate governance principles.

The Board is confident that its members have the knowledge, talent and experience to lead the company. The Board is required to meet and oversee the management of the business. The table below summarizes the participation of Board members in the meetings held during the period.

S/n	Name of Board member	Position	Meeting held on 15/02/2017	Meeting held on 10/06/2017	Meeting held on 08/03/2018
1	Mr. Matthew Bull	Director	√	√	√
2	Mr. Asimwe Kabunga	Director	√	√	√
3	Mr. Trevor Matthews	Director	N/A	N/A	√

√ - Attended
X – Absent with apology
N/A – Was not yet a Board member when meeting was held.

Board committees

Due to the current size and nature of the existing Board and the magnitude of the Company's operations, the Board does not consider that the Company will gain any benefit from individual Board committees and that its resources would be better utilised in other areas as the Board is of the strong view that at this stage the experience and skill set of the current Board is sufficient to perform these roles. Under the Company's Board Charter, the duties that would ordinarily be assigned to individual committees are currently carried out by the full Board under the written terms of reference for those committees.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

8. CAPITAL STRUCTURE AND SHAREHOLDING OF THE COMPANY

The capital structure is made up of 2,000 ordinary shares of TZS 1,000 each. Below is the analysis of authorised and fully paid share capital as at 30 June 2018.

	TZS
Authorised	
2,000 ordinary shares of TZS 1,000 each	**2,000,000**
Issued and fully paid	
100 ordinary shares of TZS 1,000 each	**100,000**

Volt Resources Limited in Australia is the majority shareholder of Volt Graphite Tanzania Limited. As at 30 June 2018, the shareholding structure was as follows:

S/n	Shareholder	No. of shares	Percentage of ownership
1.	Volt Resources Limited	99	99%
2.	Mozambi Graphite Pty Limited	1	1%
		100	**100%**

**Mozambi Graphite Pty Ltd is 100% owned by Volt Resources Limited in Australia.*

9. DIRECTORS INTEREST

The directors who served during the year under review have no interest in the issued and paid up shares of the company.

10. SOLVENCY

The Directors are satisfied that the Company is a solvent going concern within the meaning described by the Companies Act No. 12 of 2002 of the laws of Tanzania and International Financial Reporting Standards (IFRSs).

11. GOING CONCERN ASSUMPTION

The Directors confirm that the applicable International Financial Reporting Standards have been followed and that the financial statements have been prepared on a going concern basis. The Directors have reasonable expectation that Volt Graphite Tanzania Limited has adequate resources to continue its operational existence in the foreseeable future. Volt Resources Limited the ultimate parent company which is listed on the Australian Securities Exchange (ASX) has confirmed to the Directors of Volt Graphite Tanzania Limited in a letter of comfort that it will continue to finance Volt Graphite Tanzania Limited for at least the following twelve months or until such time as Volt Graphite Tanzania Limited can support itself financially, which is anticipated through the planned bond issue.

12. RISK MANAGEMENT AND INTERNAL CONTROLS

The board of directors accepts final responsibility for the risk management and internal control systems of Volt Graphite Tanzania Limited. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of company's assets;
- Compliance with applicable laws and regulations;

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

12. RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

- The reliability of the accounting records;
- Business sustainability under normal as well as adverse conditions; and
- Responsible behaviors towards all stakeholders.

The efficiency of any internal control system is depended on the strict observance of prescribed measures, however there is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the company's system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively. The Board assessed the internal control systems throughout the year and is of the opinion that they met the accepted criteria.

13. PRINCIPAL RISKS AND UNCERTAINITIES

Volt Graphite Tanzania Limited has defined a graphite deposit large enough to underpin a large scale long life mining operation. The principal risk facing Volt Graphite Tanzania Limited is the risk of being unable to obtain finance to develop the mine to economic levels of production, risk of not obtaining development approvals from the Tanzanian government and the potential for adverse regulatory changes to the mining laws in Tanzania to impact the ability of the company to produce graphite at an acceptable cost.

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW

Key operational highlights during the year included:

Feasibility Study (FS) for the Stage 1 Bunyu Graphite Project was substantially completed and the results announced on 31 July 2018 as follows:

- Positive Stage 1 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
- Key objective of Stage 1 development is to establish infrastructure and market position in support of the development of the significantly larger Stage 2 expansion project.
- Stage 1 development incorporates a significant amount of infrastructure, utilities and mine development work that will benefit the Stage 2 expansion.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW (Continued)

- Volt Graphite Tanzania Limited appointed experienced, well-qualified investment banking firm Exotix Capital and in partnership decided to proceed with a planned raising of US$30-US$40 million via a Tanzanian note issue listed on the Dar es Salaam Stock Exchange (DSE) as funding for Stage 1 development;
- A draft prospectus or information memorandum (IM) for the note issue was lodged with the two Tanzanian regulators, DSE and Capital Markets and Securities Association (CMSA) on 27 March 2018 for their approvals. After formal feedback and discussions, intergroup financial restructuring and incorporation of recent FS results, the Company lodged a revised IM with both regulators on 17 August 2018 for further consideration;
- Subsequent to the new strategic plan announced on 18 May 2017, whereby the feasibility studies were to be revised to focus on a Stage 1 starter project and a Stage 2 expansion project, on 22 September 2017 it was announced that the project would be renamed the Bunyu Graphite project from the previous Namangale Graphite project and Volt's Tanzanian subsidiary Nachi Resources Limited would be renamed Volt Graphite Tanzania Limited;
- North American offtake partner Nano Graphene Inc. confirmed the premium quality of Bunyu graphite product during the September 2017 quarter;
- Infill drilling for the Bunyu Stage 1 FS focussed on the Bunyu 1 deposit and included:
  - Reverse Circulation drilling of 58 holes totalling 1,452 metres
  - Diamond Core drilling of 18 holes totalling 463 metres
  - Water bore drilling of 2 holes totalling 175 metres.

  This was completed during the December 2017 quarter, with samples assays completed in the following quarter;
- Metallurgical test work confirmed the premium grade graphite product at the Bunyu 1 deposit including C content of 99.8% and O content of 0.08%, with no impurities. High quality defect-free material, to be the main source of ore for the Stage 1 project and the Stage 2 expansion project;
- The Company's Environmental and Social Impact Statement (ESIS) for the Bunyu Graphite Project covering the footprints of both Stage 1 and Stage 2 expansion projects was initially lodged with the National Environmental Management Council (NEMC) on 23 January 2018. After site visits by NEMC and requests for the inclusion of further information, an updated ESIS was lodged during the June 2018 quarter. The resulting Environmental Certificate and Environmental Conditions were received on 3 September 2018;
- The Resettlement Action Plan (RAP) was completed during the March 2018 quarter with the associated Valuation Report of compensation payable to people affected by the Bunyu Project development, approved by the Government Chief Valuer on 17 April 2018. The Valuation Report is now fully approved following approval at the district and regional levels;
- On 8 February 2018, the Company announced it had lodged two Mining Licence Applications (MLA's) with the Ministry of Energy and Minerals of Tanzania covering both Stages 1 and 2 of its Bunyu Graphite Project. A key requirement for the approval of the Mining Licences is the receipt and attachment of the Environmental Certificate for the project, which was received on 3 September 2018; and

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

14. ACHIEVEMENTS OF THE PERIOD UNDER REVIEW (Continued)

- Additional Offtake agreements continued to be advanced following positive meetings with potential Chinese partners during April 2018. Subsequent to year end, in early August 2018 a second binding offtake was signed with Qingdao Tiangshengda Graphite for 9,000 tonnes per annum of Bunyu Graphite product, approximately 40% of forecast production from the Stage 1 project and a Co-operation agreement was signed with Haida Graphite in late August 2018. Further signed Offtake agreements are anticipated, immediately after project development funding is available.

