



MOZAMBI
R E S O U R C E S

ASX ANNOUNCEMENT

By e-lodgement

9 September 2015

MOZAMBI EXPANDS KEY GRAPHITE PRESENCE BY ACQUIRING 4 NEW TENEMENTS

Highlights

- **Mozambi Resources signs binding Terms Sheet to acquire 4 highly prospective graphite tenements**
- **Graphite outcrops have been identified on 2 of the new tenements**
- **HQ-P29096 contiguous with PL 10644 which contains the Chiwata Prospect**
- **VTEM Survey has been expanded to accommodate areas of HQ-P29096 & HQ-P29087**

Introduction

Mozambi Resources Ltd (ASX: MOZ, “**Mozambi**”, “**the Company**”) is pleased to announce the signing of a binding Term Sheet (**Stage 2 Terms Sheet**) to acquire 4 additional tenements in our core area of focus in the Lindi and Mtwara Regions of South Eastern Tanzania.

By adding these licences with our existing 7 licences, the Company has added two additional priority target areas of outcropping graphite mineralisation to build on the Chiwata and Masasi Prospects on the Company’s existing tenure. In addition the four tenements contain large areas of highly prospective ground which is yet to be explored in any detail. Initial exploration will focus on expanding the two areas of outcropping mineralisation in order to advance these targets towards drill testing. The Company is also pleased to confirm that an expanded VTEM Survey will be flown over a significant portion of the new licences to identify further zones of graphite mineralisation. The acquired tenements are in close proximity to our existing tenure, with HQ-P29087 & HQ-P29021 sharing contiguous borders with existing licences, whilst HQ-P29096 is almost entirely surrounded by existing licences including PL 10644 to the north, which is home to the highly prospective Chiwata Prospect.

Mozambi was given unprecedented access to the site as part of the negotiation process and as such we have been able to already identify graphite outcropping on 2 of the 4 tenements (namely HQ-P29096 and HQ-P29087). This will allow the Company to expand its exploration activities onto these additional licences with relative ease, given the occurrence of graphite schist mineralisation from surface. Importantly the visual outcropping appears to be an additional extension to the Chiwata Prospect.

Given our existing knowledge of the local area, the Company will be able to seamlessly integrate the new licences into its existing exploration program.

Location

The 4 additional tenements are interwoven and in close proximity to our existing tenure in the Lindi and Mtwara regions of Tanzania. **Figure 1** below shows the location of the new tenements relative to the Company's existing exploration tenements.

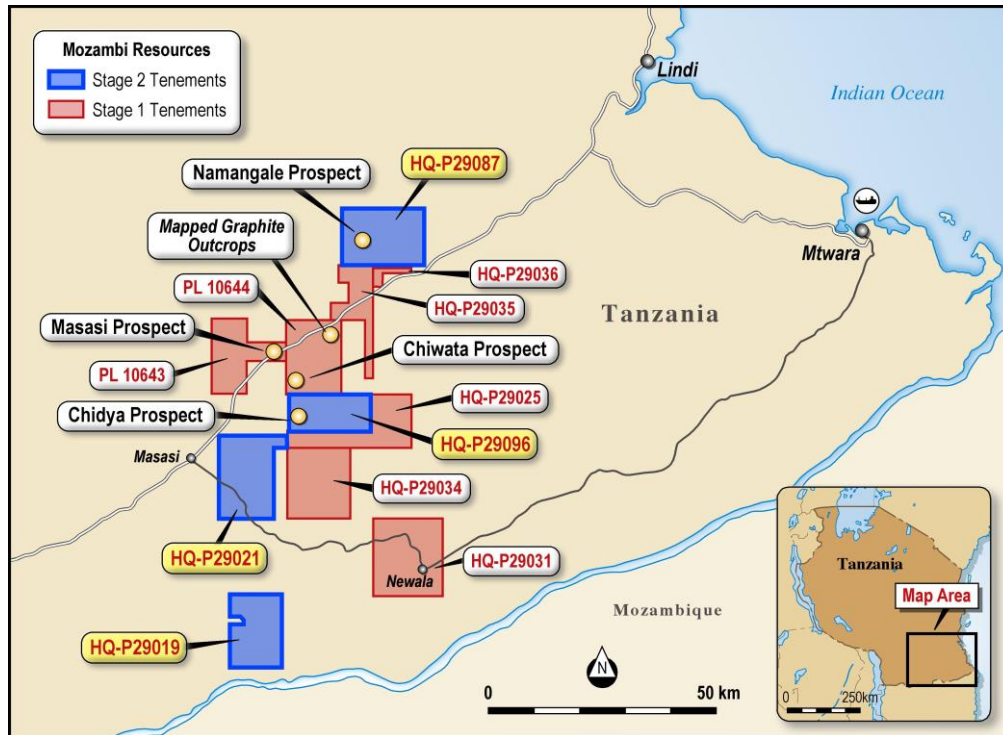


Figure 1

Chidya Prospect (HQ-P29096)

The most significant outcropping mineralisation found to date on the new tenements is at the Chidya Prospect on licence HQ-P29096. Chidya is less than 10 kilometres south of the Company's high priority target at Chiwata and as such further delineation of this deposit could add significant synergies for the Company going forward. The Company has decided to include the Chidya Prospect as part of its updated VTEM survey to attempt to ascertain whether the mineralisation mapped at the Chiwata prospect is part of a larger graphite schist unit extending south to the outcropping mineralisation observed at the Chidya Prospect. **Figures 2** and **3** show coarse flake graphite mineralisation outcropping at the Chidya Prospect. The photos were taken by Mozambi Staff as part of a due diligence process as the Company has already been granted to the site by the vendors.



