



MOZAMBI
R E S O U R C E S

ASX ANNOUNCEMENT

By e-lodgement

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MOZAMBI SIGNS OPTION OVER EIGHTEEN HIGHLY PROSPECTIVE GRAPHITE TENEMENTS IN TANZANIA

Highlights

- **Mozambi Resources signs binding Terms Sheet to acquire eighteen highly prospective graphite tenements.**
- **All eighteen tenements are located in South-Eastern Tanzania where numerous ASX listed companies are currently exploring for graphite.**
- **Several tenements in close proximity to Magnis Resources' Nachu Project which has a JORC compliant Resource of 156Mt @ 5.2% TGC.**
- **Acquisition adds to Mozambi Resources existing ground in close proximity to existing world class Graphite deposits.**
- **Works program to commence as soon as possible in conjunction with initial exploration activities at Mozambi's Mozambique licences.**

Introduction

Mozambi Resources Limited (ASX: MOZ, "**Mozambi**", "**The Company**") is pleased to announce the signing of a Terms Sheet granting the company the option to acquire eighteen highly prospective graphite tenement applications in the Lindi and Mtwara Provinces of Tanzania.

Commenting on the acquisition Executive Director of Mozambi Resources, Mr Alan Armstrong said: "This acquisition is a step change for our Company – these assets are in an emerging Graphite basin in close proximity to existing proven resources. We have carefully structured this agreement with a scalable risk profile; we have the ability to appraise all 18 licenses immediately and exercise options over each license individually. In so doing, we elect only the most highly prospective assets, maximising value and minimising costs to a level we deem acceptable. The proven Jumbo & Super Jumbo Flake Graphite achieved in the area by the likes of Magnis Resources & Kibaran Resources is a huge positive for us and diversifies our Graphite strategy".

The Tenements are currently under application with the Tanzanian Ministry of Energy and Minerals with granting of the Tenements anticipated in the near future.

These tenements are located in South Eastern Tanzania within the highly prospective Mozambique Mobile Belt. Ten of the tenements are located in the Lindi Province with the

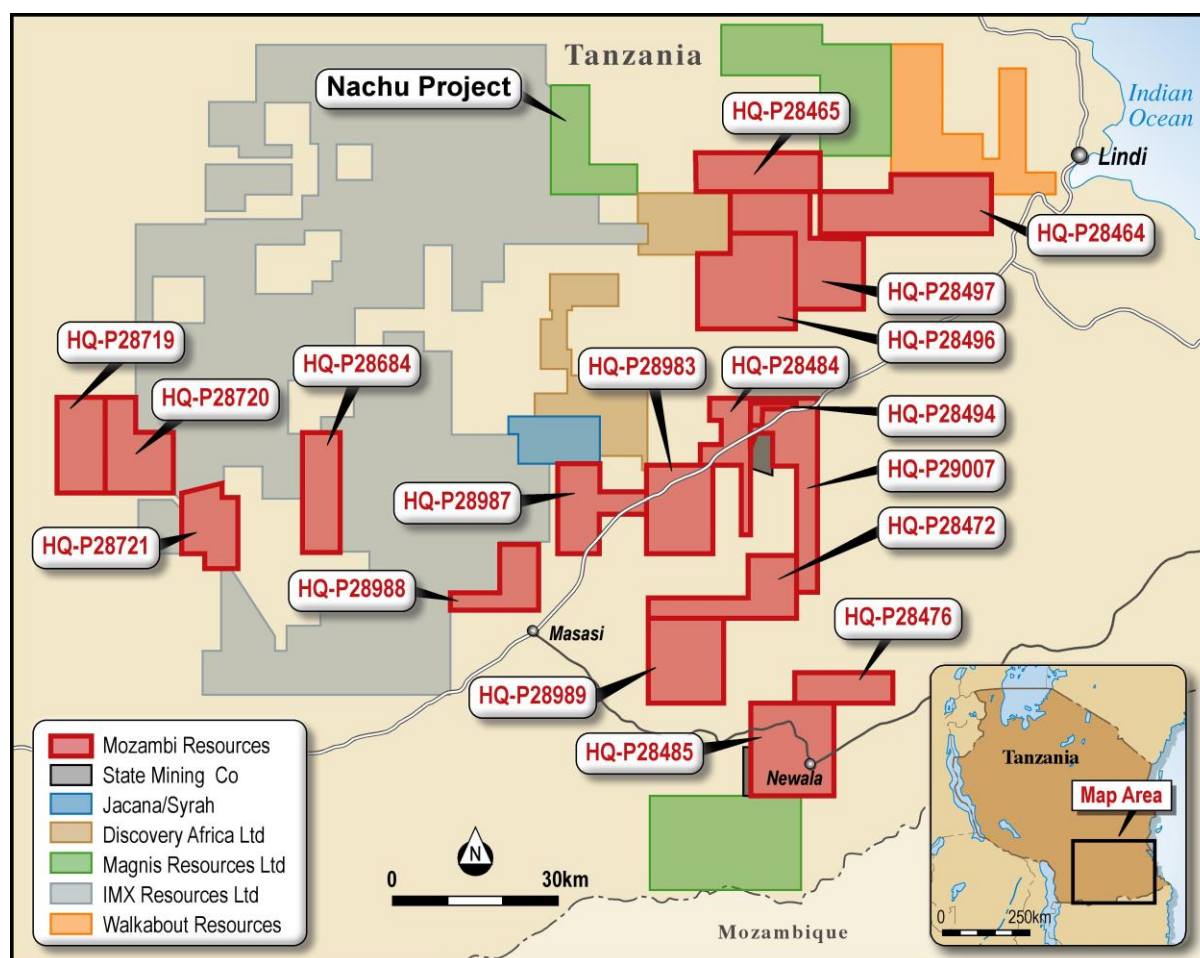
remaining eight being located in the Mtwara Province bordering Mozambique. There are currently a number of ASX companies actively exploring for graphite in the region, particularly around the regional centre of Nachingwea with considerable recent success. The largest Resource identified to date in the region is the Nachu Deposit which has a JORC compliant Resource of 156Mt @ 5.2% Total Graphitic Carbon¹. The Deposit is held by ASX listed entity Magnis Resources Ltd (ASX: MNS) who have recently completed a favourable pre-feasibility study on the project and has also arranged off-take agreements and Mine Financing.

