

## ASX ANNOUNCEMENT

26 August 2014



# Loan Facility increase and Extension agreed with RCF

MZI Resources (ASX: MZI) is pleased to advise that Resource Capital Fund VI L.P. (RCF) has agreed to increase the size of the existing short-term loan facility (Facility) from US\$4.5m to US\$7.5m by making available an additional US\$3.0m of funding. The increase in the Facility is to ensure MZI has sufficient funds to continue the engineering, L88 offtake negotiation and finalise funding documentation for its flagship Keysbrook mineral sands project near Perth, Western Australia.

RCF has also agreed to extend the repayment date of the Facility to 30 September 2014.

Key terms of the variation to the Facility are summarised below:

Variation	Comment
Increase the Facility by US\$3.0m and extension of the Facility repayment date to 30 September 2014	Extension and Increase Fee of US\$105,000 payable either in cash or MZI shares
Increase the Facility by US\$3.0m	Facility increased to US\$7.5m <sup>1</sup>
Payment of the Extension and Increase Fee and partial repayment of the Facility. Increase in RCF shareholding to 19.9%	By the issue of 98,660,656 shares at 0.7 cents <sup>2</sup>

1. US\$1m has been repaid by the issue of MZI shares following approval by shareholders at the 27 June 2014 General Meeting.
2. The issue of shares in lieu of cash to partially repay the Facility is conditional on approval to increase RCF's shareholding to 19.9% under the Foreign Acquisition and Takeovers Act (FATA).

There are no changes to the interest rate and the security provided under the Facility.

Approval under the FATA will be required to increase RCF's shareholding in MZI from 17.1% to 19.9% through the issue of shares to pay the Extension and Increase Fee and to partially repay the Facility. MZI plans to repay the balance of the Facility by using proceeds from the draw-down of funds from the previously announced and shareholder approved US\$42.5m Keysbrook funding package provided by RCF (see ASX release dated 27 June 2014).

### COMPANY DIRECTORS

Mal Randall  
Non-Executive Chairman  
Keith Vuleta  
Finance Director  
Peter Gazzard  
Technical Director  
Nathan Wong  
Non-Executive Director

### CHIEF EXECUTIVE OFFICER

Trevor Matthews

### CONTACT DETAILS

Principal & Registered Office  
Level 2, 100 Royal Street  
East Perth  
Western Australia 6000

Website

[www.mzi.com.au](http://www.mzi.com.au)

Email

[admin@mzi.com.au](mailto:admin@mzi.com.au)

Phone

+61(8) 9328 9800

Fax

+61(8) 9328 9911

ABN: 052 077 221 722

ASX CODE: MZI

RCF is MZI's largest shareholder with a current interest of 17.1% on a shares on issue basis. If the Foreign Investment and Review Board does not object to the issue of shares to pay the Extension and Increase Fee and partially repay the Facility, RCF's shareholding in MZI will increase to approximately 19.9 per cent.

MZI has been granted a waiver of listing rule 10.1 by ASX Limited for the increase in the Facility. The waiver permits the granting of security over the Company's assets in favour of RCF pursuant to the Facility agreement without obtaining shareholder approval. The terms of the new waiver, which replaces the waiver granted by the ASX dated 9 April 2014, are set out in the attachment to this announcement.

For further details please contact:

**Trevor Matthews**  
*Chief Executive Officer*  
+61 8 9328 9800



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## ATTACHMENT – ASX WAIVER

1. Based solely on the information provided, ASX Limited (“ASX”) grants MZI Resources Limited (the “Company”) a waiver from listing rule 10.1, to the extent necessary to permit the Company and its subsidiaries (“Subsidiaries”), to:
  - 1.1. Grant security over its assets in favour of Resource Capital Fund VI L.P. (“RCF”) (the “General Security”) pursuant to a loan facility agreement under which RCF may provide the Company up to US\$7.5 million pursuant to a secured bridge loan facility to enable it to continue to progress the development of its Keysbrook Project (the “Facility”), without obtaining shareholder approval on the following conditions.
    - 1.1.1. The Facility includes a term that if an event of default occurs and RCF exercises its rights under the General Security, neither RCF nor any of its associates can acquire any legal or beneficial interest in an asset of the Company in full or part satisfaction of the Company's obligations under the Facility, or otherwise deal with the assets of the Company, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver and manager (or any other person acting on behalf of RCF) appointed by RCF exercising its power of sale under the General Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to RCF in accordance with its legal entitlements.
    - 1.1.2. A summary of the material terms of the Facility is made in each annual report of the Company during the term of the Facility.
    - 1.1.3. Any variations to the terms of the Facility or the General Security which is:
      - 1.1.3.1. not a minor change; or
      - 1.1.3.2. inconsistent with the terms of the waiver,must be subject to shareholder approval
    - 1.1.4. The Company must seek to discharge the General Security when the funds advanced under the Facility are repaid, or if it is not discharged, seek shareholder approval for the continuation of the General Security for any further loan facility amount.
    - 1.1.5. The Company immediately releases to the market an announcement which sets out the terms of the waiver, and the Company's plans with respect to the repayment of the funds advanced under the Facility and the discharge of the General Security, including the timeframe within which it expects the repayment and discharge to occur.
2. ASX has considered listing rule 10.1 only and makes no statement as to the Company's compliance with other listing rules.