

ASX ANNOUNCEMENT

11 April 2017



Business Update – April 2017

MZI Resources Ltd (ASX: MZI) is pleased to provide the following business update regarding operational performance and sales from the Company's flagship Keysbrook Mineral Sands Operation.

The successful commissioning in late March of the new mobile Mine Field Unit (MFU), comprising integrated feeder, screening circuits and ore slurry unit, has resulted in significantly improved performance at Keysbrook.

Since commissioning, the MFU has achieved excellent reliability and significantly improved throughput rates. It has also delivered notable operating efficiencies through reduced haulage distances, reduced maintenance downtime, and consistent throughput.

Consequently, production of Heavy Mineral Concentrate (HMC) at the Keysbrook West Concentrator Plant (WCP) has stabilised at levels close to design. There is good potential for upside through the Company's continuous improvement program now that consistent feed can be maintained to the WCP from operation of the new MFU.

The improved performance of the MFU and WCP positions Keysbrook well to continue building saleable production from the Picton Mineral Separation Plant, and further capitalise on improving market conditions for premium mineral sands products.

In the March 2016 quarter, MZI achieved near record sales totalling 18,759 tonnes of all products. Shipments comprised 7,500 tonnes of premium L88 leucoxene, 6,500 tonnes of L70 and 4,759 tonnes of zircon concentrate. The quarterly total does not include a shipment of 5,500t of L70 that was previously scheduled for month end but which departed Bunbury Port on 2 April. A further export shipment of approximately 4,500 tonnes of L88 is currently being loaded on to a vessel at Bunbury Port.

Keysbrook's rapidly improving performance places the Company in a strong position to benefit from steadily improving prices and demand for mineral sands products, including high value Keysbrook leucoxene.

Video footage of the new MFU can be seen on MZI's website at www.mzi.com.au

MZI Interim Managing Director, Dr Steve Ward commented: *"The successful start up and subsequent operation of the new MFU completes the operational transformation at Keysbrook. We are extremely pleased and encouraged by recent performance. We are now in the great position of being able to focus fully on continuous improvement to achieve better than design at both Keysbrook and Picton and so unlock more of the significant untapped potential value of our flagship asset at a time in which demand and prices for premium quality mineral sands products continue to strengthen."*

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