ASX ANNOUNCEMENT
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15 January 2016

Mozambi Resources Announces the Largest JORC Graphite Resource in Tanzania

Highlights:

- **Maiden JORC Resource Estimate of 179Mt @ 5.1% Graphitic Carbon**
- **Largest Graphite JORC Compliant Resource in Tanzania**
- **Shallow deposit with all drilling limited to 100m maximum depth**
- **All Deposits remain open along strike and at depth and the project hosts multiple untested targets identified but not yet drill tested**
- **Exceptional metallurgical results show very high proportion of Super Jumbo +500 Microns and Jumbo +300 Microns flake sizes**
- **Metallurgical tests results have confirmed graphite easily liberated from the host rock**
- **Planning to upgrade the deposit to the Indicated and Measured categories is now underway**
- **Discussions with a number of specialist companies with regards to initiating a Pre-feasibility study (PFS) on the Namangale projects are now underway**
- **Mozambi is reviewing requests from potential off take partners and end user groups requesting sample product**

Introduction

Mozambi Resources Limited (ASX: MOZ, "**Mozambi**", **"the Company"**) **is extremely pleased to announce its maiden JORC compliant Resource at its 100% owned Namangale Project in Tanzania.**

The Mineral Resource estimate comprises 179Mt at an average estimated grade of 5.1% TGC classified in the Inferred Resource Category in compliance with the 2012 JORC code. The Resource has been calculated from 82 RC holes and 9 Diamond holes with a maximum depth of 100m with mineralisation starting at or near surface. The Resource is now the largest reported JORC graphite project in Tanzania and one of the largest coarse flake projects in the world.

Mozambi Chairman, Stephen Hunt commented, "The results have been outstanding in every respect. We now have a very significant maiden JORC resource, coupled with excellent coarse flake size graphite, which has been drilled from a very shallow depth. This, together with the fantastic infrastructure goes a long way to ensuring the success of Namangale as a genuine graphite project. We are all very excited by these results and it bodes extremely well for the future development of the Company."

Figure 1 shows the location of the Namangale Project tenements and the main graphite prospects that have been identified to date on the Company's tenement package. Mozambi has continued to build on its dominant tenement position in the world-renowned graphite rich region of Tanzania.

Mozambi Resources JORC Resource of 179Mt @ 5.1% based on 82 RC holes and 9 diamond holes with a maximum depth of 100m.

