

TORONTO, ONTARIO--(Marketwired - Sep 27, 2016) - Sparton Resources Inc. (TSX VENTURE:SRI) ("Sparton" or the "Company") reports today that the previously announced transaction to acquire JD Holding Inc. ("JDH") has been restructured. JDH is the parent company for a group of currently inactive companies engaged in the manufacturing of vanadium flow batteries ("VRB") in China (see various Sparton news releases dated January 26, February 25, April 4, and June 9, 2016 for background).

Under the terms of a new Share Acquisition Agreement (the "SAA") between a private investment corporation and VanSpar Mining Inc. ("VMI"), the Company's 89.8% owned subsidiary, the private investment corporation will directly fund the acquisition of the shares of JDH for US\$ 3.3 million (the "Funding Transaction"), pursuant to an existing share purchase agreement between VMI and JDH and its security holders. In consideration for the private investment corporation funding the acquisition cost together with a further US\$2,000,000 for working capital and US\$605,000 to be paid to VMI, VMI will cause 82% of the JDH shares to be transferred to the private investment corporation, with the remaining 18% being retained by VMI (the "JDH Transaction"). The Share Acquisition and Subscription Agreement announced on August 12, 2016 has been terminated.

In consideration for VMI arranging the JDH Transaction, the private investment corporation will also pay VMI the sum of USD\$605,000 in addition to VMI retaining its 18% interest in JDH.

The restructured transaction is subject to any necessary regulatory, board and shareholder approvals, and as well as other conditions common in transactions of this nature. Subject to those approvals, the JDH Transaction and the Funding Transaction are expected to be closed by mid-November, 2016.

#### JDH Transaction

The JDH Transaction will be fully financed by the private investment corporation, which will provide the purchase price funding of US\$ 3.3 million payable to the current security holders of JDH, with payment of at least US\$700,000 on closing. The balance of the purchase price may be reduced by up to US\$300,000 for financial obligations or liabilities of the JDH subsidiaries within six months after closing. The net balance of the purchase price will be paid to the current JDH security holders six months after closing.

The JDH Transaction also requires a minimum US\$2.0 million investment within 20 business days after closing, to provide working capital to reactivate the JDH subsidiaries' operations. These funds will also be subsequently invested by the private investment corporation.

The private investment corporation will also assume full managerial and administrative responsibility for JDH and its subsidiaries' battery manufacturing and marketing operations.

VMI's role going forward will be the exploration, assessment and possible development of any vanadium related resources identified as possible sources of raw material for the manufacturing of VRB battery systems by JDH.

In addition, under the terms of the restructured transaction, in the event that JDH or its affiliates acquire certain vanadium assets in China within 5 years after closing, VMI will receive a finder's fee equal to 5% of the value of the acquired assets up to a maximum of US\$250,000.

#### Special Shareholder Meeting

The TSX Venture Exchange ("TSXV") has requested that the Company hold a special shareholder meeting to approve the terms of the new Share Acquisition Agreement, the Funding Transaction and certain other matters required by the TSXV. This meeting will be held on November 3<sup>rd</sup>, 2016 and the record date for the meeting is October 4<sup>th</sup>, 2016.

#### Energy Storage and Vanadium Redox Flow Batteries (VRB)

Recent developments in the fast growing, large scale, domestic, and industrial electricity storage industry have highlighted VRB as the lowest cost, safest and most efficient type of battery technology solution available today. The success of the 8 megawatt hour VRB installation at the Zhangbei Project in China which was commissioned by staff engaged by VMI (see Company news releases listed above) and constructed by the battery manufacturer to be acquired by the private investment corporation and VMI has resulted in widespread recognition of VRB technology and generated new opportunities for building new installations in an international arena.

VRB is the ideal solution to increase renewable energy power generation efficiencies through electricity storage and has multiple other applications. The battery manufacturer to be acquired has installed batteries in 12 different countries and has over 800,000 hours of testing and quality assurance development already completed. It has a large portfolio of intellectual property registrations supporting its existing and new technology development.

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.

## We Seek Safe Harbour

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