



# VOLT

## RESOURCES

### ASX ANNOUNCEMENT

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By e-lodgement

## VOLT EXECUTES OFFTAKE AGREEMENT TO FILL 100% OF STAGE 1 CAPACITY

### HIGHLIGHTS

- Volt signs fourth agreement with a Chinese group since management's highly successful roadshow to China and South Korea during May 2017
- Qingdao Tianshengda Graphite has signed an Offtake Term Sheet for an initial 10,000 tonnes per annum of flake graphite product
- Vote of confidence in Volt's ability to bring Namangale project into production, despite recent changes to mining laws in Tanzania
- Stage 1 planned production (20,000 tonnes per annum) now fully allocated under agreements
- Increasing demand for expandable graphite products

### INTRODUCTION

Volt Resources Limited (**ASX: VRC**), ("**Volt**" or, the "**Company**") is pleased to confirm that recent changes to Tanzania's mining laws have not deterred a customer's confidence in management's ability to start production at the Namangale project by mid-2018. Qingdao Tianshengda Graphite Co. Ltd. (QTG), which is a large processor and distributor of graphite products in China, signed a detailed non binding offtake term sheet for 10,000 tonnes per annum of flake graphite product from Stage 1 production. Volt and QTG are targeting 30 September 2017 to complete a binding offtake agreement.

## STAGE 1 PRODUCTION UPDATE

This is the fourth agreement that Volt has signed with a Chinese graphite group since management completed a highly successful product marketing trip in May 2017 and fifth agreement this year. As can be seen in Table 1, Volt now has indicative commitments for a minimum 36,000 tonnes per annum to a maximum 51,000 tonnes per annum of graphite product for Stage 1 production, which is nominally set at 20,000 tonnes per annum. More important is the diversity among the prospective clients intended uses of Volt's product which includes graphene, expandable and spherical graphite.

**Table 1: Actual and indicative offtake agreements**

Prospective clients	Offtake size (tonnes per annum)	Estimated timeline to complete binding offtake
NanoGraphene Inc (USA)	1,000	Complete
GEM	5,000	30 September 2017
Aoyo Graphite Group	10,000 - 20,000	Post product trials – Q4 2017
China National Building Materials General Machinery	10,000 - 15,000	Post product trials – Q4 2017
Qingdao Tianshengda Graphite	10,000	30 September 2017

Source: Volt Resources

Having total indicative commitments materially exceeding Stage 1's planned production capacity is an important achievement at this stage of Volt's development.

With development funding discussions continuing with a number of groups including Middle East investors and financial institutions and Chinese group CNBMGM, the ability to complete these agreements prior to the completion of the Stage 1 Feasibility Study improves investor confidence in the Company, its Tanzanian graphite project and it enhances the Company's ability to finalise funding in the near future.

These agreements also provide a key insight into the growing demand for expandable graphite which to date has not been appreciated by the wider investment community or market analysts. GEM, QTG, CNBM and Aoyu are all predominantly interested in graphite supply for the expandable graphite market.

Recent large scale fires in commercial and residential high rise buildings around the world have increased the focus on fire retardant building insulation materials. Governments are increasingly introducing regulations requiring the installation of fire retardant insulation materials in building developments with expandable graphite being positioned as the preferred non-toxic flame retardant material.

## QINGDAO TIANSHENGDA GRAPHITE

QTG is an integrated graphite processor and distributor across China, with an annual capacity of 30,000 tonnes to 40,000 tonnes of value add graphite products per annum. Volt and QTG have signed a detailed offtake term sheet 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 an incremental five years by mutual agreement;
- The initial quantity is for 10,000 tonnes per annum of flake graphite product from Stage 1 production commencing from mid-2018;
- QTG and Volt will agree annual offtake quantities three months prior to the start of a new contract year; and
- Pricing will be set six monthly based on a formula that factors in prevailing prices for expandable products.

Within this agreement, there is a framework for a long term ore processing arrangement under which:

- Volt will initially provide 1,000 tonnes of graphite ore by end Q3 2017 for QTG to undertake product trials for a range of graphite products;
- If the product trials are successful, then Volt and QTG will enter into negotiations to establish a long term ore processing agreement (above and beyond the offtake agreement); and
- The desired outcome will result in QTG processing Volt's products into downstream graphite products for onward distribution to Volt's global clients.

**Volt Resource's CEO Trevor Matthews commented:** "It is encouraging to see our business as usual approach with prospective customers has delivered our fourth agreement with a Chinese group this year.

Collectively, Volt now has up to 51,000 tonnes per annum in confirmed and indicative commitments for Stage 1 production which is nominally set at 20,000 tonnes per annum. This is an excellent vote of confidence in the Namangale project and shows the increasing demand for our expandable graphite products.

The sales and cooperation agreements are important development milestones while we advance our discussions with financial institutions and strategic investors to secure development funding for Stage 1 production."

## CONCLUSION

The Board is delighted with the progress made in signing up four Chinese groups. Notably, signing up QTG so soon after the recent regulatory changes in Tanzania highlights confidence in the Namangale project and management's business as usual approach.

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Given the strategic importance of the China market and the success of the last trip, management is currently undertaking a follow up visit with key customers.

For and on behalf of Volt Resources Limited

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#### **FUTHER INFORMATION**

**QINGDAO TIANSHENGDA GRAPHITE COMPANY LIMITED (QTG)** is located in Laixi City, Shandong province which is known as "the hometown of graphite" in China. Notably, it is one of the important flake graphite production bases in China. QTG's tenements cover an area of 20M sq m and hold rich graphite reserves. Currently, QTG's annual output is >30,000 tonnes of graphite products. This includes flake graphite, expandable graphite, graphite powder, graphene and a wide variety of readily available products for downstream applications.

For further details refer to the website: <http://www.tssmo.com/>