



# VOLT

## RESOURCES

### ASX ANNOUNCEMENT

By e-lodgement

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### COOPERATION AGREEMENT WITH LEADING CHINESE GRAPHITE GROUP OPENS UP SIGNIFICANT OPPORTUNITIES

#### HIGHLIGHTS

- Volt has entered into a cooperation agreement with Aoyu Graphite Group
- Aoyu to process up to 1,000 tonnes of Namangale ore in Q3 2017 under a product trial
- Approximately 40 tonnes of graphite concentrate to be produced
- Graphite concentrate processed into spherical and expandable graphite industrial size samples for sending to prospective global customers
- Post the production trial, Aoyu and Volt will commence discussing:
  - establishing a processing agreement to produce up to 20,000tpa of spheroidised graphite; and
  - a 10,000tpa - 20,000tpa off-take agreement for graphite concentrate

#### INTRODUCTION

Volt Resources Limited's (**ASX: VRC**), (**Volt**) proactive approach to marketing in China has paid off with a cooperation agreement with Aoyu Graphite Group (**Aoyu** - pronounced "owyu"), which is a leading integrated operator within the global graphite industry. This agreement paves the way for Volt to produce industrial size samples of spherical and expandable graphite that can be distributed to global clients to expedite their product testing and assist product offtake negotiations.

As part of the same agreement, Volt now has a framework in place to discuss:

- utilising Aoyu's excess spheroidisation capacity to produce up to 20,000tpa of spheroidised product for product sales to the battery anode market; and
- secure an off-take agreement with Aoyu for 10,000tpa - 20,000tpa of graphite concentrate.

The ability to utilise Aoyu's downstream processing capacity and to deliver product to Aoyu under an offtake agreement will depend on Volt completing the Stage 1 Feasibility Study, completing Project approvals, construction contracts, securing project development funding and other development conditions so it can commence building a 10,000tpa - 20,000tpa graphite concentrate processing facility at Namangale from 4Q 2017. This represents the first phase of Volt's strategy to fast track production and revenue generation with the plan to be in production by mid-2018. Management is currently in discussions/negotiations with a number of investors and financial institutions in relation to development funding and will update shareholders in due course.

The Stage 2 study will incorporate expanding the Stage 1 Project to approximately 170,000tpa, as outlined in the PFS<sup>1</sup>, but in modular stages to correspond with the expected increase in demand for graphite products.

## **COOPERATION AGREEMENT**

Volt entered into the the cooperation agreement with Aoyu as it has:

- a long history in the graphite industry in China;
- operates along the graphite product value chain as it is completely vertically integrated;
- the necessary infrastructure to produce expandable and spherical graphite in scalable quantities; and
- global reach since it distributes its products in over 80 countries (refer below).

The first phase of this agreement involves Volt transporting to Aoyu up to 1,000 tonnes of Namangale ore during Q3 2017 which will be processed into graphite concentrate. Approximately 40 tonnes of final product will be produced, split equally between expandable and spherical graphite. Aoyu will also produce a roll of graphite foil at Volt's request using some of the expandable graphite. Other than Aoyu performing tests on both products, Volt will send samples to prospective clients in China, Europe and USA to further progress product offtake discussions.

The strategic significance of this agreement for Volt is the ability to deliver prospective global clients in the battery anode sector samples of industrial scale spheroinised graphite made from Namangale ore. Management expects this to help expedite testing, demonstrate to clients Volt can deliver high-quality spheroinised graphite and ultimately shorten the offtake agreement cycle.

Post the product trials, Volt and Aoyu will commence discussions to establish a processing agreement for up to 20,000tpa of spheroinised product that will be sent directly anode and battery manufacturer customers.

There are very limited opportunities to sell graphite concentrate directly to anode or battery manufacturers so the ability to produce a high value purified spheroinised graphite is a significant step forward for Volt in relation to entering this market.

*1. Volt confirms that all material assumptions underpinning the production target and the forecast financial information derived from the production target in the PFS contained in Volt's ASX announcement dated 15 December 2016 continue to apply and have not materially changed.*

Expandable graphite samples will be sent to several groups in China that require it for use in flame retardant building materials, thermal shields for electronic applications, including smartphones, and other markets. It is anticipated being able to demonstrate to Chinese and other clients the ability to produce high quality expandable graphite will translate into future offtake agreements. Notably, the demand for expandable graphite, particularly from China's building industry, is poised to grow strongly moving forward.

The Aoyu agreement includes entering into discussions for a graphite concentrate off-take agreement between 10,000tpa - 20,000tpa initially post the product trial.

Lastly, a key benefit in developing a relationship with Aoyu is the prospect of processing Namangale ore into graphite concentrate to ship to US-based NanoGraphene Inc (NGI) from Q1 2018 in accordance with the binding offtake agreement<sup>2</sup>, until this can be done directly from a processing facility at Namangale.

**Volt Resource's CEO Trevor Matthews commented:** "Aligning with Aoyu is an important strategic development for Volt as it provides a platform to commence delivering spherical and expandable samples to prospective global clients. More importantly it will enable Volt to potentially secure a processing agreement for up to 20,000tpa of spheroinised graphite to meet prospective clients in the battery anode sector requirements. When project funding is secured, Volt plans to build a 10,000tpa - 20,000 tpa graphite concentrate facility at Namangale with commissioning planned for mid-2018."

## CONCLUSION

The Board is delighted with the cooperation agreement with Aoyu as it provides a platform to produce high value spheroinised graphite to meet battery anode customer requirements. Further, if plans to build a 10,000tpa -20,000tpa graphite concentration facility at Namangale are achieved, then it could be strategically important to secure a processing agreement to make downstream products with Aoyu in addition to an off-take agreement.

For and on behalf of Volt Resources Limited

**Trevor Matthews**  
**Chief Executive Officer**

*2. Refer to ASX announcement released 3 March 2017.*

## FUTHER INFORMATION

**AOYU GRAPHITE GROUP** was founded in 1988 and located in Heilongjiang Province, China. It is a leading integrated player in China's graphite industry with a presence in upstream mining through to high-tech downstream processing and production of spherical graphite, high purity graphite, graphite micro-powder, expandable graphite, sealing material and graphite paper. The group maintains partnerships with the likes of RHIL, Baosteel, Shougang Group, Ansteel, Wuhan Iron and Steel, Morgan, Shanshan, SGL and Nippon Carbon, whilst its products sold in over 80 countries. More information is available at: <http://www.aoyugroup.cn/>

**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. As of

December 2016, the Namangale project is the largest JORC Mineral 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), with 22.6Mt of contained graphite<sup>1</sup>. The project has outstanding large flake size distribution. 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.

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<sup>1</sup> 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.