15. FINANCIAL PERFOMANCE

Financial position
The Company's assets mainly comprise of exploration and evaluation assets reported at TZS 18.3 billion (2017: TZS 12.5 billion) forming 99% of total assets. The increase in exploration and evaluation assets was mainly attributed by increased level of exploration activities, drilling and sample testing that increased significantly during the year. These costs have been funded by the parent company i.e. Volt Resources in Australia hence the liability due to related parties which increased to TZS 25.2 billion as at the reporting date (2017: TZS 18.1 billion).

Financial results
During the year ended 30 June 2018, the Company made a loss of TZS 3.1 billion compared to TZS 2.6 billion reported in the previous period. Volt Graphite Tanzania Limited is still in exploration stage and has not begun trading; no revenue was recorded during the year. The loss reported during the year was mainly attributed by increased costs in legal fee - Domestic from TZS 100,000 to TZS 182 million relating to preparation of the information memorandum for the listing of notes on the Dar es Salaam Stock Exchange. Volt Graphite Tanzania Limited obtained financing from the parent company i.e. Volt Resources in Australia to cover the said expenses.

16. GENDER PARITY

As at 30 June 2018, Volt Graphite Tanzania Limited did not have staff employed directly by the company. All human resource is vested under the agency i.e. Afrika Kazi Limited.

17. RELATED PARTY TRANSACTIONS AND BALANCES

All related party transactions and balances are disclosed in Note 15.

18. EMPLOYEES WELFARE

As at 30 June 2018, Volt Graphite Tanzania Limited did have not staff employed directly by the company. All human resource is vested under the agency i.e. Afrika Kazi Limited.

19. ACCOUNTING POLICIES

A summary of key accounting policies is in Note 2 to the financial statements and were consistently applied during the year under review.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

20. ENVIRONMENT
Volt Graphite Tanzania Limited has been taking measures to strengthen preparedness for natural and occupational disasters and protection of the environment and it continues to observe environmental requirements in all implemented projects. On 23 January 2018 the Company lodged its Environmental and Social Impact Study with the National Environment Management Council to progress the environmental approval for the Bunyu project development. The Environmental Certificate and Environmental Conditions were received on 3 September 2018.

21. COMPLIANCE WITH LAWS AND REGULATIONS
Volt Graphite Tanzania Limited is in compliance with statutory laws and regulations. There are no known incidences of breach of law that resulted to fines or penalties in the period under review.

22. POLITICAL AND CHARITABLE DONATIONS
Volt Graphite Tanzania Limited did not make any political donations during the year under review. The Company made a number of donations to the communities it operates in under its Corporate Social Responsibility program.

23. PREJUDICIAL ISSUES
In the opinion of the directors, there are no serious unfavourable matters that can adversely affect Volt Graphite Tanzania Limited.

24. CORPORATE SOCIAL RESPONSIBILITIES
From July 2017 to June 2018, the Company employed casual laborers from the local communities with over one hundred and twenty temporary jobs created in one quarter of the 2017/18 financial year. In addition, the Company funded Nursery School teacher salaries, repairs to storm damaged class room and teachers office, sponsored the SIDO exhibition in the Lindi region, funded the development of the local village land use plan, funded substantial local road repairs, purchased desks for the Utimbula Nursery School and contributed funding for the Nation Torch Rally for the Masasi and Lindi districts.

The Company continues to support small businesses in the project areas, including the purchase of food for exploration staff, fuel from local fuel suppliers. The company employee's stay at the local guest houses in Ndanda which has provided valuable income since the Company commenced exploration activities in the region.

During the financial year the Company's Community Relations Manager and two Community Liaison Officers continued the engagement with the community and local government providing information on the Company's activities and seeking feedback from the community on any issues or concerns.

25. FIDUCIARY RESPONSIBILITY
Members of the Board of Directors as stewards of public trust always acted for the good of the Company rather than for the benefit of themselves throughout the period. Reasonable care was exercised in all decisions taken by the Company without placing the Company under unnecessary risks.

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2018 (Continued)

26. FUTURE DEVELOPMENT PLANS

A Feasibility Study for the Stage 1 development of the Bunyu Graphite project was substantially completed by the end of the financial year. The results were announced on 31 July 2018 and supported the Company's stated strategy of developing a Stage 1 starter project followed by a Stage 2 expansion project. Following the recent receipt of the Bunyu Projects environmental approval, the focus for the Company is to obtain the Mining Licences and development funding to construct and commission the Stage 1 Bunyu project.

27. EVENTS AFTER THE REPORTING DATE

- The Stage 1 Bunyu Graphite Project Feasibility Study was completed and the results were publicly released on 31 July 2018.
- Mr Matthew Bull resigned as a Non-executive director of the Company effective 9 July 2018.
- On 1 August 2018, a second binding offtake was signed with Qingdao Tiangshengda Graphite for 9,000 tonnes per annum of Bunyu Graphite product, which represents approximately 40% of forecast annual production from the Stage 1 project. In addition a Co-operation agreement was signed with Haida Graphite in late August 2018.
- The Environmental Certificate and Environmental Conditions were received from the NEMC on 3 September 2018.
- A revised Prospectus (IM) was lodged with the Tanzanian regulators on 17 August 2018 and updated on 28th September 2018 for approval of the US$30 to US$40 million Note issue to be listed on the Dar es Salaam Stock Exchange.
- On 17 October 2018, the Bunyu mining licences were granted by the Tanzania Ministry of Minerals, Mining Commission covering the respective stage 1 and stage 2 developments of the Bunyu Graphite Project with reference numbers ML 00648/2018 and ML 00649/2018 respectively.

28. AUDITORS

INNOVEX Auditors was appointed as the company's auditor for the year ended 30 June 2018 and has expressed its willingness to continue in office in accordance with Section 159 (2) of the Tanzanian Companies Act 2002.

By order of the Board

Mr. Trevor Matthews
Director

30.10.18
Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under the Tanzanian Companies Act, 2002, to prepare financial statements that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the statement of income and expenditure of the company for the period.

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS). This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results. The directors further accept responsibility for the maintenance of accounting records which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the company will not remain a going concern for at least the next twelve months from the date of this statement.

Mr. Trevor Matthews Director	30.10.18 Date

DECLARATION OF THE HEAD OF FINANCE

The National Board of Accountants and Auditor (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of the financial statements rests with the Board of Directors under the Statement of Director's responsibility on an earlier page.