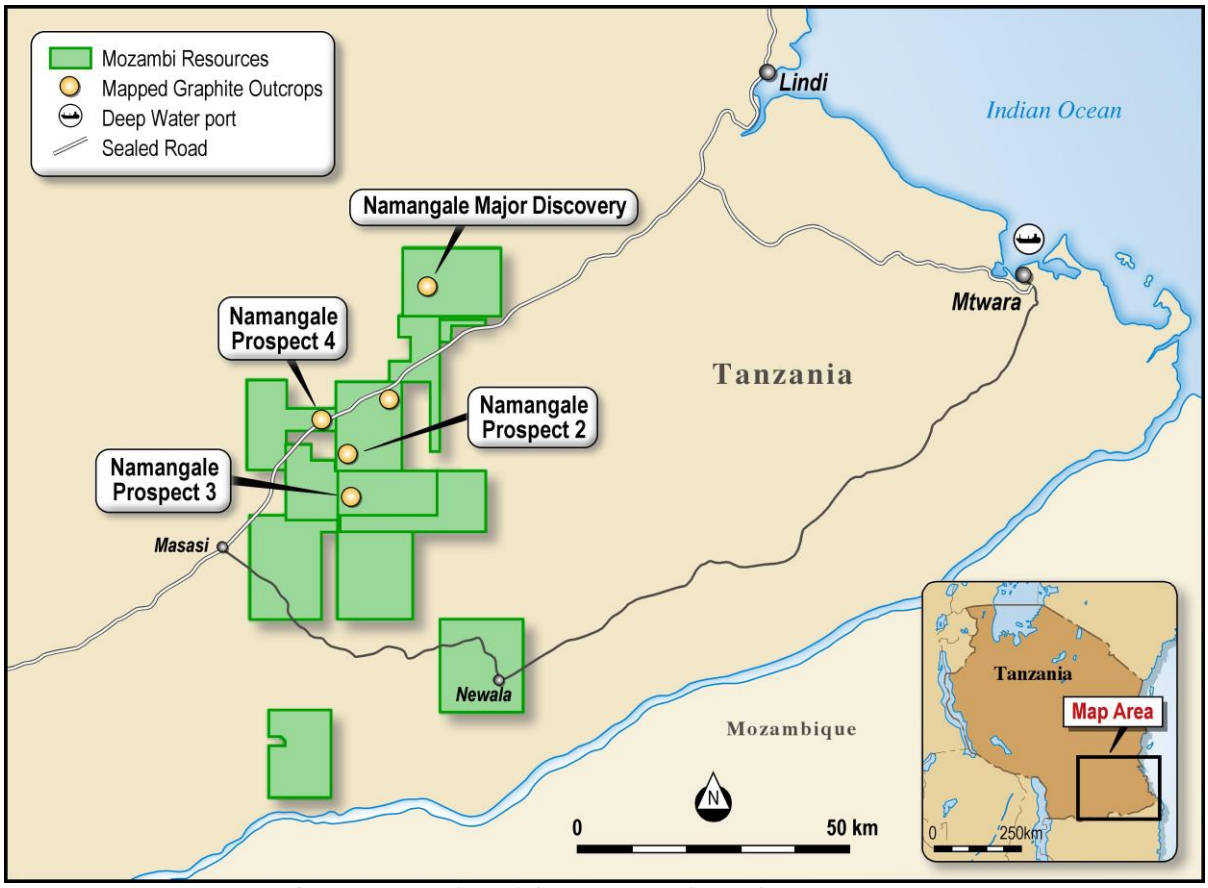


Figure 1 Location of the Namangale Project tenements

Namangale JORC Inferred Resource

The Mineral Resource estimate was carried out by independent consultancy firm, ROM Resources.

The maiden Mineral Resource Estimate, comprising 179Mt @ 5.1% is currently all in the Inferred Category. As it currently stands, it represents the largest flake graphite deposit in Tanzania and one of the largest flake graphite deposits in the world. All three drilled areas are open along strike and at depth. Numerous other outcropping targets have also been identified but are yet to be drill tested.

The Mineral Resource classification criteria is based on the drill spacing, geological mapping, trenches and pitting results, which together used to confirm the grade and geological continuity of the graphite schist mineralisation. The grade cut off used was based on the potential mining methods and costs of open cut mining operations potentially undertaken for mineralisation of this type.

All three deposits are hosted in graphitic schist within a sequence of meta-sedimentary schists with minor pegmatites. Other rock types occurring are unmineralised gneiss with minor amphibolite and marble occurring at Namangale 1. Sections of the Namangale 1 and 2 deposits are covered by a cretaceous age sandstone unit.

Table 1 Inferred Mineral Resource Estimate Namangale Project Tanzania

Deposit	Bulk Density (t/m^3)	TGC Cut-Off (%)	Grade (%)	Gross Tonnage (Mt)
Namangale 1	**2.64**	**3.2**	**5.1**	**161.6**
Namangale 2	**2.65**	**3.0**	**5.4**	**16.8**
Namangale 3	**2.65**	**3.0**	**5.3**	**1.6**
Total	**2.64**	**3-3.2%**	**5.1**	**179**

Exceptional Metallurgical Results from Diamond Core Composites

Assay results for the first thee diamond core composites samples have been returned confirming excellent proportions of +300µm and + 600µm size fractions. For the three composites between 76% and 85% of the graphite was in the +300µm size fractions. Previously announced test work showed the graphite flakes can be liberated using a relatively coarse particle size. Further test work including producing graphite concentrates via flotation in order to determine the potential recovery and produce material for bench scale test work will now be undertaken. The final flake size distribution will decrease with further processing, but initial results of the rock chip samples tested at ALS and the diamond core composite tested at SGS are both confirming the deposits contain excellent proportions of the larger flake sizes. The remaining diamond core composite samples are expected to be returned in the coming weeks. Results of the first three composites are shown in table 2 below.

Table 2 - Flake Distributions from Diamond Core Composites

	Namangale 1	Namangale 2	Namangale 3
Size Fraction	11.0m to 20.0m	20.045m to 32.5m	2.7m to 19.7m
	Weight Distribution		
+600µm	47%	45%	38%
+300µm	29%	35%	47%
+180µm	13%	13%	10%
+75µm	4%	5%	3%
-75µm	6%	3%	2%
Total	100%	100%	100%

The Namangale 1 deposit represents the largest portion of the mineral resource and occurs as a flat lying graphite schist unit striking in a north-south orientation. Figure 2 below shows an image of the modelled resource at Namangale 1 looking south. The grade distribution is shown by colour coding the blocks by estimated total graphitic carbon grade. This highlights two higher grade coherent zones which displayed as yellow in the figure. These zones could potentially be targeted early in the mining schedule.

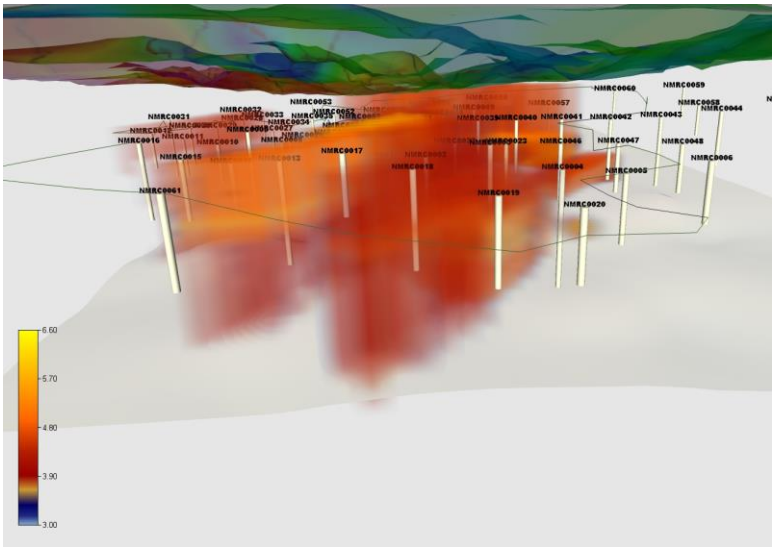


Figure 2 Resource model of the Namangale 1 Deposits shaded by modelled TGC grade

A map showing the drill-hole locations and significant intercepts as well as sample locations at Namangale 1 is shown in figure 3 below**.** Intercepts depths are shown in Appendix 1.