Figure 2



Figure 3

Figure 4 shows a hand sample of the coarse flake size graphite schist mineralisation typical of the outcrops at the Chidya prospect.



Figure 4

Namangale Prospect (HQ-P29087)

Outcropping graphite schist has also been identified at the Namangale Prospect which is located adjacent to the north of existing licences held by the Company HQ-P29035 & HQ-P29036 respectively. This prospect will also form part of the upcoming VTEM Study to further analyse this occurrence and interpret the size and orientation of the underlying graphite schist mineralisation.

HQ-P29019 & HQ-P29021

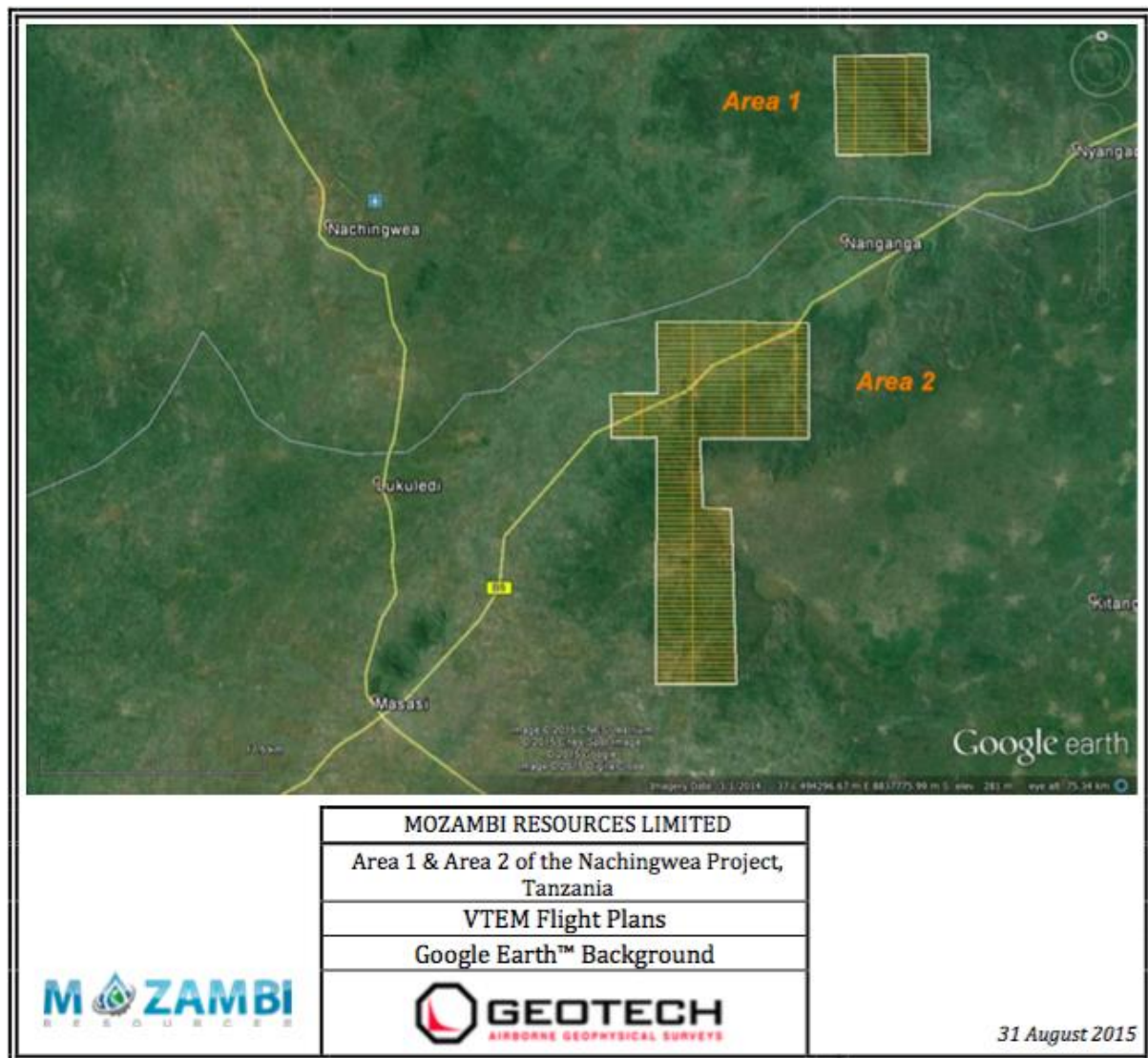
Little work has been carried out on these applications thus far however both are considered highly prospective for graphite mineralisation under shallow soil and alluvial sediment cover. Both applications will be incorporated into the broader exploration program.