I, Amani L.Sam .... on behalf of Afrika Kazi Limited being management consultants who supervised preparation of financial statements of Volt Graphite Tanzania Limited, hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2018 have been prepared in compliance with applicable standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Volt Graphite Tanzania Limited as on that date and they have been prepared based on properly maintained financial records.

Signed by: ....

Position: Accountant

NBAA Membership No.: GA-8057

Date: 30.10.2018

INNOVEX

INNOVEX Auditors
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Ada Estate (Near the French Embassy)
P.O. Box 75297
Dar es Salaam, Tanzania
Mobile: +255 715 540 948
Landline: +255 22 2664099
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Volt Graphite Tanzania Limited
Plot No. 431, Mahando Street
Msasani Peninsula
PO Box 105589
Dar es Salaam

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF VOLT GRAPHITE TANZANIA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Volt Graphite Tanzania Limited, set out on pages 15 up to 46 which comprise the statement of financial position as at 30 June 2018, and the statement of profit or loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the company as at 30 June 2018 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Republic of Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Emphasis of matter

1. **Significant contingent liability**

We draw attention to Note 18.2 of the financial statements, which describes the existence of a significant contingent liability related to withholding tax amounting to TZS 1,168,488,816. Volt Graphite Tanzania Limited did not withhold and remit income tax for payments that were made to foreign and domestic service providers. Our opinion is not modified in respect of this matter.

2. **Material Uncertainty Related to Going Concern**

We draw attention to Note 4 in the financial statements, which indicates that the Company has not started mining activities and is still in the exploration phase and therefore did not record any revenues for the year under review. As a result, the Company since its incorporation relies on funding from the Parent Company to meet its administrative and exploration costs. During the year under review, it reported a net loss from operations of TZS 3,133,084,032 (2017: TZS 2,625,338,600) and as at that date, had negative equity of TZS 6,683,107,242 (2017: TZS 3,550,023,211). If the Parent Company for any reason stops providing funding for its administrative and operational needs, these events or conditions, along with other matters as set forth in Note 4, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 ISAs 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 these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 Other Legal and Regulatory Requirements

This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with the Companies Act, No. 12 of 2002 and for no other purposes.

As required by the Companies Act No. 12 of 2002, we are also required to report to you if, in our opinion, the Director's Report is not consistent with the financial statements, if the company has not kept proper records, if we have not received all the information and explanation we require for our audit or if information specified by law regarding Directors' remuneration and transaction with the company is not disclosed.

In respect of the foregoing requirements, we have no other matter to report.

The engagement partner on the audit resulting in this independent auditor's report is CPA Christopher Mageka.

INNOVEX Auditors
Certified Public Accountants
Dar es Salaam
Per Christopher Mageka, CPA-PP

INNOVEX AUDITORS
INNOVEX
P. O. BOX 75269
DAR ES SALAAM
CERTIFIED PUBLIC ACCOUNTANTS

Date......2/11/.......2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 TZS	2017 TZS
Income	5	-	-
Expenses			
Administrative expenses	6	2,773,082,060	2,155,301,609
Loss on foreign exchange		360,001,972	470,034,991
Total expenditure		3,133,084,032	2,625,336,600
Loss before tax		(3,133,084,032)	(2,625,336,600)
Taxation	14	-	-
Loss for the year		(3,133,084,032)	(2,625,336,600)

The notes on pages 19 to 46 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorised for issue on...30...10...... 2018 and were signed on its behalf by:

....
Mr. Trevor Matthews
Director

....
Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 14

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2018 TZS	2017 TZS
ASSETS			
Non-current assets			
Exploration and evaluation assets	7	18,273,571,141	12,481,787,660
Furniture and equipment	8	31,017,110	23,524,916
		18,304,588,251	12,505,312,576
Current assets			
Trade and other receivables	9	281,718,731	24,550,684
Cash and cash equivalents	10	13,824,335	70,286,754
		295,543,066	94,837,438
TOTAL ASSETS		18,600,131,317	12,600,150,014
EQUITY AND LIABILITIES			
Equity			
Share capital	11	100,000	100,000
Accumulated losses		(6,683,207,242)	(3,550,123,211)
Total equity		(6,683,107,242)	(3,550,023,211)
Liabilities			
Non-current liabilities			
Liability due to parent company	12	25,218,193,456	16,099,401,003
Current liabilities			
Trade and other payables	13	65,045,103	50,772,222
Total liabilities		25,283,238,559	16,150,173,225
TOTAL EQUITY AND LIABILITIES		18,600,131,317	12,600,150,014

The notes on pages 19 to 46 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorised for issue on...30.....10....... 2018 and were signed on its behalf by:

Mr. Trevor Matthews
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 14

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018

Year ended 30 June 2017	Share capital TZS	Accumulated losses TZS	Total TZS
Paid up capital	100,000	(924,786,611)	(924,686,611)
Loss for the year	-	(2,625,336,600)	(2,625,336,600)
	100,000	(3,550,123,211)	(3,550,023,211)
Year ended 30 June 2018			
At the start of the year	**100,000**	**(3,550,123,210)**	**(3,550,023,210)**
Loss for the year	**-**	**(3,133,084,032)**	**(3,133,084,032)**
	100,000	**(6,683,207,242)**	**(6,683,107,242)**

The notes on pages 19 to 46 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorised for issue on....30...10..... 2018 and were signed on its behalf by:

Mr. Trevor Matthews
Director

Mr. Asimwe Kabunga
Director

Report of the independent auditors - page 11 to 14

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 TZS	2017 TZS
OPERATING ACTIVITIES			
Loss for the year		**(3,133,064,032)**	(2,625,336,800)
Adjustment for,			
Depreciation for the year		**5,914,586**	285,372
Changing in working capital			
Increase in trade and other receivables		**(257,168,047)**	(13,422,570)
Increase in trade and other payables		**14,272,881**	11,940,360
Net Cash flow used in operating activities		(3,370,064,612)	(2,626,533,438)
INVESTING ACTIVITIES			
Exploration and evaluation assets	7	**(5,791,783,481)**	(8,143,924,926)
Office furniture	8	**(13,406,780)**	(23,810,288)
Net Cash flow used in investing activities		**(5,805,190,261)**	(8,167,735,214)
FINANCING ACTIVITIES			
Loan from parent company	12	**9,118,792,454**	10,852,528,099
Net Cash from financing activities		**9,118,792,454**	10,852,528,099
Net increase in cash and cash equivalents		**(56,462,419)**	58,259,447
Cash and cash equivalents at the start of the year		**70,286,754**	12,027,307
Cash and cash equivalents at the end of the year	10	**13,824,335**	70,286,754

The notes on pages 19 to 46 form an integral part of these financial statements. The Financial Statements on pages 15 to 18 were approved by the board of directors and authorised for issue on....30....10......2018 and were signed on its behalf by:

....	....
Mr. Trevor Matthews	**Mr. Asimwe Kabunga**
Director	**Director**

Report of the independent auditors - page 11 to 14

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. GENERAL INFORMATION

Volt Graphite Tanzania Limited is a company registered under the Companies Act, 2002 with a registration certificate no.117231 dated 13th May 2015 issued by BRELA. The company was initially registered as Nachi Resources Limited but on 18th April 2017, it changed its name to Volt Graphite Tanzania Limited. Volt Graphite Tanzania Limited is owned by Volt Resources Limited, an Australian company which directly holds 100% of the total issued shares.

