



VOLT

RESOURCES

ASX ANNOUNCEMENT

By e-lodgement

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COOPERATION AGREEMENT WITH CHINA'S LARGEST BUILDING MATERIALS GROUP

HIGHLIGHTS

- Volt has entered into a broad non-binding Cooperation Agreement with China National Building Materials General Machinery (CNBMGM)
- If certain condition precedents are met, CNBMGM can deliver a complete solution to develop the Namangale project Stages 1 and 2
- This potentially includes a 10,000tpa - 15,000tpa initial offtake agreement from Stage 1 production, project engineering/construction, project finance and credit insurance
- Volt now has a clear opportunity to be a producer by mid-2018 and gain direct entry to China's fast growing expandable graphite market

INTRODUCTION

Volt Resources Limited (**ASX: VRC**), ("**Volt**" or, the "**Company**") has signed a broad non-binding Cooperation Agreement with CNBMGM which sets out a framework for CNBMGM to become integrally involved with the development of Volt's Namangale project. The Cooperation Agreement intends that CNBMGM become a potential graphite concentrate offtaker, as well as providing project engineering/construction support and facilitate the provision of project finance and credit insurance for Stage 1 and Stage 2 of the Namangale project. Further terms of the Cooperation Agreement follow on the next page.

Volt is following a two-pronged product distribution objective, delivering concentrate suitable for making expandable and spherical graphite. Management's recent trip to visit prospective customers in China and South Korea revealed the expandable graphite market is experiencing rapidly growing demand and creating significant opportunities.

During the China visit, feedback from prospective customers in the battery anode sector confirmed a specific requirement for spheroinised graphite, not concentrate. The main reason

is that very few groups, if any, in the battery anode sector in China or elsewhere in the world are backward integrated to convert concentrate into spheroidised graphite. Hence, the recent Cooperation Agreement with Aoyu Graphite Group (Aoyu), which potentially enables Volt to utilise excess capacity to produce up to 20,000tpa of spheroidised graphite, provides an excellent platform to directly supply to the battery anode sector from mid-2018 onwards¹.

UPDATE ON EXPANDABLE GRAPHITE MARKET

As Volt's strategy is to supply concentrate to make expandable and spherical graphite (covered with the Aoyu Cooperation Agreement), it makes sense to form a strong long-term relationship with CNBMGM, given it is the largest building and construction materials producer in China. Recent regulatory changes to laws in China require that flammable retardant building materials, which use expandable graphite, must be used in insulation and finishing to exterior walls.

Furthermore, from 2018, only environmentally friendly products will be allowed, which is clearly beneficial for increasing expandable graphite demand. As the expandable graphite content of flammable retardant building materials is circa 10%, the potential size of the China market alone is significant.

Japan and Korea are moving in the same direction as China, while Europe has now banned the use of toxic bromides in flammable retardant building materials. The developments bode favourably for the expandable graphite market moving forward. Moreover, incremental applications for expandable graphite, such as graphite foil and in electronics, continue to grow steadily.

COOPERATION AGREEMENT

As mentioned above, **CNBM GENERAL MACHINERY CO LTD** is part of China National Building Materials Group, a Chinese state-owned entity and one of world's largest building materials producers, consumers and sellers. The company has significant capabilities in engineering services, machinery supply, construction, production, finance, insurance and marketing. (<http://www.cnbmgeneral.com/>)

Under the first phase of the Cooperation Agreement, which is planned to be completed within three months, Volt will provide CNBMGM the following:

- As soon as practical, Volt will send up to one tonne of Namangale graphite concentrate to CNBMGM to enable product trial tests to be conducted on its suitability to make expandable graphite for flammable retardant building materials; and
- Open a data room for CNBMGM to access the PFS, Stage 1 feasibility study and other relevant information.

If the product trials are successful, then CNBMGM and Volt will commence discussions to enter into an offtake agreement for 10,000tpa to 15,000tpa of graphite concentrate from Stage 1 production. To support the Stage 2 Feasibility Study, there is a provision in the Cooperation Agreement to agree indicative long term offtake tonnage from Stage 2 production.

Volt and CNBMGM will also jointly prepare the required documentation for project finance and credit insurance through Sinasure within the first phase three month period.

¹ Refer to Volt's ASX announcement titled "Cooperation Agreement with leading Chinese graphite group opens up significant opportunities" dated 22 May 2017.

Volt Resource's CEO Trevor Matthews commented: "Management's recent trip to China highlighted there is a ready market for Namangale concentrate to make expandable graphite, if the product trials with CNBMGM are successful. More pleasing, however, is having a clear three-month timeline in place that could result in project development funding and credit insurance support for the development of Stage 1 of the Namangale project by mid-2018.

Meanwhile, recent discussions with prospective clients in the battery anode sector in China highlighted the complexity of conducting business with them without a clear capability to deliver spheroidised graphite. As such, if the recent discussions with Aoyu to establish a processing agreement to produce 20,000tpa of spheroidised graphite are formalised, it provides Volt with a clear strategic competitive advantage over east Africa peers to enter this important market."

CONCLUSION

The Board is delighted with management's highly productive China visit, which has resulted in two significant Cooperation Agreements with high profile groups covering expandable and spherical graphite, offtake agreements, project engineering/construction, finance and credit insurance for Stage 1 of the Namangale project. The Board believes the Cooperation Agreements provide Volt with a strong framework to transition to a producer by mid-2018.

For and on behalf of Volt Resources Limited

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FUTHER INFORMATION

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 graphite². 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.

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.