

ASX ANNOUNCEMENT

27 November 2014



Keysbrook Project commences

Highlights:

- **MZI Board resolves to proceed with Keysbrook Project following the completion of all funding conditions**
- **Drawdown notices submitted to commence project funding and development**
- **12 month construction period to planned first production in December 2015 quarter**

MZI Resources Ltd (ASX: MZI) is pleased to announce that the Board of Directors has today confirmed the final investment decision and resolved to proceed with the Company's flagship Keysbrook Mineral Sands Project, located 70km south of Perth.

MZI Chairman, Mr Mal Randall said that today marked a major turning point for MZI and its strategy to become a leading mineral sands producer.

"Having satisfied all conditions precedent to access corporate and project level funding, MZI has now commenced to draw down funds, and will be providing commencement notices to contractors and other stakeholders.

"This marks an exciting point in what has been a long process, and I would like to thank all our shareholders and staff for the support they have provided the company that has enabled it to reach this point.

"The support from our major funding partners and customers reaffirms our belief in this project and we look forward to maintaining a long and successful relationship with them," said Mr Randall.

The project's development period is 12 months with first production planned for the December quarter of 2015.

MZI's Chief Executive Officer Trevor Matthews said: "Mobilisation to site will start early next year with preliminary works entailing further detailed engineering and equipment procurement to commence immediately."

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

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“The decision to proceed with the Keysbrook Project reflects the commitment and hard work undertaken by the MZI team in meeting all the conditions for funding during very challenging market conditions. The fact that we are now commencing development is testament to the quality of the project and we look forward to building MZI into a significant mineral sands producer,” added Mr Matthews.

Key project information and metrics are annexed to this announcement.

For further details please contact:

Trevor Matthews

Chief Executive Officer
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Key Project Information and Metrics

Keysbrook Project Summary	
Location	70 kilometres south of Perth, located within the Shire of Murray and the Shire of Serpentine Jarrahdale
Finance and Equity Partners	RMB - US\$51.5 million (senior debt, working capital, bank guarantees, FX and interest rate hedging) RCF - US\$58 million (royalty, convertible loan, bridge facility)
Approved mine life	Reserve life of 5.5 years Potential for 15+ years based on Resources pending environmental approvals and landholder agreements
Construction CAPEX	Approximately \$70 million
Production start target	December quarter 2015
Concentrate Production	Approximately 111,000tpa of Heavy Mineral Concentrate
Key facilities	<ul style="list-style-type: none"> • New mine and Wet Concentration Plant being developed at Keysbrook site • Upgrades to the existing Mineral Separation Plant (owned by Doral Mineral Sands Pty Ltd) located in Picton
EPC Contractor	GR Engineering Services Ltd - \$54.6 million lump sum contract to develop the Keysbrook WCP and modifications to Doral's MSP.
Product Exports	Bunbury Port Authority – port access agreement executed Approximately 96,000tpa of TiO ₂ and zircon products exported
Offtake agreements	Leucoxene 70 (L70) – DuPont (100% of annual production) Leucoxene 88 (L88) – DuPont (25,000 tpa) Zircon concentrate – Tricoastal / Wensheng (100% of annual production)
Employment	Up to 100 jobs during construction and commissioning phase Approximately 50 jobs at Keysbrook for steady state operations