Directors of Volt Graphite Tanzania Limited reside in Australia and have vested management of activities and financial reporting in Tanzania to Afrika Kazi Limited at the below address:

Afrika Kazi Ltd
Golden Heights
1st Floor, Wing B, Unit 1/B/102
Chole Road
PO Box 80003
Dar es Salaam
Tanzania

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below.

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS).

2.2 Basis of preparation

The financial statements have been prepared under the historical cost convention as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The financial statements are presented in Tanzania Shillings (TZS). The financial statements comprise a statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows, and explanatory notes.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the accounting policies adopted by the company. Although such estimates and assumptions are based on the directors' best knowledge of the information available, actual results may differ from those estimates. The judgments and estimates are reviewed at the end of each reporting period, and any revisions to such estimates are recognised in the year in which the revision is made. The areas involving the judgments of most significance to the financial statements, and the sources of estimation uncertainty that have a significant risk of resulting in a material adjustment within the next financial year, are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Improvements to IFRSs

i. New and revised IFRSs mandatorily effective at the end of the reporting period with no material effect on the reported amounts and disclosures in the current or prior year

The following new or revised IFRSs were mandatorily effective and adopted by Volt Graphite Tanzania Limited as at the end of the reporting period but did not have a material effect on the current or previously reported financial performance or financial position.

Name of standard	Changes made to the standard
IAS 1 Disclosure Initiative – Amendments to IAS 1	**Key requirements** The amendments to IAS 1 *Presentation of Financial Statements* clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: • The materiality requirements in IAS 1 • That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated • That entities have flexibility as to the order in which they present the notes to financial statements • That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item and classified between those items that will or will not be subsequently reclassified to profit or loss. Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI **Impact** These amendments are intended to assist entities in applying judgement when meeting the presentation and disclosure requirements in IFRS, and do not affect recognition and measurement. Although these amendments clarify existing requirements of IAS 1, the clarifications may facilitate enhanced disclosure effectiveness. Effective for annual periods beginning on or after 1 January 2018.
IFRS 15 Revenue from contracts with Customers	**Key requirements** IFRS 15 replaces all existing revenue requirements in IFRS (IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	Customers and SIC 31 *Revenue – Barter Transactions Involving Advertising Services*) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as IAS 17. Its requirements also provide a model for the recognition and measurement of gains and losses on disposal of certain non-financial assets, including property, equipment and intangible assets. Effective for annual periods beginning on or after 1 January 2018. **Impact** IFRS 15 is more prescriptive than the current IFRS requirements for revenue recognition and provides more application guidance. The disclosure requirements are also more extensive. The standard will affect entities across all industries. Adoption will be a significant undertaking for most entities with potential changes to their current accounting, systems and processes.
IFRS 9 Financial Instruments	**Key requirements** *Classification and measurement of financial assets* All financial assets are measured at fair value on initial recognition, adjusted for transaction costs, if the instrument is not accounted for at fair value through profit or loss (FVTPL). *Classification and measurement of financial liabilities* For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss. *Impairment* The impairment requirements are based on an expected credit loss (ECL) model that replaces the IAS 39 incurred loss model. The ECL model applies to debt instruments accounted for at amortised cost or at FVOCI, most loan commitments, financial guarantee contracts, contract assets under IFRS 15 and lease receivables under IAS 17 *Leases*.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	Hedge accounting Hedge effectiveness testing is prospective, without the 80% to 125% bright line test in IAS 39, and, depending on the hedge complexity, will often be qualitative. Effective for annual periods beginning on or after 1 January 2018. **Impact** The application of IFRS 9 may change the measurement and presentation of many financial instruments, depending on their contractual cash flows and the business model under which they are held. The impairment requirements will generally result in earlier recognition of credit losses. The new hedging model may lead to more economic hedging strategies meeting the requirements for hedge accounting.
IFRS 2 Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2	**Key requirements** The IASB issued amendments to IFRS 2 *Share-based Payment* in relation to the classification and measurement of share-based payment transactions. The amendments address three main areas: • *The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction.* The amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments. • *The classification of a share-based payment transaction with net settlement features for withholding tax obligations.* This amendment adds an exception to address the narrow situation where the net settlement arrangement is designed to meet an entity's obligation under tax laws or regulations to withhold a certain amount in order to meet the employee's tax obligation associated with the share-based payment. This amount is then transferred, normally in cash, to the tax authorities on the employee's behalf. To fulfil this obligation, the terms of the share-based payment arrangement may permit or require the entity to withhold the number of equity instruments that are equal to the monetary value of the employee's tax obligation from the total number of equity instruments that otherwise would have been issued to the employee upon exercise (or vesting) of the share-based payment ('net share settlement feature'). Where transactions meet the

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	criteria, they are not divided into two components but are classified in their entirety as equity-settled share-based payment transactions, if they would have been so classified in the absence of the net share settlement feature. • *The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity settled.* The amendment clarifies that, if the terms and conditions of a cash-settled share-based payment transaction are modified, with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as an equity-settled transaction from the date of the modification. Any difference (whether a debit or a credit) between the carrying amount of the liability derecognised and the amount recognised in equity on the modification date is recognised immediately in profit or loss. **Transition** On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. Early application is permitted. **Impact** The amendments are intended to eliminate diversity in practice but are narrow in scope and address specific areas of classification and measurement. Effective for annual periods beginning on or after 1 January 2018.
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4	Key requirements The amendments address concerns arising from implementing the new financial instruments Standard, IFRS 9, before implementing the new insurance contracts standard that the Board is developing to replace IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. *Temporary exemption from IFRS 9* The optional temporary exemption from IFRS 9 is available to entities whose activities are predominantly connected with insurance. The temporary exemption permits such entities to

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	continue to apply IAS 39 *Financial Instruments: Recognition and Measurement* while they defer the application of IFRS 9 until 1 January 2021 at the latest. Predominance must be initially assessed at the annual reporting date that immediately precedes 1 April 2016 and before IFRS 9 is implemented. Also, the evaluation of predominance can only be reassessed in rare cases. Entities applying the temporary exemption will be required to make additional disclosures. *The overlay approaches* The overlay approach is an option for entities that adopt IFRS 9 and issue insurance contracts, to adjust profit or loss for eligible financial assets; effectively resulting in IAS 39 accounting for those designated financial assets. The adjustment eliminates accounting volatility that may arise from applying IFRS 9 without the new insurance contracts standard. Under this approach, an entity is permitted to reclassify amounts between profit or loss and other comprehensive income (OCI) for designated financial assets. An entity must present a separate line item for the amount of the overlay adjustment in profit or loss, as well as a separate line item for the corresponding adjustment in OCI. **Transition** The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9. **Impact** The overlay approach requires an entity to remove from profit or loss additional volatility that may arise if IFRS 9 is applied with IFRS 4. When applying the temporary exemption, entities must still provide extensive disclosure that require the application of some aspects of IFRS 9. Effective for annual periods beginning on or after 1 January 2018
Transfers of Investment Property (Amendments to IAS 40)	**Key requirements** The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	meet the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. **Transition** Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if that is possible without the use of hindsight. Early application of the amendments is permitted and must be disclosed. **Impact** The amendments will eliminate diversity in practice. Effective for annual periods beginning on or after 1 January 2018.