Location

The project is located in the South East corner of Tanzania within the Mozambique Mobile Belt of metamorphic rocks. Over the last few years numerous occurrences of Graphite have been identified within the mobile belt which stretches from Mozambique through to Northern Tanzania with the largest of these deposits occurring in the Cabo Delgado region of Mozambique. More recently significant deposits have been located around the township of Nachingwea in South Eastern Tanzania with areas of large flake size graphite schist being identified by Magnis Resources, IMX Resources and Discovery Africa, which surround the Tenements acquired by Mozambi Resources.

As per Figure 1 below, the licenses subject to this Terms Sheet are all located in this key emerging basin. Of particular note, several are in close proximity to the Nachu Project (outlined above) and others border strategic licenses held by the State Mining Corporation of Tanzania.

Figure 1



Geology

The underlying geology of the project area is composed of high-grade metamorphic rocks of the Mozambique Mobile Belt, which in this region are typically quartz-feldspar gneisses and schists with darker bands of biotite. Within the Southern Lindi and Mtwara Provinces there are widespread occurrences of outcropping Graphite, which has typically grades in the range of 5-10% Graphitic Carbon. Mozambi Resources is targeting stratigraphic units within the project area that contain coarse flake Graphite within a feldspar rich schist. This unit typically forms low ridges with shallow tertiary and quaternary sediments covering the basement rocks between the ridges.

The Next Step

There has been limited fieldwork conducted on the tenements acquired to date. Mozambi Resources plans to begin fieldwork as soon as possible to confirm the size and quality of exploration targets with the tenements. This work will also be undertaken to nominate which licenses the Company intends to proceed with to acquisition. This allows the company to minimise holding costs and only hold what the Company believes to be the most prospective licenses. The fieldwork will be aimed at confirming the presence of thick outcropping units (30-50m) of coarse graphite schist within the tenement package.

This fieldwork will include an initial program of;

- Trenching.
- Rock Chip Sampling.

Once priority targets are identified the company plans to conduct a more detailed exploration program that will include;

- Geological Mapping.
- Potentially Ground Geophysical Surveys.
- Drilling.
- JORC Resource definition.

Key Terms of the Agreement

The key terms of the agreement are as follows:

Upon signing the Terms Sheet

- MOZ to pay US\$75,000 within 7 days in immediately available funds.
- Issue of 3.3 million ordinary fully paid shares in Mozambi Resources (to be held in voluntary escrow for 90 days).
- Mozambi Resources has 90 days to elect which licenses it wishes to proceed with to acquisition.

Upon exercise of the Option

On settlement of the purchase of the licences selected by MOZ:

- US\$125,000; and
- 20 million ordinary fully paid shares in Mozambi Resources.
- Settlement to occur the later of 28 days after notice of exercise of the Option or 10 business days after meeting of the final Sale Conditions.

On reaching a JORC compliant resource of 5 million tonnes at more than 5% Total Graphitic Carbon (i.e. for a minimum of 250,000 tonnes Contained Carbon)

- 20 million ordinary fully paid shares in Mozambi Resources to be held in voluntary escrow until licenses are transferred to MOZ.

On reaching a JORC compliant resource of 20 million tonnes at more than 5% TGC (i.e. for a minimum of 1 million tonnes of Contained Carbon)

- 40 million ordinary fully paid shares in Mozambi Resources

An ongoing Net Smelter Royalty of 3% has also been agreed on all minerals.

Mozambi Resources has agreed to spend a minimum of US\$250,000 on Exploration Activities in the first 12 months, following settlement of the Sale Agreement.

Broader Strategy

This acquisition follows Mozambi Resources existing license applications held in the Cabo Delgado region of Mozambique. The Company is still extremely excited about the potential of those licenses to deliver value to Shareholders.

Commenting on the Company's strategy going forward, Executive Director Mr Alan Armstrong said: "The purpose of this acquisition is to complement our Mozambique assets and diversify our asset base. We are now exploring in two countries, where varying Graphite sizes have been discovered in each basin. We envisage we will be able to link up the exploration program across borders and timeframes and achieve cost synergies in the process".

Conclusion

In summary, the board of Mozambi Resources are extremely pleased with the prospect of encompassing this new acquisition into our emerging Graphite asset base and being able to unlock shareholder value from our near term exploration activities.

For and on behalf of Mozambi Resources Limited



Alan Armstrong
Mozambi Resources Ltd
Executive Director

Competent Person

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matt Bull, a Competent Person who is a member of Australian Institute of Geoscientists. Mr Bull is a consultant to Mozambi Resources. Mr Bull has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matt Bull consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

ⁱ ASX Announcement (ASX:MNS) 26 November 2014 – "Nachu Graphite Project Maiden Mineral Resource"