

ASX ANNOUNCEMENT

27 October 2015



Capital Raising and Repayment of RCF Bridge Facilities

- Commitments received under a share placement to repay RCF Bridge Facilities and to provide working capital
- Simplifies capital structure and valuation metrics for prospective investors
- Share Purchase Plan to be offered to existing eligible shareholders
- Mining has commenced at the Keysbrook Project, which remains ahead of schedule and on budget

Share Placement

MZI Resources Ltd (**MZI** or the **Company**) is pleased to announce that it has received irrevocable commitments to subscribe for 106,837,381 ordinary fully paid shares in the capital of the Company at \$0.40 per share (**Placement**). When combined with a \$2 million share purchase plan to be offered to the Company's existing eligible shareholders, the capital raising will raise approximately \$45 million. The Placement was joint lead managed by Argonaut Securities Pty Ltd and Bell Potter Securities Limited.

The funds raised from the Placement and SPP will be used to repay amounts drawn down under existing bridge loan facilities provided by MZI major shareholder, Resource Capital Fund VI L.P. (**RCF**), with the balance being retained for working capital purposes. RCF, which currently holds 30.2% of the Company's issued share capital, has participated in the Placement and acted as a cornerstone to the raising in the amount of \$20.7 million.

In announcing the Placement and the SPP, MZI Managing Director Trevor Matthews said: "The success of the Placement is a great vote of confidence in MZI and the Keysbrook Project."

Mr Matthews acknowledged the support of RCF commenting, "As a long time supporter of MZI, RCF continues to play a vital role in the successful funding and development of the Keysbrook Project. Its support and participation in the Placement will enable MZI to substantially simplify its capital structure and broaden its investor base."

"With mining now underway at Keysbrook, MZI is well positioned to become a long life and high-margin mining company."

The Placement will be completed in a series of tranches, subject to shareholder approval where required, as follows:

COMPANY DIRECTORS

Mal Randall
Non-Executive Chairman
Trevor Matthews
Managing Director

Maree Arnason
Non-Executive Director

Rodney Baxter
Non-Executive Director

Stephen Ward
Non-Executive Director

Nathan Wong
Non-Executive Director

SENIOR MANAGEMENT

Mike Ferraro
Chief Operating Officer

Peter Gazzard
Technical Director

John Traicos
Legal Manager/Company Secretary

John Westdorp
Chief Financial Officer

Jamie Wright
Chief Development Officer

CONTACT DETAILS

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- Tranche 1 consists of 12.5 million shares which will be issued under MZI's 15% placement capacity in accordance with ASX Listing Rule 7.1.
- Tranche 2 consists of approximately 66.3 million shares to be issued subject to shareholder approval at the Company's Annual General Meeting to be held on 24 November 2015.
- Tranche 3 consists of approximately 28 million additional shares to be issued to RCF subject to successful completion of Tranche 2 of the Placement and the approval of MZI shareholders being obtained under section 611 item 7 of the Corporations Act (the participation of RCF in Tranche 1 and Tranche 2 of the Placement does not require prior shareholder approval under section 611 item 7 of the Corporations Act as RCF will not increase its voting power in MZI as a result of participation in those tranches of the Placement). To avoid unnecessarily delaying settlement of Tranche 2 of the Placement, a separate meeting of shareholders will be convened for these purposes. Should such approval be obtained, it is anticipated that RCF's approximate equity holding in MZI (assuming \$2 million is raised under the SPP) will be approximately 39%.

RCF will participate in each Tranche of the Placement, and will satisfy its subscription obligations by setting off amounts owing under the Placement against amounts outstanding under the RCF bridge loan facilities. If for any reason Tranche 3 is not approved by MZI shareholders, then moneys outstanding under those RCF bridge loan facilities will remain outstanding and will roll into a convertible loan facility in accordance with their terms. Further information regarding the issue of the Tranche 3 shares will be contained in shareholder meeting documentation that is anticipated to be dispatched to shareholders during November 2015.

Share Purchase Plan

The Company will conduct a share purchase plan (**SPP**) to enable eligible shareholders to acquire further shares in the Company at the placement price of \$0.40 per share.

The SPP provides an opportunity for eligible shareholders registered on Monday, 26 October 2015 to acquire new shares in MZI up to a maximum of \$15,000 per shareholder. If fully subscribed, this will result in the issue of 5 million fully paid shares (subject to rounding), raising a further \$2 million for working capital purposes. The Company reserves the right to determine the final amount raised (including accepting over-subscriptions) pursuant to the SPP.

The terms of the SPP will be dispatched to shareholders shortly.

Timetable

SPP Record Date	Monday 26 October, 2015
Placement announced & Company resumes trading	Tuesday 27 October, 2015
Tranche 1 settlement of Placement shares	Thursday 29 October, 2015
Tranche 1 Allotment of Placement shares	Friday 30 October, 2015
Annual General Meeting (Approval of Tranche 2) shares	Tuesday 24 November, 2015
SPP Opening Date	Tuesday 24 November, 2015
Tranche 2 settlement of Placement shares	Monday 30 November, 2015
Tranche 2 Allotment of Placement shares	Tuesday 1 December, 2015
SPP Closing Date	Friday 4 December, 2015
Extraordinary General Meeting to approve issue of Tranche 3 shares to RCF*	January 2016
Tranche 3 settlement and allotment*	January 2016

* Dates are indicative only and subject to change.

Keysbrook Project Update

As indicated previously, development of the Keysbrook Project remains on budget and ahead of schedule.

Continuous mining at the Keysbrook Project has commenced and commissioning of the the Wet Concentrator Plant at Keysbrook is on track to commence this week. This will enable processing of Keysbrook concentrates at Doral's Picton Mineral Separation Plant, and production of the Company's first batch of final leucoxene and zircon products, to start during November.

MZI continues discussions with its customers in order to achieve its first product sales before the end of 2015, ahead of the original schedule for first sales to occur in early 2016 .

For further details please contact:

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Managing Director

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