

First Keysbrook mineral sands shipment marks commencement of cashflow

- First shipment of Keysbrook mineral sands products exported to China
- Initial shipment comprising approximately 1,000 tonnes of zircon concentrate
- Sold to Tricoastal/Wensheng under long term offtake agreement
- Sales milestone achieved approximately one month ahead of original schedule
- First leucoxene sales targeted for February 2016

MZI Resources Ltd (ASX:MZI) is pleased to announce that it has completed its first shipment of zircon concentrate from the high margin Keysbrook Project, 70km south of Perth, approximately one month ahead of the original schedule. This signals the start of long term positive cashflow generation by the Keysbrook Project.

The 1,008 tonne containerised cargo departed the Port of Fremantle aboard the CMA CGM Chopin at approximately 8.00am on Saturday 19 December, destined for the Chinese port of Xiamen. The cargo was sold under the Company's long-term offtake agreement with Tricoastal/Wensheng, China's largest zircon processor, which covers all zircon concentrate produced at Keysbrook.

The successful sale of its first zircon concentrate continues MZI's excellent record at Keysbrook, where commissioning commenced early and within budget in late October 2015.

MZI Managing Director Trevor Matthews said *"It is extremely satisfying to complete our first sale from the Keysbrook Project to Tricoastal/Wensheng who we have a long standing relationship with. This shipment formally graduates MZI to the ranks of global mineral sands exporters. We are now completing all project commissioning and will quickly ramp up to full capacity, cementing MZI's standing as a high margin supplier of premium mineral sands products to the global market."*

MZI is targeting first leucoxene sales in February 2016.

Over 85% of all planned leucoxene and zircon production from Keysbrook is contracted under long term offtake agreements with blue chip customers, with the Company currently in discussions regarding the remainder of uncontracted leucoxene.¹

All planned L70 production, totalling approximately 29,000 tonnes per annum, and two thirds of planned L88 production, totalling 25,000 tonnes per annum, are contracted to US pigment producer Chemours.

¹ Refer ASX releases relating to customer agreements dated 25 November 2014, 13 January 2014, and 24 April 2013.

As announced previously², the Company has signed a Letter of Intent and Cooperation with leading Chinese chloride pigment producer Jinzhou Titanium Industry Co (“Jinzhou”) to purchase a trial shipment of Keysbrook L88 as a precursor to discussions regarding a potential large scale offtake agreement for L88.

Keysbrook is designed to produce approximately 96,000 dry tonnes of leucoxene products and zircon concentrate annually.³



Trevor Matthews, MZI Managing Director, and Graeme O'Grady, MZI GM Marketing, at the Fremantle Port as the zircon concentrate containers are loaded on the CMA CGM Chopin.

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² Refer ASX release dated 4 December 2015.

³ Please refer to the Independent Expert Report attached to the Notice of Meeting dated 7 October 2014 (see ASX release dated 9 October 2014) for supporting information and details of Keysbrook production forecasts. All material assumptions underpinning the production forecasts in the Independent Expert's Report continue to apply and have not changed.