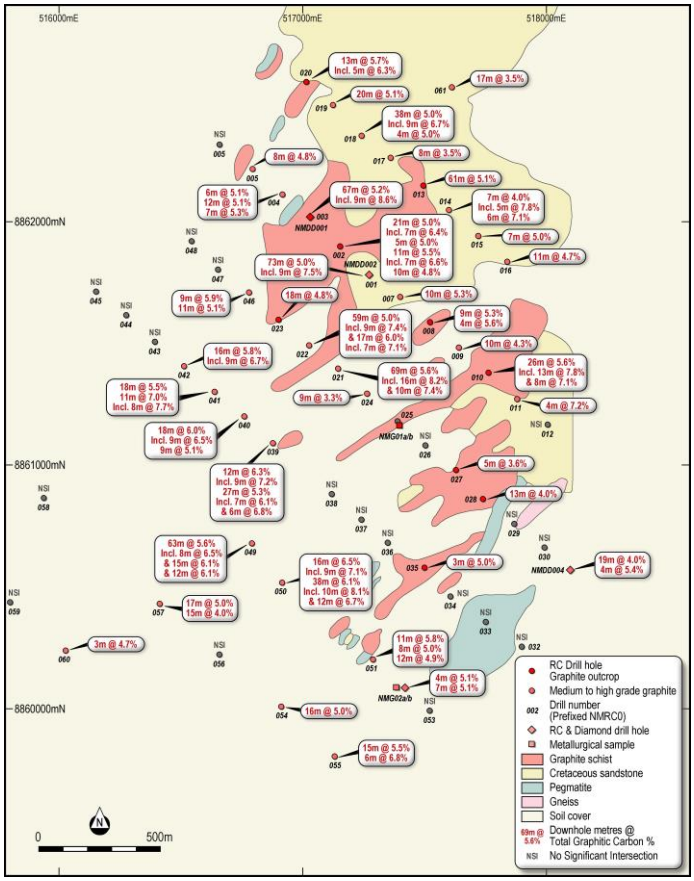


Figure 3 Location of significant intercepts over Geological Mapping at Namangale 1 Pre-Feasibility Study

Mozambi Resources is now in discussions with a range of engineering and consultancy firms with a view to commence a pre-feasibility study in the first Quarter of 2016.

Corporate

Mozambi Resources is reviewing requests from potential off take partners including end-user groups requesting sample product. A number of these requests have now been received and will be carefully reviewed by the Board.

The market will be kept informed of any material developments with regards to these discussions.

Existing Infrastructure

Mozambi Resources enjoys **excellent infrastructure, with the deep-water Mtwara Port only 140km from the Namangale Prospect. Power and sealed roads are available 10km from the deposit location.** The existing sealed road connects all the way to port. **Figure 9** shows the port, which has existing present capacity of 400,000 metric tonnes per annum and could handle up to 750,000 metric tonnes per annum with the same number of berths if additional equipment is put in place for handling containerised traffic[i]. The port is currently heavily underutilised, with only approximately 34% of its existing capacity being utilised[ii].

Figure 9 shows the deep-water Mtwara Port

Conclusion

The Board of Mozambi Resources considers the results to date continue to indicate that the Namangale Prospect is rapidly emerging as a potential world class graphite deposit. Wide intervals of graphite schist mineralisation have now been confirmed by drilling over extensive areas and initial metallurgical testing continues to produce excellent results. Mozambi is now focused on proving up the potential of the project to produce high quality Jumbo and Super Jumbo flake graphite, which continues to attract premium pricing and very strong customer demand.

For and on behalf of Mozambi Resources Limited

Alan Armstrong
Mozambi Resources Ltd
Managing Director

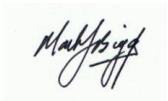
Competent Person's Statement

The information in the report to which this statement is attached that relates to Mineral Resources is based on information compiled by Matt Bull and Mark Biggs, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mark Biggs is employed by ROM Resources Pty Ltd.

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.

Mark Biggs 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'. Mark Biggs consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.'

The estimates of the Industrial Mineral (Graphite) Resources presented in this Report are considered to be a true reflection of the Mineral Resources as at 11th January 2016. Where quoted, it should be noted that where Exploration Target tonnages calculated in the report they are considered conceptual in nature.