VTEM Survey

As previously outlined, Mozambi has engaged Geotech Airborne to fly VTEM over selected portions of our licences to understand the geology over our broader tenement package.

The survey will cover 777 line kilometres and be flown across 2 areas: Area 1 will be flown over the new HQ-P29087 to identify the underlying stratigraphy of the Namangale Prospect and the broader area of this new licence. Area 2 will incorporate the Masasi, Chiwata and Chidya Prospects as well as parts of HQ-P29025 to identify the extensions to the known mineralisation and is expected to highlight new concealed areas of graphite mineralisation.

Commenting on the VTEM Survey, Managing Director Alan Armstrong said, "The importance of the VTEM Survey cannot be understated. This allows us to identify the underlying geology in our most highly prospective areas for graphite mineralisation and the information collected will assist in bringing certainty to our targeted exploration program".



Key Terms of the Terms Sheet

The key terms of the Terms Sheet are as follows:

Upon signing the Terms Sheet

- Within 30 days of signing Terms Sheet Mozambi and the Vendors to compile all documentation required to withdraw the Vendors' applications for the subject tenements and allow MOZ or its nominee to lodge new applications ("**New Applications**") for the grant of new tenements of the same area, commodity and type as the Vendors' Licences ("**New Licences**").
- New Applications to be lodged at Tanzanian with the Tanzanian Ministry of Energy and Minerals (**MEM**) immediately on receipt of the required documentation.
- Parties to use all reasonable endeavours to negotiate and conclude formal documentation to more fully and formally document the terms of the transaction as set out in the Terms Sheet.

Upon issue of offers by MEM to grant New Licences

- On issue by MEM of offers to grant New Licences to Mozambi or its nominee, Mozambi has 21 days to decide whether to accept or reject the offers.
- If Mozambi wants to accept any one or more of the offers and obtain the New Licences, acceptance of the selected offers and issue of the New Licences will be finalised within the time prescribed by MEM, with the assistance of the Vendors.
- If Mozambi does not want to accept any one or more of the offers, Mozambi can elect to transfer any one or more of the New Applications back to the Vendors or their nominee.
- Mozambi to pay costs of applications for the New Applications and the New Licences, capped at USD\$4,000 (excluding annual rent for the New Licences after issue).

Upon issue of the New Licences

- Settlement to occur 7 days after the issue of the New Licences to Mozambi or its nominee ("**Issue Date**")
- At settlement Mozambi to pay the settlement consideration comprising:
 - a payment to the Vendor or its nominee of USD\$100,000;
 - issue of an aggregate of 15,000,000 ordinary fully paid shares in MOZ to the Vendor or its nominee; and
 - issue to the Vendor or its nominee of an aggregate of 7,500,000 listing options in MOZ (ASX code: MOZO) being options having the same terms and conditions as the options designated ASX code: MOZO.

Sunset Date

- If offers for the New Licences are not issued by MEM within 90 days after lodgement of the New Applications with MEM, either party can terminate the Terms Sheet (or the formal documentation, if executed) on written notice to the other parties.
- The parties may by mutual agreement, extend the date for issue of the offers for the New Licences and, in any case, the parties must act reasonably and agree to extend the relevant date if a delay is due to events or circumstances outside the contract of the parties.

Milestone Payments

- *First Milestone:* 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) in the area covered by any one or more adjacent New Licences, MOZ will issue 20 million ordinary fully paid shares in MOZ to the Seller or its nominee.
- *Second Milestone:* On reaching a JORC compliant resource of 20 million tonnes at more than 5% Total Graphitic Carbon (i.e. for a minimum of 1 million tonnes of contained carbon) in the area covered by any one or more adjacent New Licences, Mozambi will issue 40 million ordinary fully paid shares in Mozambi to the Seller or its nominee.

New Smelter Royalty

- Mozambi will pay the Vendor an ongoing net smelter royalty of 3% of production on all minerals achieved from the area covered by the New Licences.
- The Terms Sheet includes a right for Mozambi 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

Exploration Activities

- Mozambi has agreed to spend a minimum of USD\$500,000 on exploration activities on the New Licences in the first 24 months, following settlement.
- Mozambi has also agreed to vary the Terms Sheet dated 19 May 2015, as varied by the Variation of Terms Sheet dated 17 August 2015 (Stage 1 Terms Sheet) to provide that MOZ must increase spending on exploration activities on the 7 licences to be acquired by MOZ under the Stage 1 Terms Sheet to \$500,000 in the 24 months after settlement of the sale and purchase of the shares in Nachi Resources Limited as contemplated in the Stage 1 Terms Sheet.

During the period of 24 months after the date of the Terms Sheet the Vendor may appoint one director to the Board of MOZ

For and on behalf of Mozambi Resources Limited



Alan Armstrong
Mozambi Resources Ltd
Managing 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 Director of 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.