



MOZAMBI

R E S O U R C E S

ASX ANNOUNCEMENT

By e-lodgement

18 August 2015

MOZAMBI MOVES CLOSER TO 100% OWNERSHIP OF NACHINGWEA PROJECT

Highlights:

- Exploration including Geological mapping, rock chip sampling and ground geophysics now underway at the Chiwata prospect
- Variation to the term sheet with Mozambi moving to 100% Ownership of the Nachingwea Project
- Placement completed and funds received.

Introduction

Mozambi Resources Limited (ASX: MOZ, “**Mozambi**”, “**the Company**”) is pleased to announce that exploration on site is continuing with geological mapping, rock chip sampling and ground geophysics commenced at the Chiwata prospect. The continued exploration is designed to help design the initial drilling program at this prospect which is expected to be completed as soon as possible.

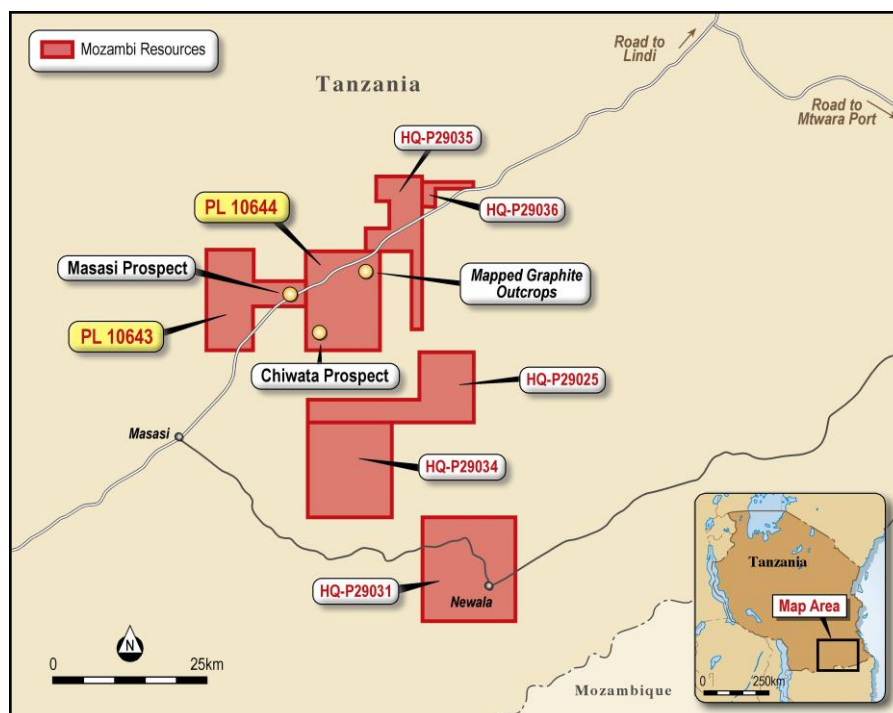


Figure 1 Location of the Nachingwea Project

Exploration Update

Exploration on site has now recommenced with further geological mapping, rock chip sampling and ground geophysics now underway at the Chiwata Prospect. The ground geophysics being undertaken includes a ground magnetic survey. This survey will be followed by ground EM surveys over the prospect which is expected to identify areas of higher grade graphite mineralisation. The current exploration program is expected to help plan a 2000 - 3000m drilling program over the prospect.

Further results of the rock chip sampling and any additional trenching will be announced as they are received by the Company.

The Company is also investigating the potential to use an airborne EM survey to quickly identify additional concealed graphite mineralisation quickly over a wide area on multiple tenements.

Managing Director, Alan Armstrong commented "We are very pleased to re-commence exploration work and look forward to commencing drilling at the Chiwata Prospect where wide zones of outcropping and sub cropping graphite mineralisation have been identified"

"We are very encouraged by the continued excellent results by ASX listed company Magnis (ASX:MNS) approximately 60 km to the north of our Project".

