



MOZAMBI
R E S O U R C E S

ASX ANNOUNCEMENT

By e-lodgement

24 August 2015

MOZAMBI EXERCISES OPTION TO ACQUIRE THE NACHINGWEA PROJECT

Highlights:

- Mozambi Resources Ltd (**Mozambi Resources, the Company**) satisfactorily completes due diligence and exercises its option to acquire 100% of the issued shares in Nachi Resources Limited (**Nachi Resources**)
- Mozambi Resources is now progressing with signing of the formal Share Sale and Purchase Agreement and moving ahead to obtain all necessary regulatory, other third-party or governmental approvals and consents (**Approvals**)
- Exploration work continues on site with additional geological results imminent

Introduction

Mozambi Resources Limited (ASX: MOZ, “**Mozambi**”, “**the Company**”) is pleased to announce it has now formally exercised the option to acquire 100% ownership of Nachi Resources the sole owner of the Nachingwea Project. The Company is now in a position to rapidly advance the Project which provides excellent potential to host high quality graphite deposits, in close proximity to excellent transport infrastructure, including sealed roads and a deep-water port.

Initial exploration results have shown that the project hosts wide zones of outcropping and sub-cropping graphite mineralisation. Preliminary metallurgical testing is indicating the mineralisation has Large to Jumbo sized graphite flakes.

Project Summary

The Nachingwea Project area is located in the south east of Tanzania, which is becoming a significant new province for large tonnage, coarse flake graphite deposits with a number of JORC compliant resources now announced by graphite explorers in the region. The Nachingwea Project is located approximately 60km South of ASX listed Magnis Resources (ASX: MNS). Graphite mineralisation in the province typically occurs as stratigraphic layers of graphitic schist within a package of high pressure/temperature metamorphic rocks that make up the Mozambique Mobile Belt. The southern extension of the belt that stretches into Mozambique has also produced significant graphite deposits where both Triton Minerals and Syrah Resources have identified graphite deposits of over 1 billion tonnes. A list of the graphite projects that have publically released JORC compliant resources in the region are provided below:

Company	Magnis Resources Ltd	Kibaran Resources Ltd	IMX Resources Ltd
Project	Nachu Project ⁱ	Epanko Project ⁱⁱ	Chilalo Project ⁱⁱⁱ
JORC Resource	156 million tonnes @ 5.2% graphitic carbon	23.3 million tonnes @ 9.4% graphitic carbo	7.4 million tonnes @ 10.7% graphitic carbo

Metallurgical Results ^{iv}

The Company's assessment of the project included metallurgical testing of three samples taken from three different exploration targets where outcropping graphite schist was identified. The locations where the samples were taken from are shown in **Figure 2**.

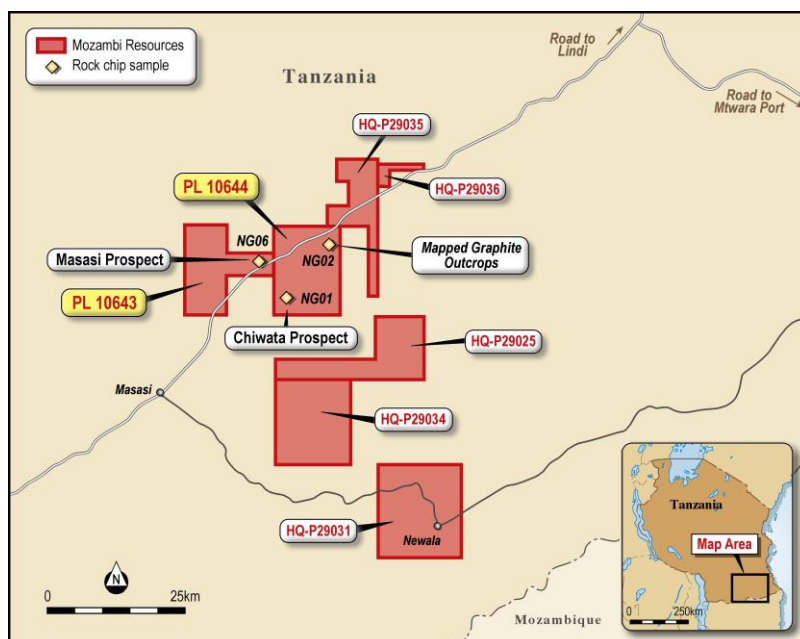


Figure 2 Location of Graphite Schist Samples tested for flake size

The samples were assayed for total graphitic carbon and returned grades in the 7-9% range similar to what was expected from initial visual estimation. The results of this sampling is shown in **Table 1** below:

