



VOLT

RESOURCES

ASX ANNOUNCEMENT

By e-lodgement

23 June 2017

OFFTAKE AGREEMENT WITH MAJOR GRAPHITE DISTRIBUTOR

HIGHLIGHTS

- **Guangxing Electrical Materials (GEM) has signed a detailed Offtake Term Sheet for 5,000 tonnes per annum of flake graphite concentrate**
- **Volt and GEM undertake to complete a binding offtake agreement from Stage 1 production by 30 September 2017**
- **The contract period is five years with concentrate delivery commencing from mid 2018**
- **Pricing will be set six-monthly based on prevailing graphite concentrate market prices**
- **Volt is proceeding with a 20,000 tpa Stage 1 project with annual production expected to be fully committed under binding offtake agreements by Q4 2017**

INTRODUCTION

Volt Resources Limited (**ASX: VRC**), ("**Volt**" or, the "**Company**") continues to make excellent progress in China and is delighted to announce the signing of a detailed Offtake Term Sheet with GEM for 5,000 tonnes per annum of flake graphite concentrate from Stage 1 production. In addition, both parties are committed to completing a binding offtake agreement by 30 September 2017.

This is the third agreement that Volt has signed with a China-based group since mid May, which is a direct consequence of management's recent visit there to meet prospective graphite customers. The Board believes it is critical to have a strong presence in China, given it is the largest graphite market globally. However, rather than be overly reliant on a few large clients, the Board believes it is prudent to diversify risk across a larger client base in China that have

varying product requirements. Discussions with potential customers in North America, Europe, South Korea and Japan are also continuing.

Based on all current and prospective customer agreements (refer Table 1), if the applicable conditions precedent are met then Volt could secure minimum commitments for 26,000 tonnes per annum of flake graphite concentrate by Q4 2017. This would adequately cover Stage 1 production, which is now targeted at 20,000 tonnes per annum of graphite concentrate and potential downstream products for the battery anode market. These agreements will also provide considerable comfort to financial institutions currently reviewing the provision of development funding for the Namangale project.

Table 1: Actual and indicative offtake agreements

Customer	Indicative offtake quantity (tonnes/annum)	Estimated time-line to secure binding off-take
NanoGraphene Inc (USA) ¹	1,000	Complete
GEM	5,000	September 2017
Aoyu Graphite Group ¹	10,000 - 20,000	Post product trials – Q4 2017
China National Building Materials General Machinery ¹	10,000 - 15,000	Post sample assessment – Q4 2017

GUANGXING ELECTRICAL MATERIALS

GEM, which is an operating subsidiary of a larger group (refer below), processes and distributes value added graphite products to a range of end-user markets across China and for export. It has signed a detailed Offtake Term Sheet with Volt, with the following key terms:

- Both parties agree to complete a binding offtake agreement by 30 September 2017;
- The initial contract term is five years with an option to extend by mutual agreement for a further five years;
- Annual quantity is for 5,000 tonnes of flake graphite concentrate from Stage 1 production commencing from mid 2018;
- Pricing will be set six-monthly based on prevailing rates for expandable and spherical products, flake size distribution and grade; and
- Payment terms, packaging and shipping arrangements included.

Volt Resource’s CEO Trevor Matthews commented: “The benefits from our recent visit to China continue to flow through with GEM agreeing to take 5,000 tonnes of flake graphite concentrate from mid 2018. As we progress the satisfaction of the conditions precedent for each of the current agreements in place, Volt could have binding commitments for all of Stage 1 production before year end.

¹ Refer to Volt’s ASX announcements titled “Binding Off-take Agreement with US Group” dated 3 March 2017; “Cooperation Agreement with Leading Chinese Graphite Group” dated 22 May 2017; “Cooperation Agreement with CNBM” dated 16 June 2017.

These agreements are significant assets to bring to the table as we continue our discussions with prospective investors and financiers to provide development funding for Stage 1 production of the Namangale project. Management will continue to keep shareholders informed of all aspects of the projects progress.”

CONCLUSION

The Board is pleased with the substantial progress made this quarter in securing three agreements with Chinese groups that can potentially more than cover Stage 1 production in addition to potential construction support, downstream processing and project funding through the Aoyu and CNBMGM Cooperation Agreements¹. As such, the Board is confident that development funding for Stage 1 of the Namangale project will be secured in the coming months.

For and on behalf of Volt Resources Limited

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FUTHER INFORMATION

GUANGXING ELECTRICAL MATERIALS LTD is part of the Qingdao Guangxing Electronic Materials Group which was established in mid-2010. The group is a fully integrated hi-tech enterprise that undertakes R&D, production and marketing of value add graphite products, with an annual capacity of 30,000 tonnes. The main products include graphite anode material, spherical graphite, alkaline cell powder, high-purity low-molybdenum graphite powder, flake and micronized graphite. These products are widely used in the fields of mercury-free alkaline cell, power cell, lithium ion battery, Ni-MH battery, magnesia carbon brick, nano materials and other fields.

For further details refer to the website: <http://en.qdguangxing.cn/main.html/>

VOLT RESOURCES LTD is a graphite exploration company listed on the Australian Stock Exchange under the ASX code: VRC. The company is focused on the exploration and development of its existing wholly-owned Namangale graphite project in Tanzania. Current plans are to construct a production facility, stage 1, with a graphite concentrate capacity of 20,000tpa and coming on stream in mid-2018. Subsequent production increases will take place, in line with market demand, with stage 2 production capacity, as per the 2016 Pre-

Feasibility Study, forecast to be 170,000tpa from 2020. As of December 2016, the project has the largest JORC resource deposit in Tanzania with 461Mt @ 4.9% TGC (comprising 20Mt Measured Mineral Resources @ 5.3% TGC, 155Mt Indicated Mineral Resources @ 5% TGC and 286Mt Inferred Mineral Resources @ 4.9% TGC) and 22.6Mt of contained graphite². The Namangale project is ideally located near to critical infrastructure with sealed roads running through the Project area and ready access to the deep-water port of Mtwara 140km away.

² Refer to Volt's ASX announcement titled 'Pre-feasibility Study Completed' dated 15 December 2016. The Company confirms that it is not aware of any new information or data that materially affects the information included in this document and that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.