



ASX Announcement

28 June 2019

SALE OF KEYSBROOK LEUCOXENE PTY LTD TO DORAL MINERAL SANDS PTY LTD

The Voluntary Administrators of MZI Resources Ltd (“MZI” or the “Company”) announce that they have executed an agreement with Doral Mineral Sands Pty Ltd (“Doral”) for the sale of the Keysbrook Mineral Sands Mine (“Keysbrook”) and associated assets for a value of approximately \$32M plus future landowner debt obligations. The sale includes:

- 100% of the shares in Keysbrook Leucoxene Pty Ltd (“KLPL”); and
- All freehold property held by Keysbrook Property Pty Ltd and MZI relating to Keysbrook.

KLPL is the operating entity for Keysbrook and holds the majority of assets relating to the mine, employs all operations personnel and is the contracting entity for all major contracts relating to the mine.

The sale of KLPL and associated land will occur on a cash free and debt free basis (i.e. Resource Capital Fund VI L.P. and RMB Australia Holdings Limited (“RMB”) as secured lenders to KLPL will release security over the sale assets prior to completion).

On completion of the sale, Doral’s intention is to continue to operate the Keysbrook mine on a ‘business as usual’ basis, including working with existing suppliers, customers, land owners and other key stakeholders.

Commenting on the transaction, Voluntary Administrator and McGrathNicol Restructuring Partner, Rob Kirman said: “This transaction will deliver proceeds to RMB, maintain continuity for KLPL employees, suppliers and customers. We thank all MZI and KLPL staff involved in achieving this outcome”.

Doral is a Western Australian based company with existing mineral sands and mineral sands processing operations located in the south-west of Western Australia. Doral is wholly owned by Iwatani Corporation of Japan. A successful acquisition will build on Doral’s existing mineral sands operations and capability.

The sale is expected to complete on or around 1 July 2019. The sale is conditional on no material adverse change occurring, and that certain material contracts are not terminated, prior to completion.

Azure Capital and Corrs Chambers Westgarth are acting as financial and legal advisers respectively to the Voluntary Administrators in relation to the sale.

About Keysbrook

The Keysbrook Mineral Sands Mine is located 70km south of Perth. At the Keysbrook mine, mineral sands are mined and processed to produce heavy mineral concentrate (HMC) which is processed into final products under a toll treating arrangement with Doral Mineral Sands Pty Ltd at the Picton Mineral Separation Plant (MSP) near Bunbury. The Keysbrook mine hosts a world-class zircon / leucoxene ore body. Production commenced in late 2015, making the Keysbrook Mine Australia's first – and the world's largest - primary producer of high value leucoxene.

