ASX ANNOUNCEMENT

By e-lodgement

17 May 2016

NAMANGALE PFS STAGE 1 DELIVERS EXCELLENT RESULTS, PAVING THE WAY FOR PFS STAGE 2 TO COMMENCE IMMEDIATELY

HIGHLIGHTS

- **Stage 1 results of the PFS show potential for low strip ratios on a range of production scenarios considered up to 240,000 t/y**
- **Engineering modelling confirms potential to produce large quantities of coarse flake product over initial 20 year mine life**
- **Graphite recovery to be achieved from simple crush, grind, flotation process, without the use of industrial chemicals**
- **PFS consultants, BatteryLimits recommends that Volt Resources proceeds with Stage 2 of the Prefeasibility Study**
- **Drilling set to commence to improve JORC Resources to additional Indicated plus Measured Categories**
- **Diamond drilling to provide additional metallurgical samples to allow further improvements on the process flow sheet to commence later this month**

PFS STAGE 1 RESULTS

Volt Resources Ltd (**ASX: VRC**, "Volt" or "the Company") is pleased to announce very positive results from the initial Pre-Feasibility Study (PFS Stage 1) work on its Namangale Graphite Project in Tanzania.

Stage 1 of the Namangale Project PFS was a high level Concept & Option Study to consider the parameters under which a future mining operation could be established. Stage 1 focussed largely on the project engineering design options, possible power and water sources, as well as transport options to a port for shipping to markets throughout Asia, the US and Europe.

The PFS Stage 1 considered various production scenarios, from 60,000 to 240,000 tonnes of graphite concentrate per year, over an initial 20-year mine life. Pit optimisations across this range of production scenarios show very favourable results and indicate the existing resource is of a size and quality able to sustain these levels of anticipated production over the initial mine life. Lower production scenarios allow for very low waste to ore ratios and higher average grades, while higher production scenarios produce higher proportions of fresh ore as well as potential for economies of scale.

As part of the PFS Stage 1, Optiro carried out pit optimisations over the recently upgraded Namangale 1 deposit. The results of this optimisation show very favourable waste to ore ratios for four potential production scenarios. A summary of the results is shown in **Table 1** below.

Parameter	Units	Graphite Production Case			
Graphite Production	Nominal t/pa	60,000	120,000	180,000	240,000
Mine Life	years	20	20	20	20
Cut-off Grade	%	6.0	5.0	5.0	5.0
Average Beneficiated TGC	%	7.2	6.6	6.5	6.5
Oxide ore	%	47	44	32	25
Fresh ore	%	53	56	68	75
Nominal Strip Ratio	Ore:Waste	0.14	0.26	0.64	1.28
Recovery	%	90	90	90	90
Concentrate Grade TGC (ave)	%	94	94	94	94

Table 1 Summary of Production Variables at Various Potential Production Rates

Stage 1 work also determined that the most cost effective transport method would be via the deep-water Mtwara Port using the existing sealed road network with access roads to be built to the project location.

Stage 2 will conduct a much broader study and meet the full guidelines of a Pre-Feasibility Study in accordance with the JORC Code.

The project managers, **BatteryLimits, recommended, and the Volt board approved, that the Company proceeds with Stage 2 of the Pre-Feasibility Study focussing on a business case with staged production up to 240,000 t/y concentrate subject to marketing demand.**

Executive Chairman Stephen Hunt commented, "*The initial design parameters of the Namangale Project are showing that the existing JORC Resource is capable of supporting a large-scale, long-life mine, that is close to existing infrastructure. The shallow nature of the deposit coupled with the metallurgical test work performed to date, provides great encouragement as to the quality of the project. The Company is delighted to have received the recommendation from BatteryLimits to proceed with the project and commence Stage 2 of the Pre-Feasibility Study".*

NAMANGALE PROJECT RESOURCE

The Stage 1 pit optimisation results are based on the recent Resource Upgrade to 214.4 Mt @ 5.1% TGC. All of the resources within the Namangale Project are based on drilling to a maximum depth of 100 metres. The breakdown of resources is summarised in **Table 2** below:

Deposit Name	JORC Classification	Cut-Off TGC (%)	TGC (%)	Tonnes	Contained Graphite (MT)
Namangale 1	Indicated	3.5	5.1	62.6	3.2
	Inferred	3.5	5.1	133.4	6.8
Namangale 2	Indicated			-	
	Inferred	3.0	5.4	16.8	0.9
Namangale 3	Indicated			-	
	Inferred	3.0	5.3	1.6	0.1
Total Resource	**Indicated + Inferred**	**3.0-3.5**	**5.1**	**214.4**	**11.0**

Table 2 Mineral Resource Estimate - Namangale Project, Tanzania

The Namangale 1 deposit represents the largest portion of the mineral resource and occurs as a flat lying graphite schist unit striking in a north south orientation. Independent consultancy firm, ROM Resources, carried out the Mineral Resource update as shown in Figure 1 below:

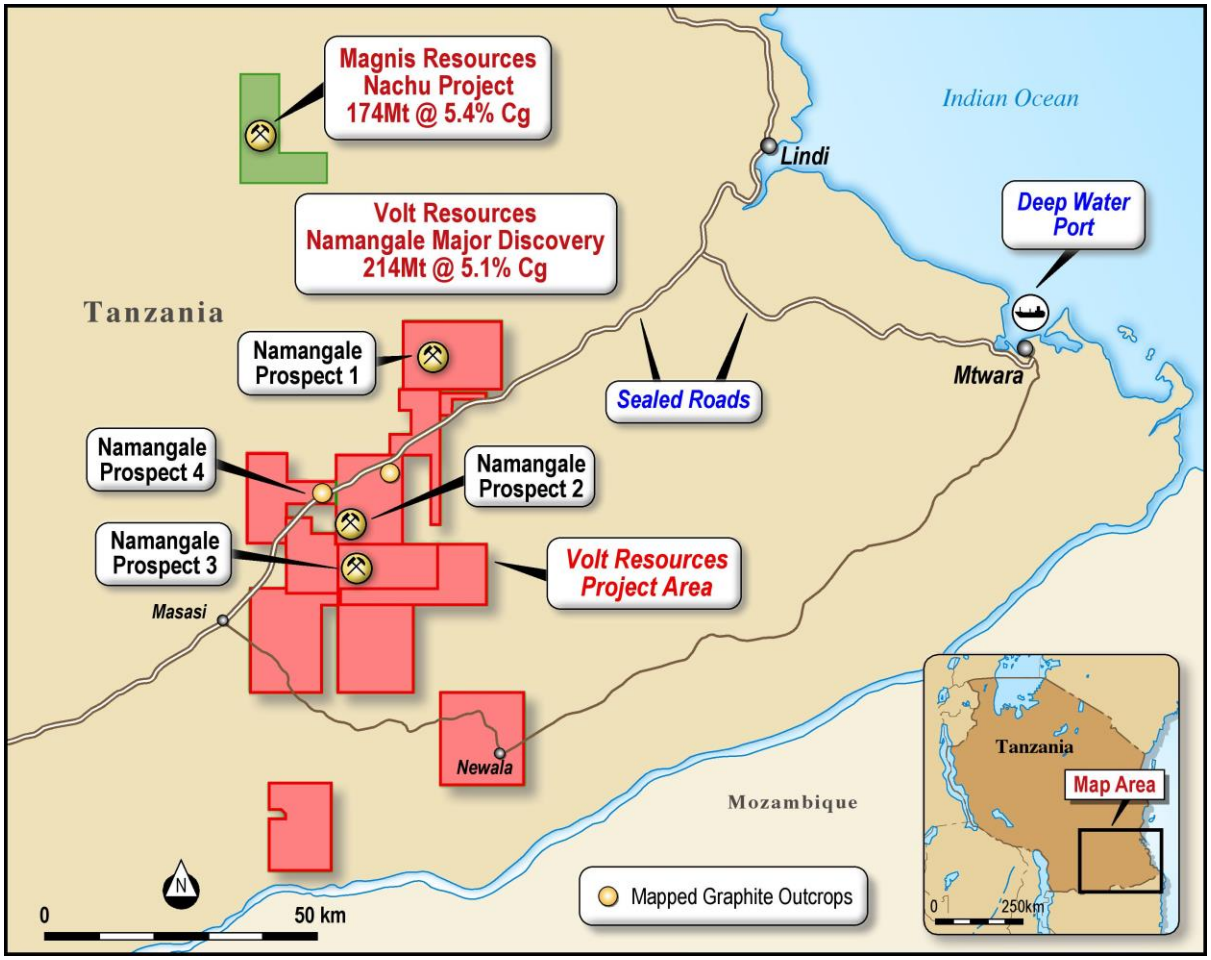

Figure 1 Namangale Project Location Map

EXPLORATION AND METALLURGICAL TESTING UPDATE

The 2016 Exploration Program is designed to focus on increasing the classification of the Resource to include additional Indicated plus Measured JORC Resource Categories. The Program will also obtain more diamond drilling to allow the Company to continue to refine the graphite concentrate flow sheet, with the aim of continuing to improve recovery and to enhance the repeatability of the high-grade results being achieved. On the 13th May 2016 Volt Resources announced excellent metallurgical flotation results with +300 micron concentrates up to 97.7% Total Graphitic Carbon (TGC). Extensive metallurgical test work is continuing. The Company is confident that further optimisation will see even better grade concentrates produced delivering a premium product to the graphite market.

For and on behalf of Volt Resources Limited

Stephen Hunt
Volt Resources Limited
Executive Chairman

Competent Person Statement

The Resources in the report to which part of this announcement that relate to Mineral Resources is based on information compiled by Matt Bull and Mark Biggs, a competent Person who is a Member of the Australian Institute of mining and Metallurgy. Mark Biggs is employed by ROM Resources Pty. Ltd.

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matt Bull, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Bull is a consultant to Mozambi Resources. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matt Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Mark Biggs has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mark Biggs consents to the inclusion of the matters based on his information in the form and context in which it appears.