NAME	JOB TITLE	REGISTRATION	EXPERIENCE (YEARS)	SIGNED
M Biggs	Principal Geologist ROM Resources	AusIMM 107188	30	

[i] *http://www.tanzaniaports.com/index.php?option=com_content&view=article&id=131&Itemid=290*

[ii] *http://allafrica.com/stories/201407211545.html*

Appendix 1 Significant Intercepts from Namangale Drilling Program

Hole ID	Easting	Northing	Dip/Azi	RL	Depth	From	To	Interval	TGC
NMRC0001	517279	8861794	-90/0	323	85	0	73	73	5.0
Including						0	9	9	7.5
NMRC0002	517159	8861899	-90/0	298	78	10	31	21	5.0
Including						24	31	7	6.4
And						35	40	5	5.0
And						44	55	11	5.5
Including						44	51	7	6.6
And						68	78	10	4.8
NMRC0003	517038	8862004	-90/0	324	100	33	100	67	5.2
including						43	52	9	8.6
NMRC0004	516917	8862109	-90/0	306	94	33	39	6	5.1
And						61	73	12	5.1
And						83	90	7	5.3
NMRC0005	516796	8862214	-90/0	297	49	3	11	8	4.8
NMRC0007						18	28	10	5.3
NMRC0008	517521	8861584	-90/0	314	28	0	9	9	5.3
And						11	15	4	5.6
NMRC0009	517642	8861479	-90/0	328	82	2	12	10	4.3
NMRC0010	517762	8861374	-90/0	310	43	7	33	26	6.4
Including						7	20	13	7.8
Including						25	33	8	7.1
NMRC0011	517883	8861269	-90/0	310	16	0	4	4	7.2
NMRC0013	517491	8862145	-90/0	328	73	3	64	61	5.1
NMRC0014	517602	8862043	-90/0	312	37	19	26	7	4.0
NMRC0015	517723	8861938	-90/0	307	49	17	24	7	5.0
NMRC0016	517840	8861830	-90/0	325	64	14	25	11	4.7
NMRC0017	517359	8862255	-90/0	334	40	4	12	8	3.5
NMRC0018	517241	8862352	-90/0	330	61	6	44	38	5.0
Including						7	16	9	6.7
And						51	55	4	5.0
NMRC0019	517122	8862473	-90/0	314	52	0	20	20	5.1
NMRC0020	517014	8862564	-90/0	314	30	7	20	13	5.7
Including						9	14	5	6.3
NMRC0021	517144	8861388	-90/0	321	82	13	82	69	5.6
Including						32	48	16	8.2
Including						52	62	10	7.4
NMRC0022	517024	8861490	-90/0	282	94	9	68	59	5.0

Including						57	66	9	7.4
And						76	93	17	6.0
Including						84	91	7	7.1
NMRC0023	516897	8861591	-90/0	300	49	13	31	18	4.8
NMRC0024	517259	8861287	-90/0	307	34	1	10	9	3.3
NMRC0027	517623	8860971	-90/0	300	49	0	5	5	3.6
NMRC0028	517745	8860855	-90/0	322	43	14	27	13	4.0
NMRC0031	518101	8860546	-90/0	320	82	22	32	10	4.0
And						78	82	4	5.4
NMRC0035	517494	8860573	-90/0	309	70	0	8	8	5.0
NMRC0039	516875	8861085	-90/0	312	81	15	27	12	6.3
Including						17	26	9	7.2
And						38	65	27	5.3
Including						45	52	7	6.1
Including						54	60	6	6.8
NMRC0040	516755	8861190	-90/0	317	61	15	33	18	6.0
Including						15	24	9	6.5
And						44	53	9	5.1
NMRC0041	516634	8861295	-90/0	310	88	41	59	18	5.5
And						77	88	11	7.0
Including						80	88	8	7.7
NMRC0042	516513	8861400	-90/0	300	64	8	24	16	5.8
Including						11	20	9	6.7
NMRC0046	516775	8861702	-90/0	306	52	15	24	9	5.9
And						33	44	11	5.1
NMRC0049	516794	8860680	-90/0	300	73	10	73	63	5.6
Including						11	19	8	6.5
Including						23	38	15	6.1
Including						59	71	12	6.1
NMRC0050	516920	8860521	-90/0	233	73	10	26	16	6.5
Including						11	20	9	7.1
And						31	69	38	6.1
Including						32	42	10	8.1
Including						50	62	12	6.7
NMRC0051	517285	8860205	-90/0	322	67	6	17	11	5.8
And						20	28	8	5.0
And						50	62	12	4.9
NMRC0052						1	5	4	5.1
And						12	19	7	5.1
NMRC0054	516912	8860015	-90/0	300	55	37	53	16	5.0
NMRC0055	517132	8859807	-90/0	289	55	3	18	15	5.5
Including						8	14	6	6.8
NMRC0057	516410	8860429	-90/0	297	79	7	24	17	5.0
						48	63	15	4.0
NMRC0060	516024	8860239	-90/60	298	46	4	7	3	4.7