II. **Standards and interpretations in issue but not yet effective**

At the reporting date, the following new and/or revised accounting standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements. Volt Graphite Tanzania Limited has not yet assessed the impact of these changes on their financial statements when they become effective:

Name of standard	Changes made to the standard
IFRS 17 Insurance Contracts	In May 2017, the IASB issued IFRS 17 which establishes principles for the recognition, measurement, presentation and disclosure for insurance contracts issued, reinsurance contracts held and investment contracts with discretionary participation features issued. Effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted.
IFRS 16 Leases	**Key requirements** The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Name of standard	Changes made to the standard
	under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. **Transition** A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. Early application is permitted, but not before an entity applies IFRS 15 **Impact** The lease expense recognition pattern for lessees will generally be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and income statement metrics such as earnings before interest, taxes, depreciation and amortization (EBITDA), could be impacted. Also, the cash flow statement for lessees could be affected as payments for the principal portion of the lease liability will be presented within financing activities. Lessor accounting will result in little change compared to today's lessor accounting. The standard requires lessees and lessors to make more extensive disclosures than under IAS 17 Effective for annual periods beginning on or after 1 January 2019

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Improvements to IFRSs

iii. Early adoption of standards

The company did not early-adopt any new or amended standards or interpretations during the financial period under review.

2.4 Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.5 Exploration and evaluation assets

The company's exploration and evaluation assets comprise of exploration and evaluation expenditures capitalized in respect of projects that are at the exploration and pre-development stage. These assets are transferred to mine development assets, after testing for impairment, upon the commencement of mine development. Exploration and evaluation expenditure in the relevant area of interest comprises costs which are directly attributable to;

- Acquisition;
- Surveying, geological, geochemical and geophysical;
- Exploratory drilling;
- Land maintenance;
- Sampling; and
- Assessing technical feasibility and commercial viability.

Capitalized exploration and evaluation expenditure related to an area of interest where the company has tenure are recorded at cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Exploration and evaluation assets (Continued)

No amortization charge is recognized in respect of exploration and evaluation assets.

Impairment
Exploration and evaluation assets are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. In determining whether the assets are impaired, management assesses several factors including the intention to continue to developing the areas of interest.

2.7 Furniture and equipment

I. Recognition
Furniture and equipment are initially recorded at cost. Cost comprises of the expenditure that is directly attributable to the acquisition (purchase or construction) of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Volt Graphite Tanzania Limited and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the year in which they are incurred.

II. Measurement after recognition
After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Property and equipment of the Volt Graphite Tanzania Limited are stated at cost less accumulated depreciation and accumulated impairment loses. Replacement or major repair cost are capitalized when incurred and if it is probable that future benefits associated to with the item will flow to the group and the cost of the item can be measured reliably.

Depreciation is calculated on a straight-line method so as to allocate the cost to their residual values over their estimated useful lives from the time the asset is brought into use to the time of its de-recognition as follows:

Category of noncurrent asset	Useful lives
Furniture and fittings	8 years
Computers	3 years

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Furniture and equipment (Continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

An item of property and equipment and any significant part initially recognized is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is de-recognized.

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

2.8 Translation of foreign currencies

Functional currencies

Items included in the financial statements of the company are measured using the currency of primary economic environment in which the company operates ("the functional currency"). The financial statements are presented in Tanzania Shilling which is the company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

2.9 Financial instruments

The company classifies its financial instruments into the following categories:

i. **Financial assets and financial liabilities at fair value through profit or loss,** which comprise financial assets and financial liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term or to generate short-term profit;
ii. **Loans and receivables**, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and exclude assets which the entity intends to sell immediately or in the near term or those which the entity upon initial recognition designates as at fair value through profit or loss.
iii. **Financial liabilities,** which comprise all financial liabilities except financial liabilities at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Financial Instruments (continued)

2.9.1 Financial assets

Financial assets comprise of loans and other receivables. Loan and receivables are non-derivatives financial assets with fixed determinable payments that are not quoted in the active market. All financial assets are recognised initially using the trade date accounting which is the date the company commits itself to the purchase or sale.

Financial assets carried at fair value through profit or losses are initially recognised at fair value and the transaction costs are expensed in the profit and loss account. All other categories of financial assets are recorded at the fair value of the consideration given plus the transaction cost.

The company assesses at each year end whether there is objective evidence that a financial asset is impaired. If any such evidence exists, an impairment loss is recognised. Impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount.

2.9.2 Financial liabilities

All financial liabilities are recognised initially at fair value of the consideration given plus the transaction cost with the exception of financial liabilities carried at fair value through profit or loss, which are initially recognised at fair value and the transaction costs are expensed in the profit and loss account.

All financial liabilities are classified as non-current except financial liabilities at fair value through profit or loss, those expected to be settled in the company's normal operating cycle, those payable or expected to be paid within 12 months of the year ended and those which the company does not have an unconditional right to defer settlement for at least 12 months after the year end.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged or cancelled or expire.

2.10 Trade and other receivable

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables (including trade and other receivables), are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

2.11 Impairment of financial assets

Financial assets, other than those at fair value through profit or loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of financial assets (Continued)

For Available for Sale (AFS) equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Changes in the carrying amount of the allowance account are recognised in profit or loss. When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 De-recognition of financial assets

Volt Graphite Tanzania Limited derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the entity recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company has substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.13 Provisions

Provisions are recognized when Volt Graphite Tanzania Limited has a present legal or constructive obligation as a result of past events, when it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Where the company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and short-term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts. Cash and cash equivalents are carried at cost which, due to their short-term nature, approximates their fair value.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Volt Graphite Tanzania Limited.

2.16 Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax from proceeds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Income tax

Income tax expense is the aggregate amount charged/(credited) in respect of current tax and deferred tax in determining the profit or loss for the year. Tax is recognized in the statement of profit or loss and other comprehensive income account.

Current tax:
Current income tax is the amount of income tax payable on the taxable profit for the year, and any adjustment to tax payable in respect of prior years, determined in accordance with the Tanzanian Income Tax Act Cap 332 as revised from time to time.

Deferred income tax:
Deferred income tax is provided in full on all temporary differences except those arising on the initial recognition of an asset or liability, other than a business combination, that at the time of the transaction affects neither the accounting nor taxable profit nor loss. Deferred income tax is determined using the liability method on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, using tax rates and laws enacted or substantively enacted at the balance sheet date and expected to apply when the related deferred income tax asset is realized or the deferred tax liability is settled.

Value Added Tax
Revenues, expenses and assets are recognized net of the amount of Value Added Tax except where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable, and the net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Preparation of the company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets and liabilities as well as the disclosures of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affect in future period.

