

8 Megawatt Hour Vanadium Flow Battery is a Key Energy Storage Component in China's Largest Wind and Solar Installation

TORONTO, ONTARIO--(Marketwired - Apr 4, 2016) - [Sparton Resources Inc.](#) (TSX VENTURE:SRI) ("Sparton" or the "Company") is pleased to announce that it received written confirmation of the payment for the commissioning of the Zhangbei Project's 8 Megawatt Hour Vanadium Flow Battery on March 22, 2016 from the battery's owner, State Grid North China Company Limited ("State Grid"). A payment of RMB 15.265 million (approximately \$C3.2 million) to the Company's client was confirmed, and the payment process is underway. (Please see Sparton news release dated February 25, 2016 for background).

Commissioning Acceptance and Payment Confirmation

Following the battery acceptance, and after preparation of performance reports by engineers and technicians from both State Grid and the Company's China operating subsidiary, Jiujiang Sparton Vanadium Trade and Tech Co. Ltd. ("JJSP"), invoicing to State Grid was completed by JJSP's client, the battery builder.

Negotiations of the final payment amount resulted in State Grid being invoiced for RMB15.265 million (C\$3.2 million) which represents a 7% reduction of the maximum amount payable. This reduction was requested by State Grid and accepted due to delays in implementing the commissioning program which were the responsibility of JJSP's Client.

Payment is expected by mid-April 2016 and will be paid to JJSP's client under a court-supervised payment process. After certain payments, expected to be in the range of RMB13 million (approximately C\$2.6 million), are deducted by the court, the balance (approximately C\$600,000) will be paid to JJSP by its client. JJSP will then repay VanSpar, the Company's funding vehicle for this project (see below for further details). These payment deductions will be applied as a reduction to the purchase price of the battery manufacturer should the Company proceed with an acquisition of that organization.

A proposal for the three-year monitoring and maintenance program for the Zhangbei Project battery has been prepared and is under review by State Grid. This program will result in annual payments of approximately C\$1.14 million which will fully accrue to JJSP from its client. After deduction of annual expenses and estimated warranty costs (estimated at C\$250,000) it is expected that payments of up to C\$900,000 will accrue to JJSP and VanSpar annually under this program.

Funding

Funding for the commissioning work has been arranged by VanSpar Mining Inc. ("VanSpar"), a 90.4% owned Sparton subsidiary. The funds were raised through an offering of convertible debentures which would, if the conversion feature is exercised by all of the current debt holders, reduce Sparton's ownership in VanSpar to approximately 85%, fully diluted. Funds raised by VanSpar were advanced to JJSP, which is 90% owned by VanSpar. JJSP has the commissioning and maintenance contract with the builder of the battery. Additional financing efforts by VanSpar are continuing to support the ongoing monitoring and maintenance of the battery.

Company President, Lee Barker, commented: "Confirmation of the payment by State Grid after a rigorous commissioning program is another positive step forward for the Company. The funds to be received will ensure coverage of repayment for the debt financing we arranged to support this work. The ongoing maintenance program revenue over the next 3 years will also provide cash flow. As an extension to our subsidiary's success in assisting with the commissioning and maintenance program, we are continuing to pursue the opportunity to become directly involved in this industry. Advanced negotiations are underway, related to funding and potential acquisition of an international vanadium battery manufacturing group in association with strategic partners. Both of these opportunities arose out of our activities in pursuing vanadium exploration and mining opportunities in China. Those vanadium exploration and mining objectives continue to be part of Sparton and its subsidiaries' long-term plans."

About the Zhangbei Project

The Zhangbei Project, jointly launched in May 2010 by the Ministry of Finance, the Ministry of Science and Technology and the National Energy Bureau, is operated by State Grid. It is located approximately 180 km north of downtown Beijing, near Zhangjiakou, in Hebei Province. It integrates wind power, solar power, energy storage and smart grid transmission technologies. Clean power generated by this project supplies a portion of north China's energy needs. The energy storage equipment currently installed includes the 8 Megawatt Hour Vanadium Flow Battery commissioned through the efforts of JJSP.

Zhangbei is China's largest wind and solar energy electricity generation and storage installation. It currently includes 500 megawatts of wind power and 100 megawatts of solar power, as well it is the world's largest chemical energy storage station. It covers a total land area of 200 square kilometres and is a key component of China's Golden Sun Photovoltaic Solar Pilot Project.

The project is in Phase 2 of development and proposals for up to 80 megawatt hours of additional energy storage may be forthcoming. A Phase 3 is also planned.

Representing state of art installations for all its various components, Zhangbei integrates a large number of different operational technologies in a single new energy project. The successful commissioning, acceptance and operation of the 8 Megawatt Hour Vanadium Flow Battery is a positive development for Zhangbei and the Company. It supports the viability of vanadium flow batteries as a significant component to increase efficiencies in Zhangbei's wind and solar power generation and distribution activities.

Because the renewable energy generated and stored by this project supplies a portion of north China's energy needs, it will play an important role in China's "clean, green" 2022 Winter Olympics, which has several competition sites based nearby. The 8 Megawatt Hour Vanadium Flow Battery is a key element in the storage and release of clean electricity into the north China power grid. Currently, about 25 megawatt hours of energy storage capacity is installed at Zhangbei and project planning forecasts this to increase to approximately 100 megawatt hours. State Grid is expected to install additional vanadium flow batteries to support this expansion.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements

Information set forth in this news release involves forward-looking statements under applicable securities laws. The forward-looking statements contained herein include, but are not limited to, financings, equipment commissioning processes and other transactions being pursued, and all such forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this news release are made as of the date hereof and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities legislation. Although the Company believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct and, accordingly, undue reliance should not be put on such forward-looking statements. This news release does not constitute an offer to sell or solicitation of an offer to buy any of the securities described herein.

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Contact

[Sparton Resources Inc.](http://www.spartonres.ca)

A. Lee Barker, M.A Sc., P. Eng.

President and CEO

647-344-7734 or Mobile: 416-716-5762

647-344-7734

info@spartonres.ca

www.spartonres.ca