NMRC0061	**517615**	**8862553**	**-90/60**	**326**	**49**	**17**	**34**	**17**	**3.5**
CWRC0003	**500960**	**8830513**	**-60/210**	**598**	**31**	**7**	**11**	**4**	**3.9**
CWRC0004	**501005**	**8830583**	**-60/210**	**625**	**60**	**24**	**27**	**3**	**3.9**
And						**29**	**31**	**2**	**6.9**
And						**32**	**34**	**2**	**3.6**
CWRC0005	**501044**	**8830647**	**-60/210**	**613**	**64**	**35**	**40**	**5**	**5.0**
CWRC0006	**501085**	**8830712**	**-60/210**	**639**	**88**	**39**	**44**	**5**	**5.0**
CWRC0007	**500739**	**8830921**	**-60/210**	**629**	**64**	**46**	**49**	**3**	**4.0**
CWRC0008	**500699**	**8830853**	**-60/210**	**613**	**49**	**21**	**29**	**8**	**4.9**
Including						**24**	**29**	**2**	**5.9**
CWRC0009	**500657**	**8830770**	**-60/210**	**606**	**58**	**2**	**4**	**2**	**6.0**
CWRC0014	**500785**	**8831002**	**-60/210**	**630**	**52**	**16**	**19**	**3**	**5.2**
CWRC0016	**501355**	**8830388**	**-60/210**	**611**	**76**	**58**	**68**	**10**	**3.4**
CWRC0017	**501316**	**8830321**	**-60/210**	**632**	**73**	**42**	**48**	**6**	**3.7**
And						**54**	**57**	**3**	**3.4**

JORC Code, 2012 Edition – Table 1 – Namangale Main Deposit

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Sampling was carried out using RC Drilling using 1m samples. The full 1m interval was collected before being weighed then riffle spilt into samples weighing approximately 1.5kg. • All samples were geologically logged by a suitably qualified geologist and mineralized intercepts selected for assay at SGS in Johannesburg South Africa. • For the diamond core samples sent for flake size analysis the core was logged for material type and mineralized zones sampled according to material type. These were then crushed to 1mm and then split into the respective size fractions. Assay data for each of the size fractions from some of the diamond core holes is still outstanding. • For the rock chip samples used for metallurgical test work, mineralised samples were selected over outcropping areas of each of the deposits. 2-3kg samples were then crushed to 1mm and split into the respective size fractions and assayed to determine the proportion of graphite in each size fraction.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• RC Drilling is being conducted by JCIL Drill. Bit diameter was 4.5 inches (114mm) face sampling bit. • Diamond Drilling was conducted by JCIL drill using HQ core diameter triple tube (63mm).
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC recovery was recorded by weighing the recovered sample before splitting. Sample size was databased and found to be consistent. • Diamond drill recovery was excellent (>90%) and is therefore not expected to influence grade.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	• Logging was carried out on each of the samples including lithology, amount of weathering by a suitably qualified geologist. • Data is initially conducted on paper logging sheets and is then transferred to Excel logging sheets.

	• *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Logging is semi-quantitative based on visual estimation.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC samples were taken at 1m intervals and then split into 1.5kg samples with a reference sample also taken. • All RC intervals were geologically logged and mineralised intervals selected for sampling at SGS in Johannesburg. • Duplicate samples were taken at a ratio of 1 in 20 by retaining the final riffle split. • QC measures also include blank samples and certified standards both of which are inserted at a ratio of 1:20. SGS also has its own internal QA/QC controls to ensure assay quality. • All sampling was carefully supervised with ticket books containing pre-numbered tickets placed in the sample bag and double checked against the ticket stubs and field sample sheets to guard against mix ups.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Blanks, duplicated and certified standards were inserted by the company at a ratio of 1:20. • The samples were sent to Mwanza in Tanzania for sample preparation before being were sent to South Africa for analysis for Total Graphitic Carbon (TGC) using the method GRAP_CSA05V LECO Total Carbon. • The TGC analysis has been carried out by an industry accepted and recognized laboratory – SGS • TGC is the most appropriate method of Analysis for graphitic carbon. • SGS inserted its own standards and blanks.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data was recorded by the sampling geologist and stored in the company's master spreadsheet. The samples are transported to the SGS Lab in Mwanza for initial preparation before SGS transported for Assay at their lab in Johannesburg, South Africa.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• A hand-held GPS was used to identify the position of all samples (X and Y horizontal error of 5 metres) and reported using ARC 1960 grid and UTM datum Zone 37 south. During December 2015 a DGPS survey was conducted which considerably improved the accuracy of the collar locations, especially the Height Datum of the drillhole ground collar. Positional accuracy is given as <1.5m error in X and Y.

Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drill spacing was mostly carried out on a pattern of 400m by 160m with some areas of wider spacing of 800m by 320m at Namangale 1. • Drill spacing at Namangale 2 (Chiwata) was carried out on a 400m by 80m grid. • Two Diamond holes were drilled at 80m spacing at Namangale 3 (Chidya). • Data spacing is considered close enough to establish a good degree of geological confidence and will be used to calculate a Resource to the 2012 JORC standard. • No compositing has been applied for the RC drilling. • Diamond drilling was used to twin two holes at Namangale 1 and 2. Two holes 80 metres apart were used to target outcropping mineralisation at Namangale 3. The Core was cut into Quarters and samples for TGC in one meter intervals to compare with the adjacent RC twin holes. The results of these samples are still outstanding. Metallurgical sampling was carried out compositing the mineralized intervals.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Surface mapping and interpretation of ground EM data was used to orient the drill lines to get the most unbiased sampling of the mineralisation. • Drilling was planned to intersect the mineralization as close as possible to right angles. Results indicate the drill holes intersect the mineralisation at between 70-90 degrees.
Sample security	• *The measures taken to ensure sample security.*	• Transportation is carried out by company staff driving the samples to the preparation Lab in Mwanza directly from site.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews have yet been under taken

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a license to operate in the area.*	• The prospecting license PL10644 containing the Namangale 2 deposit was granted on the 9th of July 2015 for a period of four years for the exploration of Graphite. The area covered by the prospecting licenses is 198.02km2. PL10644 License is situated in the Ruangwa and Masasi districts. The PL's straddle the boundary of the Lindi and Mtwara regions of south-east Tanzania. The prospecting license PL10718 containing the Namangale 1 Prospect was granted on the 18th of July 2015 for a period of four years for the exploration of Graphite. The area covered by the prospecting license is 239.17km^2. The License is situated in the Ruangwa District. The License is located within the Lindi region of south-east Tanzania. While the prospecting license PL10717 containing the Namangale 3 Prospect was granted on the 18th of September 2015 for a period of four years for the exploration of graphite. The area covered by the prospecting license is located within the Mtwara region of south east Tanzania. The area covered by this prospecting license is 142.84km^2. • The PL's are held by Nachi Resources Ltd, which in turn is 100% owned by Mozambi Resources. The surface area is administered by the Government as native title. The area is rural, with wilderness areas and subsistence farming occurring on the PL's. The Tenements are subject to a 3% royalty on production to the previous owners of Nachi Resources, which can be reduced to 1.5% under an agreement with the previous owner. There are no other known issues that may affect the tenure.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There is no written record of previous exploration available for this area that is known to Mozambi Resources. The location of some graphite outcrops on the PL's was known by the previous owners.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The exploration targets occur in Archean basement rocks of the Mozambique belt system which principally comprise metamorphic rocks ranging from schist to gneisses including marbles, amphibolite, graphitic schist, mica and kyanite schist, acid gneisses, hornblende, biotite and garnet gneisses, quartzite, granulite, and pegmatite veins. Initial exploration has focused on areas where there no or minimal overlying younger sedimentary sequences remaining (mostly

		Cretaceous sandstones and conglomerates).

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• A summary of this information including; eastings and northings of drill hole collars, RL, dip/azimuth, down hole length and hole length are provided in Tables and Appendices of the CP Report and have been made publically available through various ASX releases from September to December 2015. Maps for each of the deposits are shown in Figures 3, 4 and 5 which show the location of all of the samples reported in this announcement over the mapped geology of each of the deposits.
		• All drillholes, trenches, and pits were incorporated into the model where appropriate.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All RC results are from 1m sampling and no weighting was applied. • Cut-off grade of 3% was used, where the interval contained lower grades zones this was not removed but incorporated into the significant intercept.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• Drill lines are planned to be as close as possible to right angles to the mapped mineralization. • The width of mineralization ranges from close to 100% of the intercepts to approximately 85% of the interval as the mineralization is gently folded. Closer spaced drilling is required to find the exact relationship.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• A drill-hole plan is provided in Figures 2 and 3 for Namangale and figure 8 for Chidya. • A cross Section is provided in Figure 4 showing the orientation of drilling relative to the interpreted geology for Namangale.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All assays were loaded to the Access and Minescape databases. All assay values were loaded to the model. • All significant intercepts are reported, mineralisation less than 3% is not considered material given the Resource cut-off grade is 3%.

Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Previous results from Namangale 1, 2 and 3 include Ground EM surveys, mapping, trenching, rock chip sampling all of the results of this work were previously reported. Recent ASX announcements also includes a simplified geological map of the area showing all significant intercepts.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• An Inferred Resource estimate has recently been completed, based on the results of the 2015 drilling program of 91 drillholes for 4,747.3m. Further work is expected to include infill drilling to upgrade the category of the Resource to Indicated as well as further diamond drilling to obtain more representative samples for metallurgical test work.

Section 3 Estimation and Reporting of Mineral Resources

(Criteria listed in section 1, and where relevant in section 2, also apply to this section.)