In the process of applying the company's accounting policies, management has used its judgments and made estimates in determining the amount recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual result ultimately may differ from these estimates. The most significant use of judgments and estimates are follows:

3.1 Income taxes

The company is subject to various government taxes under the Tanzanian tax laws. Significant estimates and judgments are required in determining the provision for income taxes on certain transactions. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

3.1 Income taxes (Continued)

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.2 Exploration and evaluation expenditure

The company's accounting policy for exploration and evaluation expenditure results in the capitalization of the exploration expenditure. This policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. The company is in the process of exploring and evaluating its exploration and evaluation assets and has not yet determined whether the properties contain mineral reserves that are economically recoverable. The recoverability of the amounts shown for exploration and evaluation assets is dependent upon the existence of economically recoverable mineral reserves, the ability of the company to obtain necessary financing to complete the development of those mineral reserves and upon future production or proceeds from the disposition thereof.

4. GOING CONCERN

Volt Graphite Tanzania Limited is still conducting exploration activities and have not yet commenced trading activities and therefore do not have any income. The Parent Company has been providing financial support to meet the costs for administration and exploration activities. During the year ended 30 June 2018, the Company made a loss from operations of TZS 3,133,084,032 (2017: TZS 2,625,336,600) and as at that date, had negative equity of TZS 6,683,107,242 (2017: TZS 3,550,023,211). Significant doubt on the going concern status of the Company may be cast if the Parent Company, for any reason, stops providing funding for its administrative and operational needs. These conditions indicate that the ability of the Company to continue as a going concern largely depends on continued availability of financial support from its Parent Company to meet its administrative and exploration costs.

The Company's parent company (Volt Resources Limited), a company incorporated in Australia, has confirmed its commitment to continue providing it with financial support to meet its maturing obligations in a letter of support dated 10th July 2018. This commitment to provide financial support will remain in place until the Company finishes the exploration phase and commences revenue generating mining activities and attain profitable operations that will enable it to meet its maturing obligations without the assistance of the Parent Company. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

5. REVENUE

No revenue was earned year ended 30 June 2018. Volt Graphite Tanzania Limited is still in the exploration phase and thus did not conduct activities that generated income in the period under review.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2018 TZS	2017 TZS
6. Administrative expenses		
Travel and accommodation	251,532,581	205,771,031
Accounting fees	107,896,601	29,584,091
Audit fees	16,955,592	31,207,026
Bank fees	11,413,999	9,163,396
Casual labour	25,205,600	97,988,628
Application fees	-	1,981,910
Cleaning and hygiene	130,000	-
Community consultation groups	6,764,500	16,214,000
Company secretarial fees	52,117,491	31,546,199
Compensation fees	-	2,915,000
Legal fees-international	3,434,132	-
Consumable small tolls & equipment	5,853,442	-
DD-consumables	1,689,032	-
Depreciation	5,914,587	285,372
Directors fees	81,476,004	-
Donations/sponsorships	12,500,661	-
Filling/statutory fees	79,000	-
Financial modelling	35,841,297	-
Flights-domestic (Tanzania)	26,281,723	146,099,960
Food staff accommodation	1,262,214	
Fuel	35,510,080	72,279,721
Funeral	-	21,153,027
Generator maintenance	10,000	-
Insurance on public liability	4,532,000	-
Internet (hosting, subscriptions Etc.)	1,348,000	898,369
Immigration	-	1,187,271
IT repairs and maintenance	1,294,085	-
IT Software subscriptions and licenses	635,673	-
Legal fees-domestic	162,296,082	100,000
Licenses	30,000	715,000
Labour hire	1,091,327,280	1,105,813,504
Maintenance	2,109,853	4,267,196
Maintenance - planned renovations	567,000	-
Maintenance -spares	489,000	-
Meals and entertainment	23,609,236	-
Medical	208,700	794,179
Memberships	11,241,200	-
Notification of traffic offences	-	30,000
Office supplies	756,300	31,328,498
Parking	110,290	46,100
Personal protection equipment	2,023,746	-
Petrol	630,237	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2018 TZS	2017 TZS
6. Administrative expenses (Continued)		
Exports	-	32,889,040
Postage and couriers	100,432,867	236,307
Rent and outgoings	69,429,262	17,121,131
Road shows	64,926,951	-
Royalty	-	780,100
Share registry	110,000,016	-
Stationary and printing	4,299,335	2,022,900
Stamp duty	-	581,591
Taxis Etc.	6,193,820	200,979
Telephones-mobiles	7,519,302	9,501,780
Tenement rents	248,794,124	280,019,301
Training	11,600,000	-
Visitors visas	110,000	-
Water and electricity	1,104,717	604,000
Consultancy (Australia)	163,594,448	-
	2,773,082,060	2,155,301,808

7. Exploration and evaluation assets		
Exploration Cost of Bunyu Project:		
Beginning balance	12,481,787,660	4,337,862,735
Costs incurred during the period:		
ARD test work	125,917,580	-
Assays -diamond core Incl SG	2,568,589	-
Assays-RC Sample	92,403,091	1,691,967,181
Bench scale test work	247,722,805	-
Consultants general	181,733,387	35,167,326
Consumable -Diamond	9,110,297	-
Consumable -RC	21,078,616	-
Corporate advisory	45,692,678	-
Drilling	516,551,729	1,927,323,785
Design studies	6,200,000	-
Downhole survey	16,207,310	-
Earthmoving & roads (rentals etc.)	21,455,966	74,859,000
ESIA and EIA studies-mine	424,718,340	414,951,147
Approval & licensing costs	147,604,400	-
Geological information systems	34,224,882	-
Geologists	1,632,595	-
Geographical survey	-	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	2018 TZS	2017 TZS
7. Exploration and evaluation assets (Continued)		
Geophysical survey		26,968,724
Geophysics (consultants)	-	3,267,351,388
Geotechnical	52,817,822	-
Graphite	175,363,547	-
Human resources	19,878,750	-
Hydrogeological assessment	299,212,823	-
Indirect consultants (support)	61,978,149	-
Infrastructure studies	475,269,696	
Lowbed hiring	-	6,830,000
Materials handling -ore	-	20,007,000
Mine planning & ore reserve	272,961,236	-
PMC-feasiblity study management	2,046,130,268	-
Risk assessments	102,530,140	-
Survey control	16,830,400	222,065,643
Vehicles rental	374,988,395	466,433,751
	18,273,571,141	12,481,787,660

Capitalized exploration expenditure represents the accumulated cost of the holding and exploration of the Bunyu Project in Mtwara. Ultimate recovery of these costs is dependent on the successful development and commercial exploitation of the project and its areas of interest.