Sample Number	Total Graphitic Carbon
NG01	7.9%
NG02	7.2%
NG06	9.1%

Table 1 Total Graphitic Carbon Grade

The samples were also tested for the flake size distribution of the graphite particles. The results of the analysis showed between 25.5% and 36.2% of the graphite occurs as +300 microns and can be classified as Jumbo Flake. The samples typically had a low proportion of Fine Graphite Flake sizes smaller than 150 microns. Further testing in particular from fresh diamond core graphite samples is required to confirm the distribution of flake size that can be achieved from a potential mining operation.

Classification	Sieve Size		% Weight Distribution		
	Microns	Mesh	NG01	NG02	NG06
Jumbo	+300	+50	36.2	25.5	28.1
Medium to Large	+150-300	+100, -50	56.0	59.0	50.2
Fine	-150	-100	7.7	15.5	21.6

Table 2 Flake Size Classification of Graphite Schist Samples

Transport Infrastructure

Of the two priority exploration targets identified to date, one is located on the sealed road running from the town of Masasi to the port of Mtwara, 156km to the east. The other project is located approximately 8km to the south and can be accessed by an unsealed road via the village of Chiwata. The favourable access to infrastructure will assist in minimising delivery delays and allow for quick and easy access to drilling targets once the final design of the 2015 drilling program has been established.

Ongoing Exploration

Exploration is continuing on site with geological mapping, rock chip sampling, pitting and ground geophysical surveys all currently underway at the Chiwata prospect. The continued exploration is designed to help design the initial drilling program at this prospect where wide zones of outcropping and sub-cropping graphite mineralisation have been identified. **Figure 2** shows an outcrop of graphite mineralisation and **Figure 3** shows a sample of coarse flake graphite schist mineralisation.



Figure 2 Outcropping Graphite mineralisation **Figure 3** Coarse flake graphite mineralisation sample

After the current exploration program is completed Mozambi expects to be in a position to complete a 2,000m-3,000m drilling program later this year at the Chiwata Prospect.

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

Corporate

Under the Terms Sheet signed by Mozambi Resources in May 2015, as varied by the Variation of Terms Sheet signed on 17 August 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 100% 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-P2903, HQ-P2903, HQ-P29025, HQ-P29034, HQ-P29031, PL10643 and PL10644 (**Tenements**).

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.

The Company has now satisfactorily completed its due diligence in relation to the Tenements and proposed acquisition of the Nachi Resources shares and exercised its option to acquire 100% of the issued shares in Nachi Resources.

Due to a requirement for Tanzanian companies to have a minimum of two shareholders, 99% of the issued shares in Nachi Resources will be held by Mozambi Resources, and 1% of the issued shares will be held by Mozambi Resources' wholly-owned subsidiary, Mozambi Graphite Pty Ltd.

The option fee has been paid to the vendors.

The Company is now progressing with preparation and signing of a formal Share Sale and Purchase Agreement. On 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 Resources' solicitors in escrow until completion.

The acquisition remains subject to Mozambi Resources obtaining all required regulatory, shareholder or other third-party or governmental approvals and consents on terms and conditions satisfactory to the Company. The Company is now progressing its efforts to obtain all relevant approvals and consents as quickly as possible.

Completion of the acquisition of the shares in Nachi Resources is due the later of 28 days after exercise of the Option, or 10 business days after all Approvals are obtained.

Conclusion

The Directors of Mozambi Resources are pleased to have now formally exercised the option and look forward to the continuation of the exploration program on site. Exploration work continues on site with additional geological results imminent. The Company remains fully committed to conducting an extensive drill program this year.

For and on behalf of Mozambi Resources Limited



Alan Armstrong
Mozambi Resources Ltd
Managing Director

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

ⁱⁱ ASX Announcement (ASX:KNL) 11 June 2015 – “Epanko Mineral Resource Upgrade”

ⁱⁱⁱ ASX Announcement (ASX:IXR) 7 April 2015 – “Maiden Resource Highlights Strong Production Potential for Chilalo Graphite Project”

^{iv} ASX Announcement (ASX:MOZ) 13 August 2015 – “Preliminary results show high grade jumbo flake sized graphite”