Criteria	JORC Code explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data used in the Mineral Resource estimate is sourced from an export out of the Mozambi Resources Corporate Access Database. Relevant tables from the data base are exported to MS Excel format and converted to csv format for import into Minescape Stratmodel software for use in the Mineral Resource estimate. • Validation of the data import includes, amongst others, checks for drillhole collar discrepancy against topography, overlapping intervals, missing survey data, missing assay data, missing lithological data, and missing collars.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• The Competent Person (CP) for Mineral Resources has not visited the Nachingwea sites. It is anticipated that this will occur during the next planned drilling program. Considerable information and insight has been provided by Mozambi's Matt Bull who has been a regular site visitor.
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• The initial modelled intervals were coded based on the field geologists descriptions of average flake size, which generally uniformly vary as a stratiform deposit, possibly mimicking the original sedimentary bedding structure. Size domains do repeat and these were handled in the Minescape schema through assignment as non-conformable or transgressive intervals. • Assay data has been used to generate mineralisation domains based on initially a nominal 2.7% Graphitic Carbon cut-off grade, which was increased in later model versions to 3%. This cut off value, which coincided with good geological continuity, was selected on the basis of a clear inflexion point on the probability curve of all assay data. • Intervals of internal waste (gneiss, pegmatite, and quartz) where unsampled, have been included at an assigned value of 0.1% TGC within the mineralisation wireframes, where intrusive gneisses are too narrow to exclude. Rock type subdivisions applied in the interpretation process are based on geological logging. Mineralogy has been used to assist interpretation of the lithological subdivisions using epidote and chlorite alteration in the high grade graphitic schists and muscovite/ biotite alteration to define the footwall gneiss unit.

		• Mineralised domains and footwall gneissic intrusives were modelled in Minescape and found to be generally subparallel.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• This Mineral Resource in the Namangale Deposit remains open to the north and south. It covers an area of 3.2 km along strike, 1.5km across strike and a projected depth of 130 m below surface. • At Namangale 2 (Chiwata) the modelled deposit has extents of 1km x 2km. Namangale 3 (Chidya) is smaller again.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Initial model interpolation was using Ordinary Kriging (OK) but at this level of resource confidence, considering the data spacing, there was evidence of smoothing as a result of the kriging process. Infill drilling will be required to decrease this data smoothing and improve estimation confidence. • Due to the stratiform nature of the deposit, grade estimation then shifted to using Inverse Distance squared (ID2) and the nearest neighbour method was used as a check estimate was completed. • For Namangale 1 and Namangale 2 and 3 were modelled together but as a separate block model from the main deposit, due to the fact Namangale 1 is some 35km distant to the north-east. ABB Enterprises Minescape Block Model software was used to load, validate and interpolate graphitic carbon, total carbon, sulphur, graphite intensity and sulphur intensity into blocks. Drill grid spacing ranges from 160 m to 800 m. Drillhole sample data was flagged using domain codes generated from three dimensional mineralisation size intervals and oxidation surfaces. Sample data was composited per interval but no downhole compositing was deemed necessary. There were consequently no residuals. The very few sample intervals coded as NS (Not Sampled) in the assay file were assigned nominated background waste values to account for unsampled waste intervals captured within the mineralization wireframes. • The presence of outliers was determined using a combination of top-cut analysis tools (grade histograms, log probability plots, and CVs). No outliers were identified in graphitic carbon, total carbon, and sulphur sample populations and these did not have any top-cuts applied. • As stated above, it was noted that unsampled intervals were present within the mineralisation domains. These intervals represent internal waste zones which were too narrow and not able to be wireframed separately. It should be noted, that given the current drill spacing, these may smear the overall interpolation to blocks. This may be attributed, in part, to data spacing, and may not be a true reflection of

		grade continuity. • This is the maiden Mineral Resource for the Namangale deposit. No previous mining activity has taken place in this area. • No assumptions have been made regarding by products. • The non-grade element estimated is total carbon (TC%) and total sulphur (S%). Sulphur is considered a deleterious element in some graphite deposits and may bear and impact on metallurgical processing. Some 1m samples from eleven (11) randomly selected drillholes were tested for a comprehensive suite of trace elements. Vanadium ranged from 135 to 937ppm. • A single block model for Namangale 1 was constructed using an 20 mE by 40 mN by 5 mRL parent block size with subcelling to 10 mE by 5 mN by 2.5 mRL for domain volume resolution. All estimation was completed at the parent cell scale. • The size of the search ellipse for ID2 was set to 2,000m rotated 25 degrees in X, 15 degrees in Y and 15 degrees in Z. Octants were established with a minimum of 3 octants to be filled for a valid estimate. • Approximately 3% of blocks were not filled with graphitic carbon grades during the estimation process. These blocks were left as 'un-estimated'. Not all blocks that were filled with graphitic carbon grades were filled with the other 5 elements being estimated. Of the total blocks that were estimated for graphitic carbon, approximately 4.5% of blocks were not filled for total carbon, 7% blocks were not filled for sulphur. Average grades (per domain) were applied to these unestimated blocks for total carbon, and sulphur. Hard boundaries were used for all intervals. • No selective mining units were assumed in this estimate. • The comparison of lithology and mineralisation wireframes showed generally good correlation, but some zones were coded with gneissic material based on the dominant lithology observed in the interval. The use of Stratmodel to validate some intersections resolved most issues. Geological modelling of the graphitic gneiss and schist units in Voxler 4 software produced models that intercalated well with the mineralisation domains in the Minescape Blocks. • Validation of the block model carried out a volumetric comparison of the resource wireframes to the block model volumes. Validating the estimate compared block model grades to the input data using tables of values, and swath plots showing northing, easting and elevation comparisons showed that the estimate honoured the raw data. Visual validation of grade trends and distributions was carried out.