8. FURNITURE AND EQUIPMENT

2018	Office furniture TZS	Computers TZS	Total TZS
Cost			
As at 1st July	18,938,330	4,871,958	23,810,288
Addition during the year	-	13,406,780	13,406,780
	18,938,330	18,278,738	37,217,068
Accumulated depreciation			
As at 1st July	(285,372)	-	(285,372)
Charge for the year	(2,331,621)	(3,582,965)	(5,914,586)
	(2,616,993)	(3,582,965)	(6,199,958)
As at 30th June	16,321,337	14,695,773	31,017,110

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. FURNITURE AND EQUIPMENT (Continued)

	Office furniture TZS	Computers TZS	Total TZS
2017			
Cost			
As at 1st July	-	-	-
Addition during the year	18,938,330	4,871,958	23,810,288
	18,938,330	4,871,958	23,810,288
Accumulated depreciation			
As at 1st July	-	-	-
Charge for the year	285,372	-	285,372
	285,372	-	285,372
As at 30th June 2017	18,652,958	4,871,958	23,524,916

	2018 TZS	2017 TZS
9. TRADE AND OTHER RECEIVABLES		
Deposits	**19,749,202**	21,960,100
Sundry debtors	**21,728,347**	2,590,584
VAT receivables	**240,241,182**	-
	281,718,731	24,550,684
10. CASH AND CASH EQUIVALENTS		
Bank balance	**13,824,335**	70,286,754
11. SHARE CAPITAL		
Authorised		
2,000 ordinary shares of TZS 1,000 each	**2,000,000**	2,000,000
Issued and fully paid		
Called up and fully paid		
100 ordinary shares of TZS 1,000 each	**100,000**	100,000

As at 30 June 2018, Volt Resources Limited held 99 ordinary shares of the company while Mozambi Graphite Pty Limited held 1 ordinary share.

	2018 TZS	2017 TZS
12. LIABILITY DUE TO RELATED PARTIES		
Volt Resources Limited (Note 15)	**25,218,193,456**	16,098,401,003

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. LIABILITY DUE TO RELATED PARTIES (Continued)

Volt Resources Limited, a company incorporated in Australia owns Mozambi Graphite Pty Limited. The balance due refers to funds that Volt Resources Limited has advanced Volt Graphite Tanzania Limited in execution of its activities. Repayment of the liability is dependent on the discovery of economic reserves including the ability of the company to raise sufficient finances. The balance do not carry any interest and none of the company's assets are pledged against this balance.

13. TRADE AND OTHER PAYABLES	2018 TZS	2017 TZS
Accommodation -domestic	**2,679,000**	-
HR & Acc payables	**1,078,015**	-
Audit fee payable	**20,397,955**	31,207,026
Company secretarial fee	**5,382,795**	
Director services fee	**5,551,463**	
Legal fee	**14,318,235**	-
Sundry creditors	-	1,078,015
Withholding tax payable	**5,970,141**	15,242,730
Other payables	**9,667,499**	3,244,451
	65,045,103	50,772,222

14. TAXATION

a. Income tax expense

The company is still under exploration stage and has not started commercial mining activities and did not record any income. As a result, it reported a loss for the year under review. Corporate tax is not charged in lieu of the loss made by the company during the reporting period. However, the company's tax affairs are subject to assessment and agreement with the Tanzania Revenue Authority.

b. Deferred tax

Directors have not recognized deferred tax asset or liability since there are no expectations to recover differed taxes in the near future.

15. RELATED PARTY TRANSACTIONS AND BALANCES

Identification of related parties

Parties are considered to be related if one party has the ability to control the other party and exercise significant influence over the party in making financial and operating decisions.

The company's related parties consist of holding companies and key management personnel. Key management personnel, as defined by IAS 24, *Related Party Disclosures*, are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

Transactions	2018 TZS	2017 TZS
Transactions with Volt Resources Limited		
Direct expenses paid on behalf	**5,063,360,045**	8,007,194,609
Financing received during the period	**4,055,432,409**	2,845,333,489
	9,118,792,454	10,852,528,099

Remuneration to key management personnel:
Key management personnel of the company comprise of its directors. During the year ended 30 June 2018, directors did not receive any financial or non-financial benefit from the company, apart from Directors fee paid to Asimwe Kabunga, as detailed in note 6.

Balances	2018 TZS	2017 TZS
Liability due to Volt Resources Limited		
Opening balance	**16,099,401,002**	5,246,872,904
Additions during the year	**9,118,792,454**	10,852,528,099
As at 30 June	**25,218,193,456**	16,099,401,003

16. FINANCIAL ASSETS AND LIABILITIES

16.1 Fair value of financial instruments

Set out below is a comparison by class of the carrying amounts and fair values of the company's financial instruments.

	2018 TZS	2017 TZS	2018 TZS	2017 TZS
Financial assets				
Trade and other receivables	**281,718,731**	24,550,684	**281,718,731**	24,550,684
Cash and cash equivalents	**13,824,335**	70,286,754	**13,824,336**	70,286,754
	295,543,066	94,837,438	**295,543,066**	94,837,438

	2018 TZS	2017 TZS	2018 TZS	2017 TZS
Financial liabilities				
Trade and other payables	**65,045,103**	50,772,222	**65,045,103**	50,772,222
Liability due to related parties	**25,218,193,456**	16,099,401,001	**25,218,193,456**	16,099,401,001
	25,283,238,559	16,150,173,223	**25,283,238,559**	16,150,173,223

Carrying values of the financial instruments approximates the fair values no adjustments needed

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. FINANCIAL ASSETS AND LIABILITIES (Continued)

16.2 Financial instruments by category

	Loans and receivables	
	2018	2017
Financial assets	TZS	TZS
Trade and other receivables	281,718,731	24,550,684
Cash and cash equivalents	13,824,335	70,286,754
	295,543,066	94,837,438

	Financial liabilities at amortized cost	
	2018	2017
Financial liabilities	TZS	TZS
Trade and other payables	65,045,103	50,772,222
Liability due to related parties	25,218,193,456	16,099,401,001
	25,283,238,559	16,150,173,223

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable

(i) Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in active in active markets for identical assets or liabilities.
(ii) Level 2: Fair value measurements are those derived from inputs other than quoted price included within level 1 that are observable for the assets or liabilities, either directly (i.e as a price) or indirectly (i.e. derived from prices); and
(iii) Level 3: Fair value measurements are those derived from valuation techniques that include inputs for the assets or liability that are based on observable market data (unobservable inputs)

The table below shows an analysis of the financial instruments at a fair value by level of the fair value hierarchy. The financial instruments are grouped into levels 1 to 3 based on the degree to which fair value is observable.

16.3 Fair value hierarchy of financial instruments

	Level 1	Level 2	Level 3	Total
	TZS	TZS	TZS	TZS
2018				
Financial assets				
Trade and other receivables	-	281,718,731	-	281,718,731
Cash and cash equivalents	-	13,824,335	-	13,824,335
	-	295,543,066	-	295,543,066

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. FINANCIAL ASSETS AND LIABILITIES (Continued)

16.3 Fair value hierarchy of financial instruments (Continued)

	Level 1 TZS	Level 2 TZS	Level 3 TZS	Total TZS
2018 (Continued)				
Financial liabilities				
Trade and other payables	-	**65,045,103**	-	**65,045,103**
Liability due to related parties	-	**25,218,193,456**	-	**25,218,193,456**
	-	**25,283,238,559**	-	**25,283,238,559**
2017				
Financial assets				
Trade and other receivables	-	24,550,684	-	24,550,684
Cash and cash equivalents	-	70,286,754	-	70,286,754
	-	94,837,438	-	94,837,438
Financial liabilities				
Trade and other payables	-	50,772,222	-	50,772,222
Liability due to related parties	-	16,099,401,003	-	16,099,401,003
	-	16,150,173,225	-	16,150,173,225

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The main risks arising from the company's financial instruments are credit risk, foreign exchange risk and liquidity risk. Information about the company's exposure to each of these risks, its objectives, policies and processes for measuring and managing the risks is summarized below:

(i) Credit risk

Credit risk is the risk of financial loss to the company in an event where a counterparty to a financial instrument fails to meet its contractual obligations, the risk arises principally from trade and other receivables. As the company does not have any sales yet, this risk is limited.