Corporate

Mozambi Resources Ltd (**Mozambi Resources, Company**) signs a Variation of Terms Sheet to:

- provide that Mozambi Resources will now acquire 100% of the issued shares in Nachi Resources Limited (**Nachi Resources**) (increased from 99%)
- extend the date for completion of due diligence and exercise of the Company's option until 24 August 2014 (7 days)
- provide that the time period for Mozambi Resources to obtain all necessary regulatory, other third-party or governmental approvals and consents can be extended for up to 24 months after exercise of the option (if required)
- increase the option fee payable on exercise of the option, to include:
 - a cash payment of USD\$125,000; and
 - issue of 5,000,000 ordinary fully paid shares in Mozambi Resources,with a corresponding decrease in the amount payable and shares to be issued at completion of the share sale and purchase
- provide that all consents, minutes, transfers and other documents required to effect transfer of the shares in Nachi Resources will be delivered to the Company on exercise of the option, to be held in escrow until satisfaction of all remaining conditions, including obtaining all approvals and consents
- include a right for the Company to buy out half of the ongoing 3% net smelter royalty (that is, 1.5%) at any time after completion, for the sum of USD\$2,000,000
- include a right for the vendor to appoint one director to the board of Nachi after exercise of the option
- to provide that Mozambi Resources will meet any transaction duties, costs and taxes incurred by Nachi in respect of the sale and purchase of the shares, up to a maximum of AUD\$100,000

Details:

Under the Terms Sheet signed by Mozambi Resources in May 2015, the Company was granted the option to acquire 18 tenements that make up the Nachingwea Graphite Project in Tanzania, via an option to acquire 99% of the shares in the entity that owns the tenements, Nachi Resources Limited (**Option**).

Under the terms of the Terms Sheet, Mozambi Resources has selected seven key tenements for acquisition, namely HQ-P29035, HQ-P29036, HQ-P29025, HQ-P29034, HQ-P29031, PL10643 and PL10644.

Two of these tenements have now been granted by the Tanzanian Ministry and Energy (being PL 10643 and PL 10644) and the remaining five are currently under application with the Tanzanian Ministry of Energy and Minerals. The vendors are progressing the remaining five tenements to grant pursuant to the Terms Sheet.

On 17 August 2015 Mozambi Resources and the vendors signed a Variation of Terms Sheet (**Variation**).

Under the Variation, Mozambi Resources will now acquire 100% of the issued shares in Nachi (increased from 99%).

The Variation also provides that the date for completion of Mozambi Resources' due diligence enquiries and the latest date for exercise of Option has been extended until 24 August 2015.

The Variation also amends the Term Sheet so the time period for Mozambi Resources to obtain all required regulatory, shareholder or other third-party or governmental approvals and consents will be extended for up to 24 months to allow all necessary consents and approvals to be obtained on terms and conditions satisfactory to the Company.

Under the Variation, the option fee payable to the vendors has been increased by \$125,000 and the issue of a further 5,000,000 ordinary fully paid shares in the Company. The payment and share issue are due within 7 days of exercise of the Option. The consideration payable on completion of the sale and purchase of the shares has been reduced by a corresponding amount.

The Variation provides that on exercise of the Option and execution of formal transaction documents, the vendors must provide Mozambi Resources with all documents, minutes, transfer forms and other documentation required to effect completion of the share sale and purchase, which will be held by Mozambi's Resources' solicitors in escrow until completion in accordance with the Terms Sheet.

The Variation includes a right for the Company to buy out half of the ongoing 3% net smelter royalty payable to the vendor (that is, 1.5%) at any time after completion, for the sum of USD\$2,000,000.

The Variation includes a right for the vendor to appoint one director to the board of Nachi after exercise of the option.

Finally, the Variation provides that Mozambi Resources will meet any transaction duties, costs and taxes incurred by Nachi in respect of the sale and purchase of the shares, up to a maximum of AUD\$100,000.

Rights Issue and Placement

After the completion of the recent non-renounceable Rights Issue (raising \$930,000 before costs), the Company has successfully closed a Placement to sophisticated investors that was lead managed by Taylor Collison and Alignment Capital.

The Placement raised \$606,000 from the issue of 50,500,000 shares at an issue price of \$0.012 per share (with a 1:2 free attaching MOZO option). The Placement securities will be issued under the Company's placement capacity under Chapter 7 of ASX Listing Rules. Due to the Company's placement capacity limits, 2,083,333 shares and 1,041,666 MOZO options under the Placement will be issued once the Company refreshes its placement capacity, expected to be within the next 6 weeks.

The Company is now well funded to complete an aggressive exploration program.

Conclusion

The Directors of Mozambi Resources are very pleased with progress on all fronts and look forward to providing further geological results as they come to hand

For and on behalf of Mozambi Resources Limited

A handwritten signature in dark ink, appearing to read 'Alan Armstrong', with a stylized, cursive script.

Alan Armstrong
Mozambi Resources Ltd
Managing Director