		• No mining has taken place; therefore no reconciliation data is available.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• The tonnages are estimated on an air dried basis.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• A nominal modelling grade cut-off grade of 3.0 % graphitic carbon was used to define the outer parameters of mineralised domains (blocks). This modelling cut-off grade represents a clear inflexion in the log probability curve of the whole assay data set and also corresponds with continuous interpreted geological zones defined within the blocks.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Mining of the Namangale deposit will be by surface mining methods involving standard truck and haul mining techniques. The geometry of the deposit will make it amenable to mining methods currently employed in many surface operations in similar deposits around the world. No assumptions on mining methodology have been made.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• Initial mineralogical and assay test work from SGS South African laboratory have returned head grades of up to 16% TGC. There is not a strong presence of Vanadium within the graphitic samples, only obtaining grades up to 0.093% V_2O_5 has also been confirmed. Average graphite flake size distribution from the initial samples have been reported separately in several ASX releases, and are typically as follows;

		<table><tr><th>Flake Size</th><th colspan="7">Flake Size Distribution (%)</th></tr><tr><th>Deposit</th><th colspan="4">Namangale 1</th><th>Namangale 2</th><th colspan="2">Namangale 3</th></tr><tr><td>(µm)</td><td>NMG01a</td><td>NMG01b</td><td>NMG02a</td><td>NMG02b</td><td>CWG01</td><td>CHG01</td><td>CHG02</td></tr><tr><td>> 500 (Super Jumbo)</td><td>35.6</td><td>25.8</td><td>13.4</td><td>23.1</td><td>29.4</td><td>29.0</td><td>37.9</td></tr><tr><td>300-500 (Jumbo)</td><td>16.9</td><td>48.1</td><td>47.2</td><td>25.0</td><td>44.7</td><td>37.7</td><td>39.0</td></tr><tr><td>180-300 (large)</td><td>19.4</td><td>17.9</td><td>23.1</td><td>18.5</td><td>22.5</td><td>21.6</td><td>14.8</td></tr><tr><td>150-180 (medium)</td><td>4.8</td><td>2.0</td><td>3.7</td><td>4.9</td><td>1.2</td><td>3.1</td><td>2.3</td></tr><tr><td>75-150 (fine)</td><td>9.9</td><td>4.1</td><td>7.8</td><td>12.2</td><td>1.6</td><td>6.0</td><td>4.0</td></tr><tr><td>-75 (amorphous)</td><td>13.5</td><td>2.1</td><td>4.8</td><td>16.2</td><td>0.7</td><td>2.6</td><td>2.0</td></tr><tr><td>Total</td><td>100.0</td><td>100.0</td><td>100.0</td><td>100.0</td><td>100.0</td><td>100.0</td><td>100.0</td></tr></table>
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• No assumptions have been made and these will form part of a scoping study.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• An appropriate number of relative density measurements are contained in the project database for the mineral resource estimation. The data were derived using the Archimedes method of weighing drill core in air and water, which is considered appropriate for the rock type. A constant bulk density of 2.65 kg/m3 was used across the deposit which is considered conservative for these style of graphite deposits. No density data were collected for the trench samples.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie*	• The Mineral Resource classification at Namangale is based on confidence in the good geological and grade continuity, along with 400 m by 160 m spaced drillhole density in the core of the deposit

	relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	(Drill spacing was mostly carried out on a pattern of 400m by 160m with some areas of wider spacing of 800m by 320m at Namangale 1). • Drill spacing at Namangale 2 (Chiwata) was carried out on a 400m by 80m grid. • Estimation parameters including relative standard error and search passes have been utilised during the classification process. • Inferred Mineral Resources were defined using a combination of sampled and geologically constrained wireframes, search radius of 2,000m and good continuity of geology. Approximately 25% of the Inferred Mineral Resources are considered to be extrapolated. • The input data is comprehensive in its coverage of the geology of the mineralisation. The drill program was completed immediately prior to the resource estimate was commissioned. All drillholes had been logged for geology and visual graphitic carbon estimates and only 3 drillholes had outstanding assays at the time of the estimate so the geology was used to constrain the interpreted resource intersections. • Mozambi Resources notes that the visual estimates of graphite mineralisation had excellent correlation to the returned assays as the program progressed with minor adjustment of the mineralisation domains required. The definition of mineralised zones is based on a good level of geological understanding to produce a geologically driven model of mineralised domains. Key reference markers are the Footwall gneiss (quartzose-feldspathic zone). This model is not considered to favour or misrepresent in-situ mineralisation and will continue with further infill drilling to support the maiden Mineral Resource. • The Mineral Resource estimate appropriately reflects the view of the Competent Persons.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• This is the maiden Namangale Mineral Resource estimate.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be*	• The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the JORC Code (2012 Edition). • The statement relates to global estimates of tonnes and grade. • The confidence intervals have been based on estimates at the parent block size. A relative error of ±25% is expected for this deposit. • No production data is available.

	relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	