The company's financial assets comprise of cash and cash equivalents as well as other receivables. The credit risk on cash and cash equivalents is limited because the company banks with reputable banks that have high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

(i) Foreign exchange risk

The company undertakes certain transactions denominated in foreign currencies and exposures to exchange rate fluctuations therefore arise. The currency changes can result in unpredictable gains or losses to the company. Volt Graphite Tanzania Limited does not hedge against foreign currency risks as management holds most of its cash in a stable currency which is US$. As at the reporting date the company had a foreign currency expoeure resulting mainly from the liability due to related parties and audit fee payable which are denominated in US$. The net foreign monetary liability stood at US$ 11,126,835 (2017: US$ 7,183,256); an equivalent of TZS 25,218,192,660 (2017: TZS 16,124,083,128) as translated at an exchange rate of TZS 2,266.43/US$ (2017: TZS 2241.24/US$) which was ruling as at reporting date.

If Tanzanian Shillings strengthened or weakened by 5% the reported gain or loss on foreign exchange would be higher or lower by TZS 1,260,459,191 (2017: TZS 803,319,919) as seen below:

	2018		2017	
	TZS	US$	TZS	US$
Exchange rate		2,266.43		2,241.24
Assets				
Cash and cash equivalents	9,009,626	3,975	64,209,285	28,649
Liabilities				
Trade and other payables		-	31,207,026	13,924
Liability due to related parties	25,218,193,456	11,126,835	16,099,401,003	7,183,256
	25,218,193,456	11,126,835	16,130,608,029	7,197,180
Net foreign denominated monetary liability	(25,209,183,830)	(11,122,860)	(16,066,398,385)	(7,168,531)
Gain or loss when TZS strengthens or weakness by 5%	1,260,459,191		803,319,919	

17. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (Continued)

(iii) Liquidity risk

Liquidity is the capacity to meet cash and collateral obligations without incurring unacceptable losses. Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. Liquidity is further managed by monitoring cash flows forecast to ensure that the company has adequate cash resources to meet its short-term commitments.

The table below is an undiscounted cash flow analysis for both financial assets and financial liabilities that are presented in the statements of financial position according to their contractual maturities at the statement of financial position date.

	Contractual cash flows					
	0-1 months TZS	1-2 months TZS	3-6 months TZS	6-12 months TZS	Above 12 months TZS	Carrying amounts TZS
2018						
Assets						
Trade and other receivables	21,728,347	-	-	-	259,990,384	281,718,731
Cash and bank balances	13,824,335	-	-	-	-	13,824,335
	35,552,682	-	-	-	259,990,384	295,543,066
Liabilities						
Trade and other payables	65,045,103	-	-	-	-	65,045,103
Liability due to related parties	-	-	-	-	25,218,193,456	25,218,193,456
	65,045,103	-	-	-	25,218,193,456	25,283,238,559
Liquidity risk gap	(29,492,421)	-	-	-	(24,958,203,072)	(24,987,695,493)
2017						
Assets						
Trade and other receivables	2,590,584	-	21,960,100	-	-	24,550,684
Cash and bank balances	70,286,754	-	-	-	-	70,286,754
	72,877,338	-	21,960,100	-	-	94,837,438
Liabilities						
Trade and other payables	50,772,222	-	-	-	-	50,772,222
Liability due to related parties	-	-	-	-	16,099,401,003	16,099,401,003
	50,772,222	-	-	-	16,099,401,003	16,150,173,225
Liquidity risk gap	22,105,116	-	21,960,100	-	(16,099,401,003)	(16,055,336,787)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. COMMITMENTS AND CONTINGENT LIABILITIES

18.1 Capital commitments
There were no capital commitments as at the reporting date (2017: Nil)

18.2 Contingent liabilities
As at the reporting date, Volt Graphite Tanzania Limited had contingent liabilities relating to withholding tax amounting to TZS 1,156,273,754 (2017: TZS 591,876,591). Appropriate withholding taxes were deducted and paid to the Tanzania Revenue Authority for all payments made by the Company out of the Company's bank accounts, in accordance with Section 82(1) of the Income Tax Act 2004 (Revised Edition 2007). The parent company in Australia made payments to both domestic and foreign service providers (outside of Tanzania), primarily to consultants completing the pre-feasibility and feasibility study evaluations on the Bunyu Graphite project, from bank accounts in the parent company's name held in Australia. The parent company did not withhold and remit income taxes in Tanzania. The parent company has allocated expenditure to the Company through the "Liability due to related parties account". No provision for withholding tax has been raised in the Company's books. The tax affairs of the company are subject to assessment by the Tanzania Revenue Authority. When the relevant expenditure is paid by the Company to the parent company outside of Tanzania, withholding taxes in the order of the amounts noted above, will likely become payable to the Tanzania Revenue Authority.

19. OPERATING LEASE

Operating lease arise as the company leases its office space. In the period under review, Volt Graphite Tanzania Limited entered a one year operating lease agreement for rent of office space at US$ 2,184 (VAT inclusive) per month effective from 1 April 2018. As at 30 June 2018, management had the following outstanding lease commitment

	2018 TZS	2017 TZS
Within 1 year	**14,913,171**	-

As at 30 June 2018, directors were committed to payment of annual rents for prospecting licences as follows:

	2018 TZS	2017 TZS
Within 1 year	**252,129,473**	249,407,428
More than 1 year but less than 5 years	-	26,310,082
	252,129,473	275,717,510

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. EVENTS AFTER REPORTING PERIOD

- Completion of the Stage 1 Bunyu Graphite Project Feasibility Study with the results publicly released 31 July 2018.
- Mr. Matthew Bull resigned as a Non-executive director of the Company effective 9 July 2018.
- On 1 August 2018, a second binding offtake was signed with Qingdao Tiangshengda Graphite for 9,000 tonnes per annum of Bunyu Graphite product, which represents approximately 40% of forecast annual production from the Stage 1 project. In addition a Co-operation agreement was signed with Haida Graphite in late August 2018.
- The Environmental Certificate and Environmental Conditions were received from the NEMC on 3 September 2018.
- A revised Prospectus (IM) was lodged with the Tanzanian regulators on 17 August 2018 for approval of the US$30 to US$40 million Note issue to be listed on the Dar es Salaam Stock Exchange.
- On 17 October 2018, the Bunyu mining licences were granted by the Tanzania Ministry of Minerals, Mining Commission covering the respective stage 1 and stage 2 developments of the Bunyu Graphite Project with reference numbers ML 00648/2018 and ML 00649/2018 respectively.

Apart from events disclosed above there are no other significant subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

20. COMPERATIVE FIGURES

Whenever necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.